FREE TRADE AGREEMENT BETWEEN THE REPUBLIC OF COLOMBIA AND THE REPUBLIC OF PANAMA

Chapter 1. INITIAL PROVISIONS AND GENERAL DEFINITIONS

Section A. GENERAL PROVISIONS

Article 1.1. ESTABLISHMENT OF a FREE TRADE AREA

The Parties to this Agreement, in accordance with the provisions of Article XXIV of the General Agreement on Tariffs and Trade 1994 and Article V of the General Agreement on Trade in Services of the World Trade Organization, establish a free trade area.

Article 1.2. OBJECTIVES

1. The objectives of this Agreement are as follows:

(a) stimulate the expansion and diversification of trade in goods and services between the Parties;

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

(c) promote conditions of free and fair competition in trade between the Parties;

(d) take into account the differences in the size of the economies of the Parties, asymmetries and sensitivities;

(e) Establish a permanent channel of dialogue on the trade policies of the Parties, in order to avoid the application of measures that affect bilateral trade in goods and services;

(f) substantially increase investment opportunities in the territories of the Parties; and

(g) create effective procedures for the implementation and enforcement of this Agreement, for its joint administration, and for preventing and resolving disputes.

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

Article 1.3. RELATIONSHIP WITH OTHER INTERNATIONAL AGREEMENTS

1. The Parties confirm the rights and obligations existing between them in accordance with the WTO Agreement and other international agreements to which both Parties are parties.

2. In case of incompatibility between the provisions of this Agreement and those of the agreements referred to in paragraph 1, this Agreement shall prevail, unless otherwise provided herein.

Article 1.4. SCOPE OF OBLIGATIONS

Except as otherwise provided in this Agreement, each Party is fully responsible for compliance with the provisions of this Agreement and shall ensure that all necessary measures are taken to give effect to the provisions of this Agreement within its territory and at all levels of government.

Article 1.5. REFERENCE TO OTHER AGREEMENTS

Where this Agreement refers to or incorporates by reference other agreements or legal instruments in whole or in part, these shall also include their footnotes and their interpretative and explanatory notes. Unless references are made by way

of affirmation of existing rights, such references also include, as the case may be, successor agreements to which the Parties are parties or amendments binding on the Parties.

Section B. GENERAL DEFINITIONS

Article 1.6. DEFINITIONS OF GENERAL APPLICATION

For the purposes of this Agreement and unless otherwise specified:

TRIPS Agreement means the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights;

Customs Valuation Agreement means the Agreement on Implementation of Article VII of the General Agreement on Tariffs and Trade 1994, which forms part of the WTO Agreement;

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

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

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

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

GATS stands for the General Agreement on Trade in Services, which is part of the WTO Agreement;

Customs duty includes an import duty and any charge of any kind levied on or in connection with the importation of a good, including in the form of a surcharge or additional charge, except for a:

(a) charge equivalent to an internal tax established in accordance with Article II:2 of GATT 1994;

(b) antidumping, countervailing or safeguard measure applied in accordance with GATT 1994, the Agreement on Implementation of Article VI of GATT 1994; the WTO Agreement on Subsidies and Countervailing Measures and the WTO Agreement on Safeguards; as the case may be;

(c) right or other charge in accordance with Article 2.10 (Fees, Charges and Administrative Formalities);

customs authority means the competent authority which, in accordance with a Party's legislation, is responsible for the administration of customs laws and regulations;

Chapter means the first two digits of the Harmonized System Tariff Classification Number;

Commission means the Free Trade Commission established in accordance with Article 23.1 (Free Trade Commission);

procurement means the process by which a government acquires the use of or acquires goods or services, or any combination thereof, for governmental purposes and not with a view to commercial sale or resale or with a view to use in the production or supply of goods or services for commercial sale or resale;

days means calendar days;

corporation means any entity organized or organized under applicable law, whether or not for profit and whether privately or governmentally owned, including any partnership, trust, joint venture, sole proprietorship, joint venture or other association;

enterprise of a Party means an enterprise incorporated or organized under the laws of a Party;

State enterprise means an enterprise that is owned or controlled by a Party through ownership rights;

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

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

measure includes any measure adopted by a Party, whether in the form of law, regulation, procedure, administrative decision or provision, requirement, practice, or in any other form;

goods of a Party means domestic products as understood in the GATT 1994 or such goods as the Parties may agree, and includes goods originating in that Party. A good of a Party may

include materials from other countries;

originating good means that it qualifies under the rules of origin set out in Chapter 3 (Rules of Origin);

national means a natural person who has the nationality of a Party in accordance with Article 1.7, or a permanent resident of a Party;

MFN stands for Most Favored Nation Treatment, within the meaning of Article I of GATT 1994; WTO means the World Trade Organization;

heading means the first four digits of the Harmonized System (HS) tariff classification number; person means a natural person or a company;

person of a Party means a national or company of a Party;

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

subheading means the first six digits of the Harmonized System (HS) tariff classification number; and

preferential tariff treatment means the tariff rate applicable to an originating good, in accordance with the Parties' respective tariff elimination schedules set out in Annex 2.4 (Tariff Elimination).

Article 1.7. COUNTRY SPECIFIC DEFINITIONS

For the purposes of this Agreement, unless otherwise specified:

central level of government means:

(a) with respect to Colombia, the national level of government; and

(b) with respect to Panama, the central government level.

local level of government means:

(a) with respect to Colombia, departments, districts and municipalities; and

(b) with respect to Panama, the municipalities and townships.

natural person who has the nationality of a Party means:

(a) with respect to Colombia, Colombians by birth or adoption, as determined by Article 96 of the Political Constitution; and

(b) with respect to Panama:

(ij) Panamanians by birth, according to Article 9 of the Political Constitution of the Republic of Panama,

(ii) Panamanians by naturalization, according to Article 10 of the Political Constitution of the Republic of Panama,

(iii) Panamanians by adoption, according to Article 11 of the Political Constitution of the Republic of Panama, and

(iv) a person who, in accordance with Panamanian law, has the status of permanent or definitive resident.

territory means:

(a) with respect to Colombia, the land territory, both continental and insular, airspace, maritime areas and other elements over which it exercises sovereignty, sovereign rights or jurisdiction in accordance with its Political Constitution, domestic law and international law, including applicable international treaties.

(b) with respect to Panama, the land, maritime and air space under its sovereignty; the exclusive economic zone and the continental shelf, over which it exercises sovereign rights and jurisdiction, in accordance with its internal legislation and international law.

Chapter 2. NATIONAL TREATMENT AND MARKET ACCESS FOR GOODS

Article 2.1. SCOPE

Except as Otherwise Specified In this Agreement, this Chapter Applies to Trade In Goods between the Parties.

Article 2.2. CLASSIFICATION OF GOODS

The classification of goods in trade between the Parties shall be established by the respective nomenclature of each Party in accordance with the Harmonized Commodity Description and Coding System ("HS") 2012 and its subsequent amendments (1).

(1) The Parties within the framework of the Committee on Trade in Goods shall make arrangements to ensure the ongoing updating of this Agreement in accordance with amendments to the Harmonized System, as provided for in Article 2.16.2(d).

Section A. NATIONAL TREATMENT

Article 2.3. NATIONAL TREATMENT

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

2. Paragraph 1 does not apply to the measures set forth in Annex 2.

Section B. TARIFFS

Article 2.4. TARIFF ELIMINATION

1. Except as otherwise provided in this Agreement, each Party shall, in accordance with Annex 2-B (Tariff Elimination Program), remove its customs duties on originating goods of the other Party.

2. If, at any time after the date of entry into force of this Agreement, a Party reduces its applied most-favored-nation tariff after the date of entry into force of this Agreement, such tariff shall apply only if it is less than the tariff resulting from the application of Annex 2-B (Tariff Elimination Program).

3. At the request of a Party, the Parties may consult to consider accelerating and expanding the scope of tariff elimination set forth in Annex 2-B (Tariff Elimination).

4. An agreement to accelerate or expand the scope of tariff elimination shall prevail over any tariff or staging category set out in Annex 2-B (Tariff Elimination), once approved by the Parties in accordance with their laws.

5. Except as otherwise provided in this Agreement, no Party may, on an originating good, increase a customs duty set out as a prime rate in Annex 2-B (Tariff Elimination Program) or adopt a new customs duty. It is understood that a Party may not apply to the other Party a higher rate of customs duty on goods imported from the other Party than that set out in its Schedule to Annex 2-B (Tariff Elimination Schedule). 6. For greater certainty, a Party may: (a) following a unilateral reduction of its MFN tariff, increase such customs duty to the other Party at the level set forth in its Schedule to Annex 2-B (Tariff Elimination); or (b) maintaining or increasing a customs tariff as a result of an authorization by the WTO Dispute Settlement Body.

Article 2.5. TEMPORARY ADMISSION OF GOODS

1, Each Party shall authorize temporary admission free of customs duties for the following goods, irrespective of their origin:

(a) professional equipment necessary for the exercise of the business, trade or profession of a person who qualifies for temporary entry under the legislation of the importing Party;

(b) press equipment or broadcasting, television and cinematography equipment;

(c) goods admitted for sporting purposes and goods intended for exhibition or demonstration; and

(d) commercial samples, films and advertising recordings.

2. A Party shall not impose a condition on the duty-free temporary admission of a good referred to in subparagraph 1(a), (b), (c) or (d), other than that the good:

(a) is imported by a national or resident of the other Party requesting temporary entry;

(b) is used only by or under the personal supervision of a person in the conduct of that person's business, trade, profession or sporting activity;

(c) is not subject to sale or lease, as long as it remains in its territory;

(d) is accompanied by a bond in an amount not exceeding the charges that would be due, if any, for entry or final importation, released at the time of departure of the merchandise;

(e) is susceptible to identification when exported;

(f) is exported upon departure of such person or within a period of time reasonably corresponding to the purpose of the temporary admission; or

(g) is admitted in quantities no greater than is reasonable in accordance with its intended use.

3. Where a good is admitted temporarily duty-free pursuant to paragraph 1 and any condition imposed by a Party pursuant to paragraph 2 or 3 has not been complied with, the Party may impose:

(a) the customs duty and any other charges that would normally be due on the entry or final importation of the goods; and

(b) any applicable administrative, civil or criminal penalties that the circumstances warrant.

4. Except as otherwise provided in this Agreement, the Party may not:

(a) prevent a vehicle (2) or container used in international transport that has entered its territory from the territory of the other Party from leaving its territory by any route that is reasonably related to the prompt and economical departure of the vehicle or container;

(b) require a bond or impose any penalty or charge solely on the grounds that the port of entry of the vehicle or container is different from the port of departure;

(c) condition the release of any obligation, including any bond, which it imposes in connection with the entry of a vehicle or container into its territory, on its departure through a particular port; or

(d) require that the vehicle or carrier bringing a container into its territory from the territory of the other Party be the same vehicle or carrier bringing it into the territory of the other Party.

(2) For the purposes of paragraph 4 "vehicle" means a truck, tractor-trailer, tractor, trailer or trailer unit, locomotive or railroad car or other railroad equipment.

Article 2.6. DUTY-FREE IMPORTATION FOR CERTAIN COMMERCIAL SAMPLES AND PRINTED ADVERTISING MATERIALS

1. Each Party shall grant duty-free entry to commercial samples of negligible value and printed advertising materials imported from the territory of the other Party, irrespective of their origin, but may require that:

(a) such samples are imported only for the purpose of requesting orders from:

(i) goods, from the territory of the other Party or a non-Party; or

(ii) services supplied from the territory of the other Party or a non-Party; or

(b) such advertising materials are imported in packages containing not more than one printed copy each and that neither the materials nor the packages are part of a larger consignment.

Article 2.7. GOODS REIMPORTED AFTER REPAIR OR ALTERATION

1. A Party may not apply a customs duty to a good, regardless of its origin, that has been reimported into its territory after having been temporarily exported from its territory to the territory of the other Party for repair or alteration, regardless of

whether such repair or alteration could have been carried out in its territory.

2. The Party may not apply a customs duty to a good that, regardless of its origin, is temporarily imported from the territory of the other Party to be repaired or altered.

3. For purposes of this Article, repair or alteration does not include an operation or process that:

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

(b) transforms an unfinished good into a finished good.

Section C. NON-TARIFF MEASURES

Article 2.8. IMPORT AND EXPORT RESTRICTIONS

1. Except as otherwise provided in this Agreement, a Party may not adopt or maintain any prohibition or restriction on the importation of any good of the other Party or on the exportation or sale for export of a good destined for the territory of the other Party, except as provided in Article XI of GATT 1994 and its interpretative notes, and to this end Article XI of GATT 1994 and its interpretative notes are incorporated into and made an integral part of this Agreement.

2. The Parties understand that the rights and obligations of the GATT 1994 embodied in paragraph 1 prohibit:

(a) export price requirements in any circumstance in which it is prohibited;

(b) The Company is not subject to import price requirements, except as permitted for the application of antidumping and countervailing duty provisions and undertakings;

(c) minimum prices, indicative prices, or any other valuation price, which replaces the customs value of the goods, contrary to the commitments of the Parties to the WTO;

(d) the application of quotas and charges of any nature that imply a breach of the commitments derived from Article II of GATT 1994; and

(e) reintroduce measures that have been declared incompatible by the Dispute Settlement Body with the Parties' WTO commitments.

3. In the event that a Party adopts or maintains a prohibition or restriction on the importation or exportation of a good from or to a non-Party, this Agreement does not preclude such Party:

(a) limit or prohibit the importation of the goods of the non-Party from the territory of the other Party; or

(b) require as a condition for the exportation of that good from the Party to the territory of the other Party, that the good is not re-exported to the non-Party, directly or indirectly, without being consumed in the territory of the other Party.

4. Paragraphs 1 to 3 do not apply to the measures listed in Annex 2-A.

5. Neither Party shall require, as a condition or commitment for the importation of a good, that a person of the other Party establish or maintain a contractual or other relationship with a distributor in its territory; nor shall it restrict the importation into its territory of a good for the purpose of enforcing strictly private contractual relationships, unless ordered to do so by a judicial authority.

Article 2.9. EXPORT TAXES

Except as provided in Annex 2-C, the Parties may not adopt or maintain any tax, levy or charge on the exportation of any good to the territory of the other Party, unless the tax, levy or charge is also adopted or maintained on the merchandise when destined for domestic consumption.

Article 2.10. FEES, CHARGES AND ADMINISTRATIVE FORMALITIES

1. No Party may adopt or maintain any duty or similar charge related to importation, which does not correspond to the cost of services rendered, in accordance with the provisions of Article VII of the GATT 1994 and its interpretative notes.

2. Paragraph 1 does not preclude a Party from establishing a customs duty or a charge set out in subparagraphs (a) and (b) of the definition of "customs duty" contained in Article 1.6 (Definitions of General Application).

3. Neither Party shall require consular transactions, including related fees and charges, in connection with the importation of any goods of the other Party.

4. Each Party shall make available and maintain, preferably through the Internet, up-to- date information on duties and charges applied in connection with importation or exportation.

Article 2.11. IMPORT LICENSING PROCEDURE

No Party shall maintain or adopt any measure that is inconsistent with the WTO Agreement on Import Licensing Procedures (hereinafter referred to as the "Import Licensing Agreement") and the same is incorporated into this Agreement mutatis mutandis.

Article 2.12. CUSTOMS VALUATION

Article VII of GATT 1994, its Interpretative Notes and the Customs Valuation Agreement and its modifications and amendments constitute the customs valuation rules applied by the Parties in their reciprocal trade.

Section D. AGRICULTURE

Article 2.13. SCOPE

1. This Section applies to measures adopted or maintained by the Parties relating to trade between them in agricultural goods covered by Annex I referred to in Article 2 of the WTO Agreement on Agriculture.

2. The particular provisions of this Section shall prevail over the provisions of this Chapter or any other Chapter of this Agreement.

Article 2.14. EXPORT SUBSIDIES

1. The Parties reaffirm the commitment to eliminate and not to introduce or reintroduce any form of export subsidies and will work together, in the WTO, towards a modalities agreement with a view to achieving this objective.

2. From the entry into force of this Agreement, the Parties may not maintain, introduce or reintroduce export subsidies on any agricultural good destined for the territory of the other Party, included in Annex 2-B (Tariff Elimination Program).

3. Notwithstanding the preceding paragraph, if a Party maintains, introduces or reintroduces an export subsidy on a good listed in Annex 2-B (Tariff Elimination Program) to the other Party, the affected Party may increase the applied rate of duty on imports up to the MEN tariff rate for the period during which the export subsidy is maintained. For the additional tariff to be eliminated, the other Party shall provide detailed information on the applied subsidy that demonstrates that it complies with the provisions of this Article.

Article 2.15. AGRICULTURAL SUBCOMMITTEE

1. The Parties shall establish an Agricultural Subcommittee composed of representatives of both Parties.

2. The Agricultural Subcommittee shall have the following functions:

(a) monitor and promote cooperation in the implementation and administration of this Section to facilitate trade in agricultural commodities between the Parties;

(b) consult between the Parties on matters related to this Section, in coordination with other committees, subcommittees, working groups, or other bodies established in this Agreement;

(c) evaluate the development of agricultural trade under this Agreement, and the impact on the agricultural sector of each of the Parties, as well as the operation of the instruments of the Agreement, in order to recommend the corresponding actions to the Committee on Trade in Goods;

(d) to perform any additional work that the Committee on Trade in Goods may assign to it;

(e) report for consideration by the Committee on Trade in Goods the results of its work; and

(f) to prepare proposals and present recommendations concerning the agricultural area in relation to the deepening of the

tariff elimination program, among others, through the inclusion of goods that have been excluded from Annex 2- B of this Agreement, at the request of the Committee on Trade in Goods and/or mandate of the Free Trade Commission as set forth in Article 2.4.3.

3. The Agricultural Subcommittee shall meet at least once a year. When special circumstances arise, the Parties shall meet by mutual agreement no later than 30 days after the request of one of them. The meetings of the Agricultural Sub-Committee shall be chaired by representatives of the Party hosting the meeting.

4. All decisions of the Agricultural Subcommittee shall be made by consensus.

Section E. COMMODITY TRADING COMMITTEE

Article 2.16. COMMODITY TRADING COMMITTEE

1. The Parties establish the Committee on Trade in Goods composed of representatives of each Party.

2. The Committee shall meet periodically, and at any other time at the request of either Party or the Commission, to ensure the effective implementation and administration of this Chapter and Chapter 7 (Trade Defense). In this regard, the Committee shall:

(a) review, at the request of either Party, a proposed amendment or addition to this Chapter and Chapter 7 (Trade Defense), and make appropriate recommendations to the Commission;

(b) consider tariff or non-tariff issues raised by either Party or by the Agricultural Subcommittee, and make appropriate recommendations to the Free Trade Commission;

(c) to request the Agricultural Subcommittee to prepare proposals and submit recommendations concerning the agricultural sector in relation to the deepening of the tariff elimination program, among others, through the inclusion of goods that have been excluded from this Agreement; and

(d) review, within a timely manner, amendments to the Harmonized System with a view to reflecting these amendments in Annex 2-B (Tariff Elimination) and Annex 3-A (Specific Rules of Origin).

3. If the Committee fails to resolve the matter referred to it in accordance with paragraph 2 within 60 days of the referral, either Party may request a meeting of the Free Trade Commission in accordance with the provisions of Article 23.1 (Free Trade Commission).

4. Each Party shall, to the extent possible, take the necessary measures to implement the revision of this Chapter and Chapter 7 (Trade Defense) within 180 days from the date on which the Commission accepts the amendment or addition, or within such other period as the Parties may agree.

Article 2.17. DEFINITIONS

For the purposes of this Chapter:

Consumed Means:

(a) actually consumed; or

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

distributor means a person of a Party who is responsible for the commercial distribution, agency, dealership or representation in the territory of that Party of goods of the other Party;

duty-free means free of customs duties; printed advertising material means those goods classified in Chapter 49 of the Harmonized System, which include brochures, leaflets, commercial catalogs, loose sheets, yearbooks published by a trade association, tourist promotion materials or posters that are:

(a) used to promote, advertise or advertise a good or service;

(b) intended for the purpose of advertising a good or service; and

(c) distributed free of charge;

agricultural goods means the goods listed in Annex 1 of the WTO Agreement on Agriculture;

goods for exhibition or demonstration means goods that temporarily enter the territory of a Party for exhibition or demonstration purposes. It includes the components, auxiliary apparatus and accessories of the good;

goods imported temporarily for sporting purposes means a sporting good for use in sporting competitions, demonstrations or training in the territory of the Party into which the good is imported;

commercial sample of negligible value means a commercial sample having a value, individually or in the aggregate shipped, of not more than one United States dollar or in the equivalent amount in the currency of either Party, or which is so marked, broken, punctured or otherwise treated as to be unsuitable for sale or for use other than as a commercial sample;
advertising films and recordings means visual media or audio materials consisting essentially of images or sound depicting the nature or operation of a commodity or service offered for sale or hire by a person established or resident in the territory of a Party, provided that such materials are suitable for exhibition to potential customers, but not for dissemination to the general public, and provided that they are imported in packages containing not more than one copy of each film or recording, provided that the materials and packages are not part of a larger consignment;

export subsidies shall have the meaning assigned to that term in Article 1(e) of the Agreement on Agriculture, including any modification of that Article.

Chapter 3. RULES OF ORIGIN AND ORIGIN PROCEDURES

Section A. RULES OF ORIGIN

Article 3.1. ORIGINATING GOODS

Except as otherwise provided in this Chapter, each Party shall treat a good as originating when:

(a) is wholly obtained or produced entirely in the territory of one or both Parties;

(b) is produced entirely in the territory of one or both Parties; and

(i) each of the non-originating materials used in the production of the good undergoes the applicable change in tariff classification specified in Annex 3-A (Specific Rules of Origin); or

(ii) the good otherwise satisfies any applicable regional value content requirements or other requirements specified in Annex 3-A (Specific Rules of Origin); or

(c) is produced entirely in the territory of one or both Parties, exclusively from originating materials; and

complies with the other applicable requirements of this Chapter.

Article 3.2. REGIONAL CONTENT VALUE

1, The regional value content of the goods shall be calculated in accordance with the following formula:

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

where:

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

VT: is the transaction value of the good adjusted on an FOB basis, except as provided in paragraph 2. If such value does not exist or cannot be determined in accordance with the principles and rules of Article 1 of the Customs Valuation Agreement, it shall be calculated in accordance with the principles and rules of Articles 2 to 7 of the Customs Valuation Agreement; and

VMN: is the transaction value of the non-originating materials adjusted on a CIF basis, except as provided for in paragraph 5. If such value cannot be determined in accordance with the principles and rules of Article 1 of the Customs Valuation Agreement, it shall be calculated in accordance with the principles and rules of Articles 2 to 7 of the said Agreement.

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

3. When origin is determined by the regional value content method, the percentage required shall be specified in Annex 3-A

(Specific Rules of Origin).

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

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

6. For purposes of calculating the regional value content, the value of non-originating materials used in the production of a good shall not include the value of non-originating materials used by:

(a) another producer in the production of an originating material purchased and used in the production of that good; or

(b) the producer of the goods in the production of an original material of his own manufacture.

7. When Annex 3-A (Specific Rules of Origin) specifies a regional value content test under the Net Cost formula, it shall be calculated based on the following formula:

"Net Cost Method"

VCR = [(CN - VMN) / CN] * 100 where:

RCA: is the regional value content expressed as a percentage;

NC: is the net cost of the good; and

VMN: is the value of non-originating materials acquired and used by the producer in the production of the good; the value of non-originating materials does not include the value of a self-produced material.

8. Each Party shall provide that for purposes of the method of calculating the regional value content pursuant to paragraphs 1 and 7, the exporter or producer may average the calculation in the fiscal year with respect to all motor vehicles in the category, or only motor vehicles in the category that are exported to the territory of one or more of the Parties, using any of the following categories:

(a) includes vehicles for the transport of passengers up to 16 persons, including the driver; and vehicles for the transport of goods of a total weight with a maximum load less than or equal to 3.2 tons (or 7,040 American pounds), as well as their chassis with cabins;

(b) includes vehicles with bodywork for the transport of more than 16 passengers, including the driver;

(c) includes other vehicles not included in categories (a) and (b).

Article 3.3. ACCUMULATION

1. Each Party shall provide that goods or materials originating in a Party, incorporated into a good in the territory of the other Party, shall be considered as originating in the territory of the other Party.

2. Each Party shall provide that a good is originating when the good is produced in the territory of one or both Parties by one or more producers, provided that the good meets the requirements of Article 3.1 and the other applicable requirements of this Chapter.

3. Where each Party has established a trade agreement with the same non-Party in accordance with the provisions of the WTO, for purposes of determining whether a good is originating under this Agreement, a material that is produced in the territory of such non-Party shall be considered to be produced in the territory of one or both Parties if it complies with the applicable rules of origin of this Agreement; and such other conditions as the Parties may establish, in accordance with the following paragraphs.

4. For the application of paragraph 3, each Party may agree equivalent or reciprocal conditions to those indicated in that paragraph with the non-Party, in order for materials from one or both Parties to be considered originating under the trade agreements established with a non-Party.

5. The Parties may establish such additional conditions as they deem necessary for the implementation of paragraph 3.

6. A Party shall apply paragraph 3 only when provisions with equivalent effect to those of that paragraph are in force

between each Party and the non-Party.

7. The Free Trade Commission shall establish the goods, the participating countries and the conditions for the application of this Article.

8. The provisions of this Article shall only apply to the goods and materials incorporated in the Tariff Elimination Program.

9. Two years after the date of entry into force of this Agreement or such other date as the Parties may determine, the Parties shall enter into discussions for the implementation of paragraph 3.

Article 3.4. DE MINIMIS

1, A good shall be considered originating if:

(a) the value of all non-originating materials used in the production of this good, which do not meet the tariff classification change requirement set out in Annex 3-A (Specific Rules of Origin), does not exceed ten percent (10%) of the transaction value of the good determined in accordance with Article 3.2; and (b) the merchandise complies with the other applicable provisions of this Chapter.

2. In the case of goods classified in Chapters 50 to 63 of the Harmonized System (HS), the percentage referred to in paragraph 1 shall refer to the weight of the fibers and yarns with respect to the weight of the goods produced.

3. Paragraph 1 does not apply to a non-originating material that is used in the production of goods of Chapters 01 through 24 and heading 25.01 of the Harmonized System (HS), unless the non-originating material is classified in a subheading other than that of the good for which origin is being determined under this Article.

4. Notwithstanding paragraph 3, paragraph 1 shall not apply to products of Chapter 15 of the Harmonized System (HS) that are used in the production of a good classified in headings 15.01 to 15.08 and 15.11 to 15.15.

Article 3.5. INSUFFICIENT WORKING OR PROCESSING OPERATIONS

The following operations shall be considered as insufficient working or processing to confer originating status, whether or not the requirements of Article 3.1 are satisfied:

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

(b) divisions and groupings of packages;

(c) washing, cleaning; removal of dust, rust, oil, paint or other coatings;

(d) ironing or pressing of textiles;

(e) simple painting and polishing operations;

(f) shelling, partial or total whitening, polishing, and glazing of cereals and rice;

(g) operations for coloring or adding flavorings to sugar or making sugar lumps; total or partial milling of sugar crystals;

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

(i) sharpening, simple grinding or simple cutting;

(j) sieving, screening, selection, sorting, grading, grading, preparation (including formation of article sets);

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

(l) placement of trademarks, labels, logos and other similar distinctive signs on the products or their packaging;

(m) simple mixture of products, whether or not of different kinds; mixture of sugar with other material;

(n) simple assembly of parts of articles to form a complete article or the disassembly of products into parts;

(o) slaughter of animals; or

(p) combination of two or more of the operations indicated in subparagraphs (a) through (o).

Article 3.6. EXPENDABLE GOODS AND MATERIALS

1. Each Party shall provide that a fungible material or good is originating when the importer, exporter or producer has:

(a) physically segregated for each commodity or consumable; or (b) used any inventory management method, such as average, last-in-first-out (LIFO) or first-in-first-out (FIFO), recognized in the Generally Accepted Accounting Principles of the Party where the production takes place; or has been otherwise accepted by the Party where the production takes place. 2. Each Party shall provide that where an inventory management method is chosen, as set out in paragraph 1, for certain fungible goods or materials, it shall continue to be used for those goods or materials throughout the fiscal year of the person who chose the inventory management method.

Article 3.7. ACCESSORIES, SPARE PARTS AND TOOLS

Each Party shall provide that accessories, spare parts or tools delivered with the good and forming part of the usual accessories, spare parts or tools of the good shall be considered as an originating material in the production of the good, provided that:

(a) accessories, spare parts or tools are classified with the merchandise and are not invoiced separately; and

(b) the quantities and value of accessories, spare parts or tools are those customary for the goods.

Article 3.8. RETAIL CONTAINERS AND PACKAGING MATERIALS

1. Where the containers and packaging materials in which a good is presented for retail sale are classified in the Harmonized System (HS) with the good they contain, they shall be disregarded in determining whether all non-originating materials used in the production of the good comply with the corresponding change in tariff classification set out in Annex 3-A (Specific Rules of Origin).

2. When the good is subject to a Regional Value Content requirement, containers and packing materials shall be considered as originating or non-originating, as the case may be, in calculating the Regional Value Content of the good.

3. When the products qualify as wholly obtained, the packaging shall not be taken into account for the purpose of determining origin.

Article 3.9. PACKING MATERIALS AND SHIPPING CONTAINERS

Containers and packing materials in which a good is packed exclusively for transport shall not be taken into account in determining the origin of the good.

Article 3.10. INDIRECT MATERIALS USED IN PRODUCTION

Each Party shall provide that an indirect material shall be considered an originating material irrespective of the place of its production.

Article 3.11. TRANSIT AND TRANSSHIPMENT

An originating good that is exported from the territory of a Party shall maintain its originating status only if the good:

(a) does not undergo further processing or any other operation outside the territories of the Parties, other than unloading, reloading, or any other operation, other than unloading, reloading, or any other operation necessary to maintain it in good condition or to transport it to the territory of a Party; and

(b) remains under the control of the customs authority while outside the territory of the Parties.

Article 3.12. SETS OR ASSORTMENTS

1. Each Party shall provide that if goods are classified as a set as a result of the application of Harmonized System (HS) General Interpretative Rule 3, the set shall be considered originating only if:

(a) each commodity in the set is originating; and

(b) both the set and the goods comply with the other applicable requirements of this Chapter.

2. Notwithstanding paragraph 1, a set of goods is originating if the value of all non- originating goods in the set does not exceed 15 percent of the transaction value of the set.

Article 3.13. CONSULTATIONS AND MODIFICATIONS

1. The Parties shall cooperate in the administration of this Chapter and shall consult regularly to ensure that it is administered effectively, uniformly and consistently with the spirit and objectives of this Agreement.

2. A Party that considers that this Chapter requires modification to take into account changes in production processes or other matters may submit a proposal for modification, together with any studies and supporting reasons, to the other Party for its consideration. Such Party may include in its proposal any action to be taken by the Committee on Rules and Procedures of Origin, Trade Facilitation, Technical Cooperation and Mutual Assistance in Customs Matters.

Section B. CUSTOMS PROCEDURES

Article 3.14. CERTIFICATION OF ORIGIN

1. Each Party shall provide that an importer may apply for preferential tariff treatment based on a written or electronic Certificate of Origin issued by the competent authority of the exporting Party at the request of the exporter or producer. The unique format of the Certificate of Origin and instructions are set out in Annex 3-B (Certificate of Origin), which may be modified by agreement between the Parties.

2. Each Party shall provide that when the exporter is not the producer of the good, he shall complete or fill out and sign the certificate of origin on the basis of:

(a) its knowledge of whether the good qualifies as originating; or

(b) the certificate of origin completed and signed by the producer of the goods and voluntarily provided to the exporter.

3. The competent authority of the exporting Party shall ensure that the good to which a Certificate of Origin applies meets all the requirements set forth in this Chapter and Annex 3- A (Specific Rules of Origin).

4. Each Party shall provide that the Certificate of Origin shall be signed and dated by the competent authority of the exporting Party, provided that the goods may be considered originating in accordance with the provisions of this Chapter and Annex 3-A (Specific Rules of Origin). The Certificate of Origin shall also bear an identifying serial number.

5. The competent authority of each Party shall validate the Certificate of Origin based on the information provided by the exporter or producer of the good. The exporter or producer who fills out or completes and signs a certificate of origin, shall do so in terms of a sworn statement, undertaking to assume any administrative, civil or criminal liability, when false or incorrect information has been included in the certificate of origin.

6. The Parties shall exchange the list of public or private entities authorized to issue certificates of origin and the record of the autographic or electronic signatures of the officials accredited for such purpose. Any modification to this list shall be notified immediately in writing to the other Party and shall enter into force 30 days after the date on which the notification of the modification is received.

7. Each Party shall provide that the Certificate of Origin shall be completed and signed by the requesting exporter or producer for each export of one or more goods.

8. Each Party shall provide that the Certificate of Origin shall be accepted by the customs authority of the importing Party for a period of one year from the date of signature of the certifying authority.

9. Each Party shall provide that preferential tariff treatment shall not be denied to goods covered by a Certificate of Origin invoiced by an enterprise located in the territory of a non- Party, provided that such goods are shipped directly from the territory of the other Party, without prejudice to the provisions of Article 3.11.

Article 3.15. OBLIGATIONS REGARDING IMPORTS

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

(a) declare in writing in the import document foreseen in its legislation, based on a valid Certificate of Origin, that the merchandise qualifies as originating;

(b) have the Certificate of Origin in their possession at the time of making the declaration;

(c) provide, when requested by its customs authority, a copy of the Certificate of Origin; and

(d) submit a corrected declaration and pay the corresponding duty when the importer has reason to believe that the Certificate of Origin on which the customs declaration is based has incorrect information. The importer may not be penalized when he voluntarily files the corrected goods declaration before the customs authorities notify the revision, in accordance with the legislation of each Party.

2. Each Party shall provide that, where an importer in its territory fails to comply with any of the requirements set out in this Chapter, it shall deny preferential tariff treatment for the good imported from the territory of the other Party.

3. Each Party shall provide that, where the importer has not requested tariff treatment for a good imported into its territory that it has qualified as originating at the time of importation, it shall not request a drawback or refund of excess duties paid.

4. Compliance with the provisions of this Article does not relieve the importer of the obligation to pay the corresponding customs duties under the relevant laws of the importing Party when the customs authority denies preferential tariff treatment to imported goods pursuant to Article 3.19.

Article 3.16. EXPORT-RELATED OBLIGATIONS

1. Each Party shall provide that its exporter or producer who has completed or filled out and signed a Certificate of Origin shall deliver a copy of such Certificate to its customs authority upon request.

2. Each Party shall provide that its exporter or producer who has completed or filled out and signed a Certificate of Origin or has provided information to its competent authority, and has reason to believe that such Certificate contains incorrect information, shall promptly notify in writing:

(a) who has delivered that Certificate;

(b) the competent authority; and

(c) the customs authority in accordance with its laws,

of any change that may affect the accuracy or validity of such Certificate, in which case the exporter or producer shall not be penalized for submitting incorrect certification or information.

3. Each Party shall provide that false certification by an exporter or a producer in its territory that a good to be exported to the territory of the other Party is originating shall be subject to penalties equivalent to those applied to an importer in its territory who makes false statements or representations in connection with an importation.

4. The customs and competent authorities of the exporting Party shall advise the customs authority of the importing Party in writing of the notification referred to in paragraph 2.

Article 3.17. INVOICING BY a NON-PARTY OPERATOR

1. Goods that meet the applicable requirements of this Chapter shall retain their originating status, even when invoiced by traders in a non-Party.

2. When the merchandise subject to commercial exchange is invoiced by an operator of a non-Party country, the producer or exporter of the country of origin shall indicate in the respective certificate of origin, in the box relating to "observations", that the merchandise subject to its declaration will be invoiced from that non-Party country and shall identify the name, denomination or company name and domicile of the operator that will ultimately be the one invoicing the operation at destination.

Article 3.18. RECORDS

1. Each Party shall provide that:

(a) an exporter or producer in its territory, who completes or completes and signs a Certificate of Origin or who provides information to the competent authority maintains, for a period of at least five years from the date of signature of the

Certificate, all records and documents relating to the origin of the good, including the:

(i) purchase, costs, value and payment of the exported merchandise;

(ii) the purchase, costs, value and payment of all materials, including indirect materials, used to produce the exported merchandise; and

(iii) production of the merchandise in the form in which it was exported;

(b) an importer claiming preferential tariff treatment shall maintain the Certificate of Origin and all other documentation requested by the importing Party for a period of at least five years from the date of importation of the good; and

(c) the competent authority of the exporting Party that issued the Certificate of Origin shall maintain all documentation relating to the issuance of the Certificate for a period of at least five years from the date of issuance of the Certificate.

2. A Party may deny preferential tariff treatment to a good subject to verification of origin, if the exporter, producer or importer of the good required to keep records or documents in accordance with paragraph 1:

(a) fails to comply with the requirement to maintain records or documents to determine the origin of the good in accordance with the provisions of this Chapter; or

(b) denies access to records or documents.

Article 3.19. PROCEDURE FOR VERIFICATION OF ORIGIN

1. The authority of the importing Party may request information on the origin of a good from the competent authority of the exporting Party.

2. The competent authority of the importing Party may require the importer to submit information relating to the importation of the good for which preferential tariff treatment was claimed.

3. For purposes of determining whether the imported good qualifies as originating, the authority of the importing Party may verify the origin of the good through the competent authority of the exporting Party by:

(a) requests for information or written questionnaires to the exporter or producer of the good in the territory of the other Party, in which it shall specifically indicate the good subject to verification;

(b) verification visits to the exporter or producer in the territory of the other Party to inspect the facilities used in the production of the good or materials to review records and documents demonstrating compliance with the Rules of Origin in accordance with Article 3.18; or

(c) any other procedure agreed upon by the Parties.

4. For the purposes of this Article, notifications of questionnaires, official letters, determinations, notices and other written communications sent to the exporter or producer to verify the origin, shall be considered valid provided that they are made through the following means:

(a) registered mail with return receipt requested or other means confirming receipt of the document by the exporter or producer; or

(b) any other means agreed upon by the Parties.

5. An exporter or producer receiving a questionnaire or request for information pursuant to paragraph 3(a) shall duly complete and return the questionnaire or respond to the request for information within 30 days from the date of receipt. Such communication shall include a notice of intent to deny preferential tariff treatment in the event that the exporter or producer does not comply with the requirement to submit the duly completed or completed questionnaire or the requested information within such period.

6. During the period referred to in paragraph 5, the exporter or producer may make a written request for extension to the authority of the importing Party, not exceeding 30 days. Such request shall not have the effect of denying preferential tariff treatment.

7. The authority of the importing Party may request, through the competent authority of the exporting Party, additional information by means of a subsequent questionnaire or request to the exporter or producer, even if it has received the completed or filled questionnaire with the requested information referred to in paragraph 3(a). In this case the exporter or

producer shall have 30 days to respond to such request.

8. If the exporter or producer fails to properly complete a questionnaire, return it or provide the requested information within the period set forth in paragraphs 6 and 7, the authority of the importing Party may deny preferential tariff treatment to the goods subject to verification by sending to the importer, exporter and the competent authority of the exporting Party, a determination of origin including the facts and legal basis for that decision.

9. Prior to conducting a verification visit and in accordance with paragraph 3(b), the authority of the importing Party shall notify in writing its intention to conduct the verification visit to the competent authority of the exporting Party. The notification shall be sent to the competent authority of the exporting Party by mail or any other means that provides a record of the receipt of the notification. The authority of the importing Party shall require the written consent of the exporter or producer to be visited in order to carry out the verification visit.

10. The notification referred to in paragraph 9 shall include:

(a) the name, title and address of the authorized officer of the customs authority issuing the notification;

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

(c) the date and place of the proposed verification visit;

(d) the purpose and scope of the proposed verification visit, including specific reference to the goods that are subject to the verification;

(e) the names (personal data) and positions of the officials conducting the visit; and

(f) the legal basis for the verification visit.

11. Any changes to the information referred to in paragraph 10 shall be notified to the exporter or producer, the customs authority and the competent authority of the exporting Party prior to the verification visit.

12. Where an exporter or producer of a good does not consent in writing to the proposed verification visit within 30 days from the date of receipt of the notification referred to in paragraph 9, the importing Party may deny preferential tariff treatment to such good by notifying the importer and the competent authority of the exporting Party in writing of its determination, including the facts and legal basis for its determination.

13. Each Party may require, upon receipt of any notification under paragraph 9 by its competent authorities, within 15 days of such notification, that the proposed verification visit be postponed for a period not exceeding 30 days from the date of receipt of the notification, or for such longer period as the Parties may agree.

14. The Parties shall not deny preferential tariff treatment to a good solely because a verification visit under paragraph 13 is postponed.

15. Each Party shall allow an exporter or producer whose good is subject to a verification visit to appoint two observers to be present during the visit, provided that the observers do not participate in any manner other than as observers. Failure to appoint observers shall not be grounds for postponement of the visit.

16. Each Party shall require an exporter or producer to provide the records and documents referred to in Article 3.18.1(a) to the customs authority of the importing Party. If the records and documents are not in the possession of the exporter or producer, the exporter or producer may request that the producer or supplier of the materials provide them to the verifying authority.

17. For the verification of compliance with any requirement set forth in Section A, the authority of the importing Party shall adopt, where applicable, the Generally Accepted Accounting Principles applied in the territory of the exporting Party.

18. The authority of the importing Party shall prepare the minutes of the visit, which shall include the facts confirmed by it. The exporter or producer and the observers may sign the minutes as appropriate.

19. Within 90 days of the conclusion of the verification, the customs authority of the importing Party shall issue and send a written origin determination to the exporter or producer of the goods subject to verification, determining whether the good qualifies as originating, including the findings of fact and the legal basis for the origin determination.

20. Where an authority of the importing Party denies preferential tariff treatment to a good or to several goods subject to verification, such authority shall issue a written, reasoned and substantiated determination of origin, which shall be notified to the exporter or producer in accordance with paragraph 4.

21. Where, through a verification of origin, the authority of the importing Party determines that an exporter or producer has provided more than once false or unfounded information to the effect that a good qualifies as originating, the customs authority of the importing Party may suspend preferential tariff treatment to identical goods exported by that person. The customs authority of the importing Party shall grant preferential tariff treatment to the goods upon compliance with the provisions of this Chapter.

22. For the issuance of a determination of origin of a good subject to a verification process, the authority of the importing Party shall consider the advance rulings issued on the matter by such authority prior to the date of issuance of the determination of origin.

Article 3.20. EXCEPTIONS

1. A Party shall not require a Certificate of Origin when:

(a) it is a commercial importation of a good whose customs value does not exceed one thousand dollars of the United States of America (US$ 1000), or its equivalent in national currency, or such greater amount as that Party may establish, but may require that the commercial invoice contain or be accompanied by a declaration by the importer or exporter that the good qualifies as originating; or

(b) itis an importation for non-commercial purposes of a good whose customs value does not exceed one thousand dollars of the United States of America (US$ 1000), or its equivalent in national currency, or such greater amount as that Party may establish.

The exceptions provided for in this Article shall not apply when the goods are part of two or more imports made or intended to be made to avoid compliance with the certification requirements of this Chapter.

Article 3.21. DEFINITIONS

For the purposes of this Chapter:

aquaculture means the culture of aquatic organisms, including fish, mollusks, crustaceans, other aquatic invertebrates and aquatic plants, from seed storage such as eggs, immature fish, fry, fingerlings, minnows and larvae, by intervention in the processes of sustenance or growth for increased production, such as regular stocking, feeding, protection from predators, etc.;

to allocate reasonably means to allocate in the appropriate manner in accordance with Generally Accepted Accounting Principles;

competent authority is:

(a) for the Republic of Colombia:

the Ministry of Commerce, Industry and Tourism or the National Tax and Customs Directorate; and

(b) for the Republic of Panama: the Ministry of Commerce and Industries or the National Customs Authority; or their successors.

authority of the importing Party is:

(a) for the Republic of Colombia: the Ministry of Commerce, Industry and Tourism or the National Tax and Customs Directorate; and

(b) for the Republic of Panama: the National Customs Authority; or their successors.

Valid Certificate of Origin means a Certificate of Origin written in the format referred to in Article 3.14, completed, signed and dated by the producer or exporter of a good in the territory of a Party and validated by the competent authority of the exporting Party, in accordance with the provisions of this Chapter;

CIF means the value of the imported merchandise including insurance and freight costs to the port or place of introduction in the country of importation;

net cost means all costs less sales promotion, marketing and after-sales service costs, royalties, packing and shipping costs, as well as non-allowable interest costs that are included in the total cost;

net cost of merchandise means the net cost that can be reasonably assigned to the merchandise using one of the following methods:

(a) by calculating the total cost incurred in respect of all goods produced by that producer, subtracting any costs of sales promotion, marketing, after-sales services, royalties, packing and shipping costs and ineligible interest costs included in the total cost of all such goods, and then reasonably allocating the net cost incurred in respect of those goods to the merchandise;

(b) calculating the total cost incurred in respect of all goods produced by that producer by reasonably allocating the total cost to the merchandise and then subtracting any costs of sales promotion, marketing, after-sales services, royalties, packing and shipping costs and unallowable interest costs included in the portion of the total cost allocated to the merchandise; or

(c) reasonably allocating each cost that forms part of the total cost incurred in respect of the merchandise, so that the sum of these costs does not include any costs of sales promotion, marketing, after-sales services, royalties, packing and shipping costs and unallowable interest costs,

provided that the allocation of such costs is consistent with the reasonable cost allocation provisions of Generally Accepted Accounting Principles;

ineligible interest costs means interest costs incurred by a producer in excess of 700 basis points over yields on debt obligations of comparable maturities issued by the central level of government of the Party in which the producer is located;

Total cost means all product costs, period costs and other costs for a good incurred in the territory of one or more of the Parties. Product costs are the costs that are associated with the production of the good and include the value of materials, direct labor costs, and direct administrative costs. Period costs are those costs, other than product costs, that are incurred in the period in which they are incurred, such as selling expenses, general expenses and administrative expenses. Other costs are all costs recorded on the producer's books that are not product costs or period costs, such as interest. Total cost does not include profits that are received by the producer regardless of whether they have been retained or paid by the producer to others, such as dividends or taxes paid on profits, including taxes on return on capital;

origin determination means a written document issued by the authority of the importing Party as a result of an origin verification procedure that establishes whether a good qualifies as originating under this Chapter;

exporter means the person who makes an export;

FOB means the value of the goods free on board, regardless of the means of transport, at the port or place of final shipment abroad;

commercial importation means the importation of a good into the territory of a Party to be used for commercial, industrial or similar purposes;

importer means the person who makes an import;

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

packaging materials and shipping containers means materials and containers used to protect merchandise during transportation and does not include containers and materials in which merchandise is packaged for retail sale;

self-produced material means material that is produced by the producer of a commodity and used in the production of that commodity;

indirect material means a good used in the production, verification or inspection of another good, but not physically incorporated therein; or a good that is used in the maintenance of buildings or in the operation of equipment related to the production of a good, including:

(a) fuel, energy, catalysts and solvents;

(b) equipment, apparatus and attachments used for the verification or inspection of goods;

(c) gloves, goggles, footwear, clothing, safety equipment and attachments;

(d) tools, dies and molds;

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

(f) lubricants, greases, compounds and other products used in the production, operation of equipment or maintenance of buildings; and

(g) any other material or product which is not incorporated in the goods, but which can be adequately demonstrated to be part of such production;

fungible goods or materials means goods or materials interchangeable for commercial purposes whose properties are essentially identical and which cannot be distinguished from one another by simple visual examination;

identical goods means goods that are alike in all respects relevant to the particular rule of origin that qualifies the goods as originating;

non-originating good or non-originating material means a good or material that does not meet the requirements of this Chapter to be considered originating;

goods wholly obtained or produced entirely in the territory of one or both Parties means:

(a) minerals extracted in the territory of one or both Parties;

(b) plants and plant products harvested or gathered in the territory of one or more Parties;

(c) live animals, born and raised in the territory of one or both Parties;

(d) products obtained from hunting, capture or fishing, in the territory of one or more Parties;

(e) products obtained from aquaculture, including mariculture, where fish, crustaceans, mollusks and other aquatic invertebrates born or raised in the territory of one or both Parties;

(f) fish, crustaceans and other marine species obtained from the sea outside its territory, whether by vessels registered, registered or leased by an enterprise established in the territory of a Party and flying the flag of that Party;

(g) goods produced on board factory ships from the products identified in subparagraph (e), provided that the factory ships are registered, registered or leased by an enterprise established in the territory of a Party and flying the flag of that Party;

(h) goods obtained from the seabed or subsoil outside its territory, by a Party or a person of a Party, provided that the Party has rights to exploit that seabed or subsoil;

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

Generally Accepted Accounting Principles means recognized consensus or substantial authoritative support agreed in the territory of a Party with respect to the recording of revenues, expenses, costs, assets and liabilities, the disclosure of information and the preparation of financial statements. Generally Accepted Accounting Principles may encompass broad guidelines of general application, as well as those detailed standards, practices and procedures;

production means methods of obtaining goods including but not limited to growing, breeding, raising, raising, mining, harvesting, fishing, hunting, trapping, catching, aquaculture, collecting, extracting, manufacturing, processing, assembling or disassembling a good;

producer means a person who carries out a production process;

simple generally means activities that do not require special skills or special machines, apparatus or equipment specially made or installed to carry out the activity. However, simple mixing does not include chemical reaction. Chemical reaction is a process (including a biochemical process) that produces a molecule with a new structure by breaking intramolecular chains and forming new intramolecular chains, or by changing the spatial arrangement of atoms in a molecule;

Preferential tariff treatment means the application of the appropriate tariff rate to an originating good under Annex 2-B (Tariff Elimination Program).

Chapter 4. CUSTOMS ADMINISTRATION AND TRADE FACILITATION

Article 4. PUBLICATION

1. Each Party shall publish, including on the Internet, its general customs legislation, regulations and administrative

procedures.

2. Each Party shall designate or maintain one or more inquiry points to respond to inquiries from interested persons on customs matters and shall make available on the Internet information concerning the procedures for making such inquiries.

3. To the extent practicable, each Party shall publish in advance any regulations of general application governing customs matters it proposes to adopt and give interested persons an opportunity to comment prior to their adoption.

Article 4.2. CLEARANCE OF GOODS

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

2. Each Party shall adopt or maintain procedures that:

(a) stipulate that customs clearance of goods be carried out within a period no longer than that required to ensure compliance with their customs legislation and, as far as possible, within 48 hours of the arrival of the goods;

(b) allow the goods to be cleared at the point of arrival, without temporary transfer to warehouses or other facilities; and

(c) allow importers to remove goods from customs before all applicable duties, taxes and fees have been paid.

Prior to the release of the goods, a Party may require the importer to provide a guarantee sufficient to cover the full payment of the customs duties, taxes and fees applicable in connection with the importation of the good without prejudice to the final determination by its customs authority.

3. Each Party shall endeavor to ensure that all competent administrative entities involved in the control and physical inspection of the imported or exported good, where possible, act simultaneously at a single place and time.

Article 4.3. USE OF AUTOMATED SYSTEM

Each Party shall endeavor to use information technology that expedites the procedures for the clearance of goods. In choosing the information technology to be used for this purpose, each Party shall:

(a) support customs operations, in the context of paperless trade transactions, as far as possible, taking into account developments in these matters within the World Customs Organization (hereinafter referred to as "WCO");

(b) work on the development of compatible electronic systems between the customs authorities of the Parties, in order to facilitate the exchange of international trade data between them;

(c) work to develop a set of common data elements and processes in accordance with the Customs Data Model and related WCO recommendations and guidelines; and

(d) use automated electronic systems for irrigation guidance and analysis.

Article 4.4. RISK MANAGEMENT

1. Each Party shall endeavor to adopt or maintain risk management systems that enable its customs authority to focus its control and inspection activities on high-risk goods and to simplify the clearance and movement of low-risk goods through customs, while respecting the confidential nature of information obtained through such activities, in accordance with its legislation.

2. The importing Party shall recognize the efforts made by the exporting Party related to security in the trade supply chain.

Article 4.5. AUTHORIZED ECONOMIC OPERATOR

1. The Parties shall promote the implementation of the Authorized Economic Operator (hereinafter referred to as AEO) in accordance with the WCO Framework of Standards to Secure and Facilitate Global Trade ("SAFE Framework of Standards").

2. Their obligations, requirements and formalities shall be established in accordance with the legislation of each Party.

3. Recognition of AEO security status and trade facilitation benefits will be provided in exchange for compliance with security standards.

Article 4.6. SIMPLIFICATION OF CUSTOMS PROCEDURES AND FACILITATION OF TRADE IN GOODS AND SERVICES COMMERCE

The Parties shall promote the implementation of actions that simplify customs procedures and facilitate legitimate trade between them, as well as, to the extent possible, the collection and exchange of statistics on the import and export of goods, which contribute to preserve their control capabilities. The foregoing in order to ensure that the objectives set forth in Chapter 3 (Rules of Origin and Origin Procedures) and this Chapter are achieved. To this end, each Party shall notify the other Party, to the extent possible, of the following determinations, measures and rulings:

(a) origin determinations issued as a result of a verification carried out in accordance with Article 3.19 (Origin Verification Procedures);

(b) acts that the Party considers contrary to a ruling issued by the customs authority of the other Party, on: determination of origin, tariff classification or value of a good or of the materials used in the manufacture of a good;

(c) measures establishing or significantly modifying an administrative policy that may affect future origin determinations; and

(d) advance rulings or their modification, in accordance with Article 4.12 of this Chapter.

Article 4.7. CONFIDENTIALITY

1. Each Party shall maintain and protect, in accordance with its laws, confidential information collected under this Chapter.

2. Confidential information received pursuant to this Chapter may not be used for purposes other than the administration and enforcement of origin determinations, customs and tax matters.

Article 4.8. REVIEW AND APPEAL

In matters relating to its customs determinations, each Party shall grant access to:

(a) at least one level of administrative review independent of the employee or office making the determinations; and

(b) judicial review of the determination or decision made in the last instance of administrative review.

Article 4.9. COOPERATION

Cooperation between the Parties in customs matters shall be governed by the provisions of Annex 4-A.

Article 4.10. UNIFORM REGULATIONS

The Parties, through the Commission, shall establish and apply, through their respective laws or regulations, not later than the date of entry into force of this Agreement or when necessary, Uniform Regulations concerning the interpretation, application and administration of Chapter 3 (Rules of Origin and Origin Procedures) and its Annexes 3-B, 3-C and 3-D; this Chapter and Annex 4-A.

Each Party shall apply any modification or addition to the Uniform Regulations, at the latest within 180 days following the agreement between them on such modification or addition, or within such other period as the Parties may agree.

Article 4.11. PENALTIES

1. Each Party shall adopt or maintain measures to permit the imposition of civil or administrative penalties and, where appropriate, criminal penalties for violations of its customs laws and regulations, including those governing tariff classification, customs valuation, rules of origin, and claims for preferential treatment under the provisions of Chapter 3 (Rules of Origin and Origin Procedures) and this Chapter.

2. Each Party shall establish criminal, civil or administrative penalties for the exporter or producer who provides false or unfounded information to the certifying authority issuing the Certificate of Origin.

Article 4.12. ADVANCE RULINGS

1. Each Party shall provide that, through its customs authority, advance written rulings shall be granted prior to the importation of a good into its territory, when the importer or exporter of the respective Party (1) has so requested in writing.

2. Advance rulings shall be issued by the customs authority to an importer in its territory or to an exporter or producer in the territory of the other Party, based on the facts and circumstances stated by such importer, exporter or producer of the good, provided that the applicant has submitted all the information required by the Party.

3. Advance rulings will be issued with respect to:

(a) tariff classification;

(b) whether the good qualifies as originating under Chapter 3 (Rules of Origin and Origin Procedures);

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

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

(a) such information as is reasonably required to process the request; including samples of the merchandise for which the requester is requesting an advance ruling;

(b) the power of the customs authority to request additional information from the person requesting the ruling at any time during the evaluation process;

(c) the obligation of the customs authority to issue the advance ruling within a maximum period of 120 days, once all the necessary information has been obtained by customs from the applicant; and

(d) the obligation of the customs authority to issue the advance ruling in a complete, substantiated and reasoned manner.

5. Each Party shall apply advance rulings to imports into its territory as of the date of issuance of the ruling or such later date as it may specify, unless the advance ruling is modified or revoked in accordance with paragraph 8.

6. Each Party shall provide consistent treatment with respect to requests for advance ruling, provided that the facts and circumstances are identical in all material respects.

7. Each Party shall publish, to the extent possible through electronic means, its advance rulings on tariff classification and any other related matters that the Parties may agree, subject to any confidentiality requirements established in their laws. 8. Advance rulings may be modified or revoked when:

(a) has been based on false information;

(b) the decision is based on incorrect information;

(c) change in the facts or circumstances on which the determination is based; or

(d) The advance ruling must comply with an administrative or judicial decision or conform to a change in the law of the Party that has issued the advance ruling.

9. Each Party shall provide that any modification or revocation of an advance ruling shall take effect from the date on which it is issued or from such later date as the ruling itself may provide.

10. Each Party shall provide that, when an advance ruling is issued to a person who has falsely stated or omitted relevant facts or circumstances on which the ruling is based, or has not acted in accordance with the terms and conditions of the ruling, the customs authority that issued the advance ruling may apply the appropriate measures under the legislation of each Party.

11. A Party may decline to issue an advance ruling if the facts and circumstances that form the basis for the advance ruling are subject to administrative or judicial review. The Party that refrains from issuing an advance ruling shall promptly notify the requester in writing, setting forth the relevant facts and the basis for its decision to refrain from issuing the advance ruling.

12. All matters relating to advance rulings shall be determined by the laws of the Parties, in accordance with the WCO guidelines on advance rulings. These procedures will be published and will be available upon request.

(1) References to importer, exporter or producer include their duly accredited representatives, in accordance with the legislation of the Party receiving the application.

Article 4.13. COMMITTEE ON RULES AND PROCEDURES OF ORIGIN, TRADE FACILITATION AND TRADE, TECHNICAL COOPERATION AND MUTUAL ASSISTANCE IN CUSTOMS MATTERS

1. The Parties establish a Committee on Rules and Procedures of Origin, Trade Facilitation, Technical Cooperation and Mutual Assistance in Customs Matters (hereinafter referred to as the Committee), composed of representatives of each Party.

2. The functions of the Committee shall include, inter alia:

(a) monitor the implementation and administration of Chapter 3 (Rules of Origin and Origin Procedures), Chapter 4 (Customs Administration and Trade Facilitation) and Annex 4-A;

(b) review and recommend to the Commission any modifications to Annex 3-A (Specific Rules of Origin), including in cases where amendments are made to the Harmonized System;

(c) review and recommend to the Commission any modifications to Chapter 3 (Rules of Origin and Origin Procedures) due to changes in production processes or other matters;

(d) seek a mutually satisfactory solution when differences arise between the Parties on matters covered by the Chapters and Annex referred to in subparagraph (a). With respect to the tariff classification of goods, if the matter is not resolved in the course of these consultations, it shall be referred to the Harmonized System Committee of the WCO. Such decisions shall be binding on the Parties concerned;

(e) at the request of a Party, resolve any matter arising under the Chapters and Annex referred to in subparagraph (a), within a period of thirty (30) days, counted from the submission of the request, extendable by mutual agreement for a maximum of one (1) equal period;

(f) in such matters as may be required, propose to the Commission alternative solutions to the obstacles or inconveniences related to the Chapters and Annex referred to in subparagraph (a) that arise between the Parties;

(g) to prepare draft uniform regulations for consideration and approval by the Commission;

(h) to deal with any other matter relating to the Chapters and Annex referred to in subparagraph (a); and

(i) to deal with any other matter instructed by the Commission.

3. Unless otherwise agreed by the Parties, the Committee shall meet at least once a year, on the date and according to the agenda previously agreed by the Parties. The Parties shall determine those cases in which extraordinary meetings may be held.

4. The meetings may be held by any means agreed upon by the Parties. When they are face-to-face, they shall be held alternately in the territory of each Party, and it shall be the responsibility of the host Party to organize the meeting. The first meeting of the Committee shall be held no later than one year after the date of entry into force of this Agreement.

Chapter 5. SANITARY AND PHYTOSANITARY MEASURES

Article 5.1. OBJECTIVES

The objectives of this Chapter are:

(a) protect human, animal and plant life and health in the territory of the Parties;

(b) within the scope of application of Sanitary and Phytosanitary Measures (hereinafter referred to as SPS), to facilitate trade between the Parties, so that SPS measures do not constitute an obstacle;

(c) collaborate for a better implementation of the SPS Agreement;

(d) develop mechanisms and procedures for the expeditious resolution of problems that arise between the Parties as a result of the implementation of SPS measures;

(e) strengthen communication and collaboration between the competent authorities of the Parties on sanitary and phytosanitary matters;

(f) Expand business opportunities by providing a forum in which:

(i) sanitary and phytosanitary matters are discussed; and

(ii) to facilitate the resolution of commercial matters.

Article 5.2. RIGHTS AND OBLIGATIONS

The Parties shall be governed by the provisions of this Chapter, and in accordance with the provisions of Article 1.3 (Relationship to Other International Agreements), reaffirm their existing rights and obligations under the SPS Agreement.

Article 5.3. SCOPE

This Chapter shall apply to all SPS measures of a Party that may directly or indirectly affect trade between the Parties.

Article 5.4. TRANSPARENCY AND EXCHANGE OF INFORMATION

1. The Parties shall:

(a) ensure transparency in the application of SPS measures affecting trade and, in particular, of sanitary and phytosanitary requirements applied to imports from the other Party;

(b) exchange information on matters related to the development and application of SPS measures, including the progress of new technical and scientific evidence available, which affect or may affect trade between the Parties, in order to minimize negative effects on trade;

(c) upon request of the other Party, communicate within 30 working days the approval and verification procedures and requirements that apply to the importation of specific products, including, if necessary, those relating to the conduct of a risk assessment.

2. The exchange of information shall be deemed to have taken place when the information referred to in this Article:

(a) the WTO has been notified in accordance with the relevant rules; or

(b) has been made available to the public on the official website for SPS matters of a Party and access is free of charge;

3. The Points of Contact for the exchange of information referred to in this Article are set forth in Annex 5-B. Responses to requests for information shall be sent by mail, fax or e-mail to the addresses reported by the Contact Points. Information sent by e-mail may be electronically signed and shall be sent only between the Contact Points.

Article 5.5. PROCEDURES FOR THE IMPORTATION, CONTROL, INSPECTION AND APPROVAL

1. The importing Party shall ensure that the other Party complies with the sanitary and phytosanitary requirements it has established for importation.

2. The importing Party shall ensure that import approval, inspection and certification requirements are applied in a non-discriminatory manner.

3. The importing Party shall provide the exporting Party with information related to the requirements and procedures necessary for the import approval process, including those for:

(a) obtain sanitary eligibility and/or phytosanitary recognition; (b) the need or not to carry out a risk assessment; and

(c) the approval processes of production chains and/or approval of establishments no later than 30 days after the request of the exporting Party.

4. When the import requirements or their modifications include a risk assessment, and the documentation for the sanitary eligibility process, phytosanitary recognition, and/or approval of establishments of the exporting Party has been received from the importing Party, the referred importing Party shall proceed to carry out said assessment, at the latest in one month counted from the reception of the documentation. The importing Party shall communicate the results of the process within the term agreed upon by the Parties.

5. When the importing Party has concluded that the products of the exporting Party meet its sanitary and phytosanitary import requirements, it shall authorize, within 60 days, the importation of such products.

6. In the event that the evaluation process does not conclude favorably, the Importing Party shall provide the scientific evidence on which it based its decision. The Parties shall review this evidence in order to find a mutually agreed solution. Otherwise, they shall proceed to consultations in accordance with Article 5.8.

7. Once sanitary eligibility and/or phytosanitary recognition has been obtained, the exporting party may submit a request for approval of other establishments to the importing party.

8. The Parties shall form an Ad Hoc Working Group for the purposes set forth in paragraph 9, which shall meet within 60 days following the entry into force of this Agreement, in order to define its schedule, rules of procedure and work agenda.

9. Once the Working Group has been formed, it will establish in a period of no more than 180 days:

(a) the procedures not yet agreed upon in the SPS Chapter, with their respective deadlines, for the sanitary eligibility process and/or phytosanitary recognitions; and

(b) the processes of approval of production chains and/or approval of establishments, inspection and certification of imports, including the need or not to carry out a risk assessment.

In the event that the Working Group does not reach agreement on the procedures and deadlines for the sanitary eligibility process and/or phytosanitary recognitions, and the processes for approval of production chains and/or approval of establishments after the aforementioned period, technical consultations will be held before the Committee on Sanitary and Phytosanitary Measures (hereinafter referred to as the SPS Committee) of this Agreement.

Article 5.6. RISK ASSESSMENT AND DEFINITION OF SPSM MEASURES

1. In furtherance of Article 5 of the SPS Agreement, the Parties reaffirm that any measures adopted by them must be based on an appropriate risk assessment and/or standards, guidelines or information from relevant international organizations.

2. Any updating of risk assessments in situations where there is an established, regular and substantial trade in goods between the Parties shall not be a reason for the Parties to establish a risk assessment for the interruption of trade in such goods, except in the case of a sanitary or phytosanitary emergency.

3. In the absence of risk assessment by the importing Party to support the adoption of any measure related to products of the exporting Party, the exporting Party may submit scientific evidence to support the risk assessment process of the importing Party.

4. In the case of emergency sanitary or phytosanitary measures, where relevant scientific evidence is insufficient, the Parties shall seek to obtain the additional information necessary for a more accurate risk assessment to enable the importing Party to revise the emergency SPS measure accordingly.

Article 5.7. REGIONALIZATION

1. The Parties shall recognize the concept of pest or disease free areas, and areas of low pest or disease prevalence, in accordance with the SPS Agreement, OIE and IPPC recommendations, guidance or guidelines. In order to establish the procedures for the recognition of such areas the Parties agree to create an Ad hoc Working Group which shall formulate a work plan, including a timetable, no later than three months after the entry into force of this Agreement.

2. Pending the definition of the procedures referred to in the preceding paragraph, the Parties shall apply the Guidelines of the International Organizations of reference, as the case may be.

3. The exporting Party shall provide sufficient evidence, in accordance with the provisions of this Article, for the purpose of demonstrating to the importing Party the existence of pest or disease free areas or areas of low pest or disease prevalence. For these purposes, the importing Party shall rely on the technical dossiers approved by the international reference bodies, when they exist.

4. In determining such areas, the Parties shall consider factors such as geographical location, ecosystems, epidemiological surveillance and the effectiveness of sanitary and phytosanitary controls in the area.

5. In the event that the importing Party does not approve the exporting Party's recognition, upon request of the exporting Party, the importing Party shall provide the information on which it based its decision; and shall attend consultations as

soon as possible, in order to evaluate an alternative mutually agreed solution.

6. The exporting Party shall provide sufficient evidence to objectively demonstrate to the importing Party that such areas are pest or disease free areas, or areas of low prevalence, respectively. For this purpose, access shall be provided, upon request, to the importing Party for inspection, testing and other relevant procedures.

7. In the event that outbreaks or re-infestations occur in areas recognized as free of pests or diseases, the Parties, following the procedures established by the Ad hoc Working Group or international reference bodies, shall apply SPS measures to mitigate the risk.

Article 5.8. TECHNICAL CONSULTATIONS

1. At the request of any of the Parties when there is a sanitary or phytosanitary situation, which may generate limitations to bilateral trade, related to the formulation and implementation of SPS measures or the establishment of maximum limits of residues and contaminants and tolerances for the use of additives, consultations related to the situation shall be held within 30 working days following the request. These consultations will be carried out between the competent sanitary and phytosanitary authorities to avoid unnecessary limitations of trade flow and may consider options to facilitate the implementation or replacement of the measures applied, taking into account the experience of third countries and the recommendations of international reference bodies.

2. In the event that an Ad Hoc Working Group, as referred to in this Chapter, is unable to reach agreement on the issues under its responsibility, these issues, together with the information compiled and generated by the respective groups, shall be submitted to the technical consultation procedure defined in this Article.

Article 5.9. COMMITTEE ON SANITARY AND PHYTOSANITARY MEASURES

1. The Parties establish the SPS Committee to ensure and monitor the implementation of this Agreement and to consider any matter that may affect its compliance. The Committee may review this Chapter and make recommendations to the Parties for its modification.

2. The SPS Committee shall be composed of representatives designated by each Party. It shall meet on an ordinary basis at least once a year, unless the Committee establishes otherwise, and shall hold extraordinary meetings when requested by any of the Parties. The SPS Committee shall hold its first regular meeting no later than one year after the entry into force of this Agreement. At that meeting, the SPS Committee shall adopt its rules of procedure. The agenda and meeting place shall be agreed upon prior to the meetings of the Committee. The Committee may also meet on a non face-to-face basis, by video or audio conference, or any other means acceptable to the Parties.

3. The SPS Committee shall have the following functions:

(a) adopt a Work Plan for the development of this Agreement, which may be expanded and updated at the request of any of the Parties (1) ;

(b) monitor the implementation of the Work Plan and any other decisions approved by the aforementioned Committee;

(c) facilitate, at the request of either Party, consultations related to the formulation, adoption and implementation of the SPS measures of the other Party, which affect or could affect trade between the Parties, with a view to seeking mutually agreed solutions aimed at mitigating or attenuating their restrictive effect. This function shall be without prejudice to the provisions of Article 5.8;

(d) promote technical cooperation on sanitary and phytosanitary matters aimed at solving problems identified by the Parties and improving their institutional capacity;

(e) adopt and monitor the implementation of the guidelines, mechanisms and/or procedures established in this Chapter, and in general of its Annexes, within the agreed deadlines, or those subsequently agreed upon by the Parties, and approve any modifications thereto;

(f) develop an information mechanism to strengthen communications between the Parties and facilitate the follow-up of ongoing requests and processes;

(g) establish Ad-hoc Working Groups for the purpose of carrying out specific technical tasks; and shall determine the terms that shall guide the activity of these groups and shall resolve technical matters that have not been agreed upon by them;

(h) enhance mutual understanding of each Party's SPS measures and their implementation;

(i) to establish such other functions as the Parties may agree.

4. The Contact Points designated in Annex 5-B shall have the function of responding, during the intersessional periods of the Committee, to requests from the other Party related to problems arising from the implementation of this Chapter, and to coordinate with the competent authorities on possible solutions.

(1) The Work Plan will incorporate, as a priority, the Parties' issues concerning the sanitary eligibility approval process for meat products.

Article 5.10. SETTLEMENT OF DISPUTES

1. Where a Party considers that a sanitary or phytosanitary measure of the other Party is or may be inconsistent with its obligations under this Chapter, it may request technical consultations in the SPS Committee established under Article 10. The competent authorities identified in Annex 1 shall facilitate and conduct these consultations.

2. Unless the Parties agree otherwise, where a dispute is the subject of consultations in the SPS Committee pursuant to paragraph 1 of this Article, such consultations shall replace consultations under Chapter 21 (Dispute Settlement). Consultations in the SPS Committee established in Article 10 shall be deemed concluded 60 days after the date of submission of the request, unless both Parties agree to continue such consultations. These consultations may be held via teleconference, videoconference, or any other mechanism mutually agreed by the Parties.

Article 5.11. COMPOSITION OF THE SPS COMMITTEE

The SPS Committee shall be composed of representatives of the following competent authorities:

(a) For the Republic of Colombia: Ministry of Commerce, Industry and Tourism, the Colombian Agricultural Institute, the Institute for the Surveillance of Medicines and Food and the National Planning Department; and

(b) For the Republic of Panama: the Office of International Trade Negotiations of the Ministry of Commerce and Industries; the National Plant Health Directorate and the National Animal Health Directorate of the Ministry of Agricultural Development; the Panamanian Food Safety Authority; and the Food Protection Department of the Ministry of Health;

or their successors

Article 5.12. DEFINITIONS

For the purposes of this Chapter, the Parties shall apply the definitions and terms set forth herein:

(a) In the SPS Agreement;

(b) by the World Organization for Animal Health (OIE);

(c) In the International Plant Protection Convention (IPPC);

(d) by the Codex Alimentarius Commission (Codex); and

(e) by other International Reference Organizations or Organizations, the use of which is agreed upon by the Parties.

Chapter 6. TECHNICAL BARRIERS TO TRADE

Article 6.1. OBJECTIVES

The objectives of this Chapter are:

1. Increase and facilitate trade in goods through proper implementation of the TBT Agreement.

2. To ensure that the standards, technical regulations and conformity assessment procedures of the Parties do not constitute unnecessary barriers to trade.

3. To promote bilateral cooperation on technical standards, technical regulations and conformity assessment procedures.

Article 6.2. AFFIRMATION OF THE TBT AGREEMENT

The rights and obligations of the Parties with respect to technical regulations, standards and conformity assessment procedures shall be governed by the TBT Agreement, which is incorporated into and made part of this Agreement mutatis mutandis.

Article 6.3. SCOPE

1. This Chapter applies to all standards, technical regulations and conformity assessment procedures of the competent authorities of the Parties that may affect, directly or indirectly, trade in goods between the Parties.

2. Notwithstanding the provisions of paragraph 1, this Chapter does not apply to:

(a) purchasing specifications established by governmental entities related to the production or consumption requirements of such entities; and

(b) sanitary and phytosanitary measures as defined in Annex A of the SPS Agreement.

Article 6.4. INTERNATIONAL STANDARDS

1. Each Party shall use relevant international standards, guidelines and recommendations as the basis for its technical regulations, conformity assessment procedures and technical standards, in accordance with Articles 2.4 and 5.4 of the TBT Agreement, as well as paragraph F of Annex 3 of the TBT Agreement.

2. In determining whether an international standard, guideline or recommendation exists within the meaning of Articles 2 and 5 and Annex 3 of the TBT Agreement, each Party shall consider the principles set out in the Decisions and Recommendations on the Principles Guiding the Elaboration of International Standards, Guidelines and Recommendations on Articles 2 and 5 and Annex 3 of the Agreement, adopted since January 1, 1995 by the WTO Committee on Technical Barriers to Trade (hereinafter referred to as the TBT Committee Decisions and Recommendations) (1)

(1) G/TBT/1/Rev .10, June 9, 2011, Annex B part 1.

Article 6.5. EQUIVALENCE

1, Without prejudice to the rights conferred and obligations imposed on the Parties by the TBT Agreement and the provisions of this Chapter, and to the extent of their possibilities, the Parties shall work to make their respective technical regulations and conformity assessment procedures compatible, without measures aimed at seeking equivalence implying a reduction in the level of safety or protection of life, human, animal or plant health, the environment or consumers.

2. To the effect indicated in this Article, the Parties agree:

(a) The Party where the importation will take place shall favorably consider accepting a technical regulation adopted by the other Party, where the exportation will take place, as equivalent to its own, when in cooperation with said Party, it determines that the technical regulations of said Party adequately meet its legitimate objectives.

(b) Upon written request of the Party where the export will take place, the Party where the import will take place shall communicate in writing to the former the reasons for not accepting a technical regulation as equivalent, pursuant to paragraph 1.

(c) Where a Party accepts as equivalent the technical regulations or conformity assessment procedures of a non-Party and does not accept as equivalent the technical regulations or conformity assessment procedures of the other Party, it shall explain the reasons for its decision, upon written request of the other Party.

Article 6.6. CONFORMITY ASSESSMENT

1. In order to facilitate trade, the Parties recognize that a wide range of mechanisms exist to facilitate, in the territory of one Party, the acceptance of the results of conformity assessment procedures carried out in the territory of the other Party, such as:

(a) subscription of voluntary agreements between conformity assessment bodies operating in the territory of one Party and conformity assessment bodies operating in the territory of the other Party, for the acceptance or validation of the results of conformity assessment procedures;

(b) adoption of accreditation procedures to qualify conformity assessment bodies located in the territory of the other Party;

(c) designation by a Party of conformity assessment bodies located in the territory

of the other Party;

(d) recognition of the results of conformity assessment procedures carried out in the territory of the other Party.

2. Each Party may accept the results of conformity assessment procedures carried out in the territory of the other Party, provided that they offer an equivalent security to that offered by the procedures carried out by the accepting Party, or that are carried out in its territory and the result of which is accepted by the latter.

3. In the event that a Party does not accept the results of a conformity assessment procedure carried out in the territory of the other Party, it shall, at the written request of the other Party, explain the reasons for its decision.

4. In order to achieve the implementation of the mechanisms provided for in paragraph 1, the Parties may consult and request information to determine the capacity and technical competence of the conformity assessment bodies located in the territory of the other Party.

5. Each Party shall accredit, approve, recognize or designate conformity assessment bodies located in the territory of the other Party under conditions no less favorable than those granted to conformity assessment bodies located in its territory.

Article 6.7. TRANSPARENCY

1. The Parties undertake to:

(a) electronically notify the other Party of its proposed technical regulations and conformity assessment procedures. For this purpose, the notification shall be made by providing a copy of the complete text that has been notified. The notification shall be made through the contact points established in this Agreement, and shall be sent by each Party at the same time that the notification of the proposed technical regulation or conformity assessment procedure is sent to the WTO, in compliance with the TBT Agreement;

(b) exchange information in this regard and respond to requests for information made by the other Party within a reasonable period of time. The exchange of information shall be carried out in accordance with the recommendations indicated in Section IV (Transparency) of the TBT Committee Decisions and Recommendations document referred to in Article 6.4.2;

(c) allow a period of at least 60 days and, where possible, up to 90 days from the notification of the proposed technical regulation or conformity assessment procedure, for the other Party to make written comments on the matter, so that during this period interested parties may consult, request information and submit observations, to be taken into account by the notifying Party, as provided for in Article 2.9.4 of the TBT Agreement; and

(d) consider accepting reasonable requests for an extension of the time limit set forth in subparagraph (c) for the submission of comments and observations.

Article 6.8. POINTS OF CONTACT

1. The TBT Contact Points of the Parties, for matters related to trade facilitation, cooperation and exchange of information on all matters that may arise from the use of Technical Regulations, Standards and Conformity Assessment Procedures, shall be those established under Article 10 of the TBT Agreement, listed in document G/TBT/ENQ/35 or the one in force.

2. The designated Points of Contact shall be responsible for channeling and transmitting all communications regarding issues arising with respect to this Chapter. These communications deal primarily with:

(a) implementation and administration of this Chapter;

(b) matters relating to the development, adoption and application of standards, technical regulations or conformity assessment procedures under this Chapter, the TBT Agreement or both; and

(c) exchanges of information on standards, technical regulations or conformity assessment procedures.

3. Each Contact Point shall be responsible for ensuring communication with the appropriate agencies and persons in its territory as necessary to carry out its function. The Contact Points shall communicate by e-mail, videoconference or other means agreed upon by the Parties.

4. Where a Party requests any information or explanation in accordance with the provisions of this Chapter, the other Party shall provide such information within a reasonable period. The requested Party shall endeavor to respond to each request within 60 days.

Article 6.9. COOPERATION AND TECHNICAL ASSISTANCE

1. The Parties shall strengthen cooperation on standards, technical regulations, conformity assessment procedures and metrology with a view to enhancing mutual understanding of each Party's systems, facilitate market access, strengthen confidence in those systems, and improve their regulatory practices.

2. At the request of a Party, the other Party may provide it with technical cooperation and assistance, on mutually agreed terms and conditions, to strengthen its standardization, technical regulation and conformity assessment infrastructure.

3. Each Party shall encourage its standardization, conformity assessment and regulatory bodies to cooperate with those of the other Party as appropriate in the development of their activities.

Article 6.10. TECHNICAL BARRIERS TO TRADE COMMITTEE

1. The Parties establish the Committee on Technical Barriers to Trade composed of representatives of each Party, according to Annex 6-A.

2. The functions of the Committee shall include:

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

(b) to respond to and propose ways to resolve any matter that a Party presents in relation to the development, adoption, application and enforcement of technical standards, technical regulations and conformity assessment procedures. The Committee may rely on ad-hoc working groups to provide non-binding technical advice and recommendations. The Parties shall make every effort to reach a mutually agreed solution within 60 days;

(c) promote mutual cooperation between the Parties in the areas mentioned in Article 6.9 and in specific sectors when the Parties so agree;

(d) facilitate the negotiation, by agreement of the Parties, of agreements to make compatible and seek equivalence of their respective measures relating to technical regulations, standards and conformity assessment procedures;

(e) exchange information on the work being carried out in regional and multilateral fora involved in activities related to standards, technical regulations and conformity assessment procedures;

(f) report to the Free Trade Commission on the implementation of this Chapter, if deemed appropriate; and

(g) to draw up its own working rules of procedure where its members shall define, among other things, the frequency of meetings and the means of communication. The rules of procedure shall be drawn up within one year of the entry into force of this Agreement.

Article 6.11. BORDER CONTROL AND MARKET SURVEILLANCE

The Parties shall seek, to the extent possible and according to their needs, provided it is not contrary to their national interests, that their border control and market surveillance authorities:

(a) exchange experiences on their border control and market surveillance activities, except in those cases in which the documentation is confidential;

(b) ensure that such controls and surveillance are carried out by the competent authorities, for which purpose they may rely on accredited, designated or delegated bodies, avoiding conflicts of interest between such bodies and the economic agents subject to control or surveillance;

(c) report to each other information on goods produced in the territory of the other Party that have been seized or the marketing of which has been suspended due to non-compliance with technical requirements.

Chapter 7. TRADE DEFENSE MEASURES

Section A. BILATERAL SAFEGUARD MEASURES

Article 7.1. BILATERAL SAFEGUARD MEASURES

1. A Party may adopt a safeguard measure described in paragraph 2 of this Article:

(a) only during the transition period, and;

(b) if, as a result of the reduction or elimination of a customs duty under this Agreement, an originating good is being imported into the territory of the Party in such increased quantities in absolute terms or relative to domestic production and under such conditions as to constitute a substantial cause of serious injury, or a threat to a domestic industry producing a like or directly competitive good.

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

(a) suspend the future reduction of a tariff rate in accordance with the provisions of this Agreement for a good; or

(b) increase the rate of duty for a good to a level not to exceed the lesser of:

(i) the most favored nation (hereinafter referred to as MFN) tariff rate in effect at the time the safeguard measure is adopted; and

(ii) the base tariff specified in Schedule 2-B (Tariff Elimination Program) (1)

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

Article 7.2. INVESTIGATION PROCEDURES AND TRANSPARENCY REQUIREMENTS

1. A Party may apply a safeguard measure only after an investigation by the Party's competent authority, in accordance with its legislation and Articles 3, 4.2 (b) and (c) of the Agreement on Safeguards and for this purpose these Articles are incorporated into and made part of this Agreement, mutatis mutandis.

2. In the investigation described in paragraph 1, the Party shall comply with the requirements of its legislation and of Article 4.2(a) of the Agreement on Safeguards, and to this end, Article 4.2 (a) is incorporated into and forms part of this Agreement, mutatis mutandis.

3. For the purposes of this Article, all information which by its nature is confidential shall be treated in accordance with the provisions of Article 3 of the Agreement on Safeguards and the requirements established in the legislation of each Party.

4. Each Party shall establish or maintain equitable, timely, transparent and effective procedures for the application of safeguard measures, in accordance with the requirements set out in paragraphs 1, 2 and 3.

5. Each Party shall ensure that its competent authorities complete any such investigation within the time limit established in its legislation, not exceeding 12 months from the date of its initiation. It shall be possible to extend it for a maximum period of up to two additional months, by reasoned resolution of the competent investigating authority.

Article 7.3. BILATERAL PROVISIONAL SAFEGUARD MEASURES

1, A Party may adopt a provisional safeguard measure, in critical circumstances where any delay would cause damage difficult to repair to the domestic industry from like or directly competitive goods, based on a preliminary determination that there is clear evidence that increased imports have caused, or are threatening to cause, serious injury to the domestic industry.

2. The duration of the provisional measure shall not exceed 200 days and shall take the form of tariff increases, which shall be promptly refunded if the investigation does not determine that increased imports have caused or threatened to cause serious injury to a domestic industry.

3. The duration of any provisional measure shall be counted as part of the period described in Article 7.4.1(a).

Article 7.4. RULES FOR a BILATERAL SAFEGUARD MEASURE

1, A Party may not maintain a bilateral safeguard measure:

(a) for a period exceeding two years, except that the period may be extended for an additional period of two years if the competent investigating authorities of the importing Party determine, in accordance with the relevant procedures set out in Article 7.2, that the measure continues to be necessary to prevent or remedy serious injury and that there is evidence that the domestic industry is in the process of adjustment;

(b) after the expiration of the transition period; or

(c) against a commodity more than once.

2. A Party shall exclude from the application of a safeguard measure imports of goods originating in the other Party, when such good is free of duties prior to the entry into force of this Agreement, derived from Partial Scope Agreement No. 29, signed between the Republic of Colombia and the Republic of Panama on July 9, 1993.

3. Upon termination of the application of a bilateral safeguard measure, the Party shall establish the rate of duty that would have been in effect if the measure had not been applied, in accordance with the Party's Schedule to Annex 2-B (Tariff Elimination) for the corresponding level of relief.

4. The Party applying a bilateral safeguard measure under Article 7.1 shall provide to the other Party mutually acceptable trade liberalization compensation in the form of concessions with substantially equivalent trade effects or equivalent to the value of the additional duties expected to result from the measure. If the Parties are unable to reach a decision on compensation, the Party on whose goods the measure applies may impose tariff measures with substantially equivalent trade effects to those of the bilateral safeguard measure taken pursuant to Article 7.1. The Party adopting the tariff measures on any of the goods shall apply the measure only for the minimum period necessary to achieve substantially equivalent effects and in any event only while the bilateral safeguard measure taken pursuant to Article 7.1 is in effect.

Article 7.5. NOTIFICATION AND CONSULTATION

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

(a) initiate a safeguard procedure in accordance with this Chapter; and

(b) adopt a decision to apply or extend a provisional or definitive safeguard measure.

2. A Party shall provide to the other Party a copy of the public version of the report of its competent investigating authority prior to the measures referred to in paragraph 1(b), in accordance with Article 7.2.

3. Upon request of a Party whose good is subject to a safeguard proceeding pursuant to this Chapter, the Party conducting the proceeding shall, within 15 days thereafter, initiate consultations at the request of the Party to review the notifications pursuant to paragraph 1, or any public notice or report issued by the competent investigating authority in connection with such proceeding.

4. Ifa satisfactory solution is not reached within 45 days of the consultations, the importing Party may take measures to remedy the circumstances in accordance with this Section. If this is the case, the Party applying the measure shall notify the other Party in writing.

Article 7.6. DEFINITIONS

For the purposes of this Chapter:

threat of serious harm means serious harm that is clearly imminent based on facts and not based on allegation, conjecture or remote possibility;

competent investigating authority is:

(a) in the case of the Republic of Colombia: Ministry of Commerce, Industry and Tourism; and

(b) in the case of Panama: The General Directorate of Commercial Defense of the Ministry of Commerce and Industries,

or their successors;

substantial cause means a cause that is important and no less important than any other cause;

serious injury means a significant overall deterioration of a domestic industry; bilateral safeguard measure means a safeguard measure described in Article 7.1(2);

transition period means the 10-year period beginning upon entry into force of this Agreement. For those goods for which the period of relief specified in the Schedule to Annex 2-B (Tariff Elimination) of the Party applying the measure is greater than or equal to 10 years, the transition period means the period of elimination set out in the relevant Schedule; and domestic industry means, with respect to an imported good, the group of producers of a like or directly competitive good operating in the territory of a Party or those whose collective output of a like or directly competitive good constitutes a major proportion of the total domestic production of that good.

Section B. GLOBAL SAFEGUARD MEASURES

1. Each Party retains its rights and obligations under Article XIX of the GATT 1994 and the Agreement on Safeguards, which shall govern exclusively the application of global safeguard measures, including the settlement of a dispute with respect to such a measure.

2. A Party may not adopt or maintain, with respect to the same good, and during the same period:

(a) a bilateral safeguard measure; and

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

Section C. ANTIDUMPING AND COUNTERVAILING DUTY MEASURES

1. Each Party retains its rights and obligations under Article VI of the GATT 1994, the Agreement on Implementation of Article VI of the GATT 1994 and the WTO Agreement on Subsidies and Countervailing Measures, with respect to the application of antidumping and countervailing duties.

2. This Section shall not be subject to Chapter 21 (Dispute Settlement) of this Agreement.

Chapter 8. INTELLECTUAL PROPERTY

Article 8.1. RECOGNITION OF THE PROVISIONS OF THE AGREEMENT ON TRADE-RELATED ASPECTS OF INTELLECTUAL PROPERTY RIGHTS

The Parties acknowledge and affirm their rights and obligations under the Agreement on Trade-Related Aspects of Intellectual Property Rights (hereinafter "TRIPS Agreement") and other intellectual property agreements to which they are both Parties.

Article 8.2. GENERAL PROVISIONS.

1. The Parties recognize the need to maintain a balance between the rights of holders and the public interest, in particular public health, food and nutritional security of the population, education, research, technology transfer, as well as access to information within the framework of the exceptions and limitations established in the legislation of each Party.

2. The Parties recognize the importance of the principles set out in the Declaration on the TRIPS Agreement and Public Health (WT/MIN(01)/DEC/2), adopted on November 14, 2001 by the WTO at its fourth Ministerial Round, held in Doha, Qatar, and the Decision of the General Council of the World Trade Organization on the Implementation of Paragraph 6 of the Doha Declaration on the TRIPS Agreement and Public Health, adopted on August 30, 2003. In this regard, the Parties shall ensure that the interpretation and implementation of the rights and obligations assumed under this Chapter shall be consistent with such Declaration.

Likewise, the Parties recognize the importance of promoting the implementation and good use of Resolution WHA61.21, global strategy and plan of action on public health, innovation and intellectual property, adopted on May 24, 2008 during the 61st Assembly of the World Health Organization.

3. Each Party, in formulating or amending its laws and regulations, may adopt the necessary measures and make use of flexibilities and exceptions to protect public health and nutrition of the population, or to promote the public interest in sectors of vital importance to its socioeconomic and technological development.

4. In accordance with the TRIPS Agreement, the Parties may adopt the necessary measures to prevent the abuse of intellectual property rights by their holders or the use of practices that unreasonably restrain trade or adversely affect the international transfer of technology.

5. The Parties recognize that technology transfer contributes to the strengthening of national capacities in order to establish a solid and viable technological base.

Article 8.3. TRADITIONAL KNOWLEDGE

Each Party, in accordance with its legislation, recognizes the intellectual property rights of indigenous, Afro-descendant and local communities, and reiterates its commitment to respect, preserve and maintain the traditional knowledge, innovations and practices of indigenous, Afro-descendant and local communities in the territories of the Parties.

Article 8.4. GEOGRAPHICAL INDICATIONS

Each Party shall recognize and protect the geographical indications of the other Party, in accordance with the provisions of the TRIPS Agreement and the law of the Party in which protection and enforcement is sought.

Article 8.5. TRADEMARKS

1. Any sign or combination of signs capable of distinguishing goods or services may constitute a trademark. Such signs may consist, in particular, of words, including combinations of words, personal names, letters, numerals, figurative elements, sounds and combinations of colors, as well as any combination of these signs. Where signs are not inherently capable of distinguishing the relevant goods or services, the Parties may make the registrability of such signs subject to the distinctiveness they have acquired through use.

2. To classify the goods or services to which the trademarks are applied, the Parties shall use the International Classification of Goods and Services for the Purposes of the Registration of Marks, established by the Nice Agreement of June 15, 1957, as amended from time to time.

3. Words, letters, characters or signs used by indigenous, Afro-descendant or local communities to distinguish the way of processing products, finished products or services, as well as those that constitute their cultural practice and expression, may not be registered as trademarks, or as elements thereof, unless the application is formulated for their benefit by the community itself or with its express consent.

4. In accordance with the legislation of the Party where the holder has his right protected under this Agreement, he may bring a civil, criminal or administrative action before the competent national authority against any person who infringes his right or against any person who performs acts that show the imminence of an infringement.

If the legislation of the Party so permits, the competent national authority may initiate ex officio the infringement proceedings provided for in such legislation.

In case of co-ownership of a right, any of the co-owners may bring an action against an infringement without the consent of the others being necessary, unless otherwise agreed between the co-owners.

5. Each Party shall cooperate for the purpose of providing effective protection for well-known trademarks in its territory, in accordance with the provisions of Article 6bis of the Paris Convention (1967), Article 16 (2) and (3) of the TRIPS Agreement and its legislation.

6. Within the procedure provided for in the legislation of each Party, in order to oppose the application for registration of a trademark, or to demand the nullity and/or cancellation of the registration, no Party shall require as a condition thereof, that the well-known trademark has been registered in the territory of the Party in which the protection is claimed (1).

7. Each Party shall establish measures, in accordance with its legislation, either ex officio or at the request of the interested party, to refuse or cancel the registration and prohibit the use of a trademark that is identical or similar to a trademark that the competent authority of the Party of registration or use considers to be a well-known trademark in its territory, for related goods or services, if it is likely that the trademark is identical or similar to a trademark that the competent authority of the Party of registration or use considers to be a well-known trademark in its territory, for related goods or services:

(a) the use of that mark causes confusion;

(b) mislead or deceive;

(c) risk associating the mark with the owner of a well-known mark; or

(d) constitutes an unfair exploitation of the reputation of a well-known trademark.

(1) To bring an action against the use of a well-known trademark, each Party shall refer to the provisions of its legislation.

Article 8.6. COPYRIGHT AND RELATED RIGHTS

1. The Parties shall grant and ensure adequate and effective intellectual property protection to creators of literary and artistic works and to performers, producers of phonograms and broadcasting organizations, over their artistic performances, phonograms and broadcasts, respectively.

2. The Parties recognize their existing rights and obligations under the Berne Convention for the Protection of Literary and Artistic Works; the Rome Convention for the Protection of Performers, Producers of Literary and Artistic Works, the Convention for the Protection of Literary and Artistic Works; the Rome Convention for the Protection of Performers, Producers of Literary and Artistic Works, the Producers of Phonograms and Broadcasting Organizations; the World Intellectual Property Organization (WIPO) Copyright Treaty, and the WIPO Performances and Phonograms Treaty.

3. The Parties recognize the importance of collective management societies of copyright and related rights, in order to ensure an effective management of the rights entrusted to them, and an equitable distribution of the remunerations collected, which are proportional to the use of works, performances and phonograms, within a framework of transparency, in accordance with the legislation of each Party.

Societies or associations that manage copyright and related rights collectively shall be subject to the authorization, inspection and supervision of the State.

4. Each Party shall provide that for copyright and related rights:

(a) the person who holds patrimonial rights in any title, may freely and separately transfer them under the terms of the legislation of each Party for the purposes of exploitation and enjoyment by the holder;

(b) any person who holds economic rights by virtue of a contract, including contracts of employment whose object is the creation of any kind of work or the production of phonograms, has the capacity to exercise those rights in his own name and to fully enjoy the benefits derived from those rights.

5. The Parties may provide that contracts involving assignment or transfer of rights, and whose remuneration is agreed as a royalty or percentage of sales or printed matter, shall terminate in the event that, during the period fixed by the legislation of each Party, the economic remuneration is not effectively produced or paid to the author.

Article 8.7. BIODIVERSITY AND TRADITIONAL KNOWLEDGE

1. The Parties recognize and reaffirm their rights and obligations under the Convention on Biological Diversity (CBD) related to the sovereignty of Parties over their natural resources and the authority to determine access to genetic resources and their derivatives, through mutually agreed terms, and reaffirm and encourage efforts to establish a mutually supportive relationship between intellectual property systems and the CBD.

2. The Parties recognize the past, present and future contribution of indigenous, Afro-descendant and local communities and their traditional knowledge to the conservation and sustainable use of biodiversity and its components. The Parties reaffirm their rights and obligations related to the fair and equitable sharing of the benefits derived from the utilization of such traditional knowledge, innovations and practices, through the prior informed consent of the respective community and under mutually agreed terms.

3. Access to biological and genetic resources and their derivatives shall be conditioned to the prior informed consent of the Party that is the country of origin, and to the establishment of mutually agreed conditions. Access to traditional knowledge of indigenous, Afro-descendant and local communities associated with such resources shall be conditioned to the prior informed consent of the respective communities and the establishment of mutually agreed terms.

4. The Parties recognize the usefulness of disclosure of origin and in this regard, in accordance with their legislation, shall include in patent applications the statement of the origin or source of the genetic resource or its derivatives, to which the inventor or patent applicant has had access. To the extent provided in their legislation, the Parties shall also require compliance with prior informed consent and shall apply the provisions set forth in this Article to traditional knowledge, as appropriate.

The Parties shall establish, in accordance with their legislation, the effects of non- disclosure of origin or source, in order to support compliance with the provisions regulating access to genetic resources, their derivatives and associated traditional

knowledge.

5. Each Party shall establish legislative, administrative and policy measures to ensure that users under its jurisdiction, of genetic resources, their derivatives and associated traditional knowledge, comply with applicable legislation and requirements regarding access and benefit sharing, as well as the conditions and terms under which access will be granted. The above in order to ensure the fair and equitable distribution of benefits derived from the utilization of genetic resources, their derivatives and associated traditional knowledge of indigenous, afro-descendant and local communities, including those resulting from intellectual property rights.

6. The Parties shall encourage and cooperate in the training of patent examiners in the review of patent applications related to biological and genetic resources, their derivatives and associated traditional knowledge, in particular in relation to the determination of prior art, with a view to ensuring compliance with the applicable legislation, as the case may be.

7. Each Party shall make its best efforts to find means to share information that may have relevance to the patentability of inventions based on biological and genetic resources and their derivatives, as well as associated traditional knowledge.

Article 8.8. REQUIREMENTS RELATED TO BORDER MEASURES

1. In accordance with the legislation of each Party, the holder of a protected right who has valid reasons to suspect that the importation, exportation and transit of counterfeit or pirated goods is being prepared that infringe copyright (2), may submit to the competent authorities, administrative or judicial, a written request for the customs authorities to suspend the release of such goods for free circulation.

2. The Parties shall cooperate for the exchange of information and experiences on legal frameworks, relevant regulations, policies and practices regarding border measures related to intellectual property rights. Each Party shall make its best efforts to find means to prevent infringements of the rights covered by this Article.

(2) For the purposes of this Chapter: (a) counterfeit trademark goods" shall mean goods, including their packaging, bearing without authorization, a trademark identical to the trademark validly registered for such goods, or which cannot be distinguished in its essential aspects from that trademark, and which thereby infringes the rights granted by the legislation of the country of importation to the owner of the trademark in question; (b) pirated goods infringing copyright" shall mean copies made without the consent of the tight holder or a person duly authorized by him, in the country of production and made directly or indirectly from an article, where the making of such a copy would have constituted an infringement of copyright or a related right under the law of the country of importation.

Article 8.9. COOPERATION

1. The Parties agree to cooperate in order to support the implementation of the commitments and obligations acquired under this Chapter.

2. Areas of cooperation include, but are not limited to, the following activities:

(a) exchange of information on legal frameworks related to intellectual property rights and relevant regulations for protection and enforcement;

(b) exchange of experiences in legislative progress;

(c) exchange of experiences on the enforcement of intellectual property rights;

(d) exchange and training of personnel in offices related to intellectual property rights;

(e) promotion and dissemination of information on intellectual property rights among, infer alia, business circles and civil society;

(f) institutional cooperation and exchange of information on intellectual property policies and developments in relation to intellectual property issues, such as public health, promotion of innovation, entrepreneurship, competitiveness, balancing the interests of rights holders and the public interest;

(g) training and exchange of personnel in offices related to access to genetic and biological resources and associated traditional knowledge;

(h) exchange of information and experience on policies and practices to promote the development of the handicrafts sector; and

(i) exchange of experience in the management of intellectual property and knowledge management in higher education institutions and research centers.

3. The Parties undertake to join efforts to obtain international cooperation resources in order to carry out the following activities:

(a) training of personnel of the governing institutions related to the promotion of handicrafts;

(b) training between artisans and artisan organizations from both countries;

(c) training and qualification of the personnel of institutions related to public health, specifically in the regulatory aspect of inspection, surveillance and control of medicines and medical supplies.

Article 8.10. TRANSFER OF TECHNOLOGY.

1. The Parties agree to exchange experiences and information on their national and international practices and policies affecting technology transfer. In particular, this exchange shall include measures to facilitate information flows, business partnerships, licensing and voluntary subcontracting arrangements. Special attention will be given to the conditions necessary to create a favorable environment for the promotion of relations between the scientific and innovation communities of both Parties; the intensification of activities to promote linkages, innovation, entrepreneurship and technology transfer between the Parties, including issues such as the relevant legal framework and the development of human capital.

2. The Parties recognize the importance of the creation of properly trained human capital for the transfer of technology, fundamentally in the transfer from individual to individual or through collectivities, which can be achieved through education, training and academic, professional and business exchange programs, aimed at the transmission of knowledge of the Parties.

3. The Parties shall facilitate and promote programs aimed at carrying out research, development and innovation activities to meet their needs.

4. The Parties recognize the importance of promoting research, technological development, entrepreneurship and innovation; of disseminating technological information; and of creating and strengthening their technological capabilities. To that extent, they shall cooperate in these areas, taking into consideration their resources.

5. The Parties may promote and identify opportunities for cooperation in accordance with the provisions of this Article and, when they so consider, participate in collaborative projects in scientific research and cooperation for the technological development of entrepreneurship and innovation.

6. Any proposal or request for scientific and technological cooperation between the Parties will be channeled through the following entities:

(a) for the Republic of Colombia: the Administrative Department of Science, Technology and Innovation (COLCIENCIAS);

(b) for the Republic of Panama: the Secretariat National Secretariat of Science ; Technology and Innovation (SENACYT);

or their successors

Article 8.11. INTELLECTUAL PROPERTY COMMITTEE

1. The Parties agree to establish an Intellectual Property Subcommittee to follow up on the provisions of this Chapter.

2. The Subcommittee shall meet once a year or at the request of the Parties, subject to mutual agreement. Meetings may be held by any agreed means.

Chapter 9. ENVIRONMENT

Article 9.1. OBJECTIVES

The objectives of this Chapter are:

(a) contribute to making trade and environmental policies mutually supportive in order to contribute to sustainable development;

(b) strengthen the conservation and environmental protection in the territory of the Parties; as well as the sustainable use of their natural resources and the preservation and respect for the traditional knowledge, innovations and practices of indigenous and local communities;

(c) contribute to the strengthening of each Party's institutional and legal frameworks and its capacity to develop, administer and enforce its environmental laws, regulations and policies;

(d) contribute to the development and promotion of voluntary practices, including corporate social and environmental responsibility practices, to promote environmental protection in their respective territories; and

(e) encourage cooperation in environmental matters among the Parties, as a mechanism to promote the conservation and sustainable use of natural resources, biodiversity (1) and the improvement of the environment.

(1) For clarity, all references to biodiversity include its components.

Article 9.2. PRINCIPLES AND COMMITMENTS OF THE PARTIES

1. The Parties reaffirm the sovereign right of each Party over its natural resources and to establish its own levels of protection and environmental development priorities, as well as to adopt or modify its environmental laws and policies.

2. Each Party shall endeavor to ensure that its policies and laws establish and promote high levels of environmental protection and conservation and sustainable use of natural resources. Each Party shall strive to further improve such standards.

3. The Parties recognize that it is inappropriate to promote trade or investment by weakening or reducing the levels of protection provided by their national environmental legislation. Likewise, the Parties recognize that it is inappropriate to use their environmental policies, laws and regulations as an unjustified barrier to trade.

Article 9.3. RESPECT FOR SHARED INTERNATIONAL COMMITMENTS

1. The Parties recognize that Multilateral Environmental Agreements play an important role in the conservation of the global and national environment and reaffirm their commitment to the conservation of the global and national environment, international obligations and rights under the multilateral environmental agreements to which they are party.

2. The Parties shall endeavor to ensure that their national environmental laws and policies are consistent with their rights and obligations under the multilateral environmental agreements to which they are party.

Article 9.4. BIOLOGICAL DIVERSITY

1, The Parties recognize the importance of the conservation and sustainable use of biological diversity to achieve their sustainable development.

2. The Parties reiterate their commitment to promote and encourage the conservation and sustainable use of biological diversity. Likewise, and in accordance with their national legislation, they reaffirm their commitment to respect, preserve and maintain the traditional knowledge, innovations and practices of indigenous and local communities that contribute to the conservation and sustainable use of biological diversity.

3. The Parties recognize the importance of public participation and consultation, as established in their legislation, in matters relating to the conservation and sustainable use of biological diversity.

4. The Parties agree to cooperate in the conservation and sustainable use of biological diversity, within the framework established in Article 9.6.

5. The Parties shall endeavor to cooperate in the exchange of information, with the purpose of contributing to prevent illegal access to genetic resources, knowledge, innovations and traditional practices.

Article 9.5. CORPORATE SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

1, The Parties recognize the importance of corporate responsibility in socio-environmental matters, as a contribution to sustainable development.

2. The Parties shall endeavor to promote and facilitate the voluntary contribution of private enterprises to environmental conservation and protection during the development and implementation of projects carried out by such enterprises.

Article 9.6. COOPERATION IN ENVIRONMENTAL MATTERS

1. The Parties shall strive to strengthen the mutual supportiveness of each Party's trade and environmental policies and practices through cooperation on environmental matters.

2. The Parties shall develop a Joint Cooperation Action Plan, based on national priorities and needs, which shall be prepared once this Agreement enters into force.

3. In the Joint Cooperation Action Plan, the Parties shall carry out, inter alia, the following mutually agreed activities:

(a) strengthening environmental management, including legal and institutional frameworks;

(b) to promote the development of indicators of the state of the environment and of the enforcement of environmental regulations that contribute to the evaluation of environmental performance;

(c) to promote the conservation and sustainable use of biodiversity under conditions "in situ" and "ex situ";

(d) promote the conservation of endangered species and the sustainable management of protected areas;

(e) promote mechanisms to help prevent illegal trafficking of wild flora and fauna;

(f) promote the sustainable management of natural resources;

(g) respect, preserve and maintain the traditional knowledge, innovations and practices of indigenous and local communities;

(h) control and monitor environmental pollution, including facilitating technology transfer and training for the development and implementation of sustainable environmental management systems;

(i) develop and promote incentives to encourage sustainable environmental management, including voluntary corporate social and environmental responsibility practices;

(j) promote the use of environmentally friendly technologies for the production of renewable energy;

(k) implementing bilateral projects in integrated management of shared or transboundary river basins; and

(l) to support micro, small and medium-sized enterprises (MSMEs) in strengthening their environmental management.

4. The formulation and implementation of the Joint Cooperation Action Plan will be subject to the availability of human and financial resources of each Party, and will take into account the differences in the size of the economies of the Parties.

5. The Parties shall implement the Joint Cooperation Action Plan, through mutually agreed modalities of technical and/or financial cooperation, such as the following:

(a) exchange of relevant environmental information and documentation in accordance with its internal rules;

(b) exchange of knowledge and experiences of professionals, technicians and experts, through public institutions, universities, private companies and organizations dedicated to environmental issues;

(c) organization and participation in conferences, seminars, workshops, meetings and outreach programs, as well as training and coaching sessions;

(d) joint research and specialized publications; and

(e) agreements with companies, universities or non-governmental organizations on specific topics to promote best environmental practices.

6. Each Party may incorporate the participation of its public institutions, the business and academic sector, and non-governmental organizations in the development and implementation of the activities of the Joint Cooperation Action Plan.

Article 9.7. JOINT COMMITTEE ON ENVIRONMENTAL MATTERS

1. The Parties establish a Joint Committee on Environmental Matters, composed of high- level officials from the competent

environmental authorities of the Parties.

2. The Committee shall be responsible for:

(a) develop, implement and follow up on the Joint Cooperation Action Plan and its execution schedule, in accordance with the areas and modalities previously defined, and those to be subsequently agreed upon;

(b) review and evaluate the results of the cooperative activities and the operability of this Chapter, and make recommendations to the Parties, if appropriate;

(c) serve as a forum for dialogue on environmental issues of common interest;

(d) issue recommendations when consulted on the application and interpretation of this Chapter;

(e) report to the Free Trade Commission, established in Article 23.1 (Free Trade Commission), on the results of its work and the decisions adopted in relation to its functions; and

(f) to perform any other function that the Parties, by mutual agreement, may entrust to it.

3. The Parties may invite, by mutual agreement, environmental experts to advise the Committee on specific matters.

4. All decisions of the Committee shall be adopted by consensus among the Parties.

5. The Committee shall meet within six months of the entry into force of this Agreement and annually thereafter, unless otherwise agreed by the Parties, to follow up on the fulfillment of the functions set forth in paragraph 2 of this Article. Such meetings shall be organized by the National Contact Points.

Article 9.8. NATIONAL POINTS OF CONTACT

1. For the purposes of this Chapter, each Party has designated the following National Contact Points:

(a) Republic of Colombia: Vice-Ministry of Environment of the Ministry of Environment, Housing and Territorial Development; and

(b) Republic of Panama: General Administration of the National Environmental Authority; or their successors.

2. The National Contact Point of a Party shall serve as a liaison for consultations and requests on environmental matters made by the other Party and for the exchange of the corresponding information.

Article 9.9. CONSULTATIONS

1. The Parties undertake to follow the principles of dialogue, good faith, cooperation and consensus for any matter related to this Chapter.

2. A Party may request the other Party to consult on any matter relating to the application and interpretation of this Chapter by written request addressed to the National Contact Point designated by the other Party in accordance with Article 9.8.

3. Following written communication to the National Contact Point, if the Parties are unable to resolve the matter, the matter may be dealt with in the Joint Committee on Environmental Matters referred to in Article 9.7.

4. At all times, the Parties shall endeavor to reach a mutually satisfactory solution.

Chapter 10. LABOR

Article 10.1. OBJECTIVES

The objectives of this Chapter are:

(a) contribute to the enforcement of the Parties' national labor legislation and international commitments, within the framework of the 1998 International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work and its Follow-up (ILO Declaration) and the ILO Core Conventions to which the Parties are party; and

(b) develop and implement a mutually beneficial Program of Cooperative Activities between the Parties on labor issues.

Article 10.2. PRINCIPLES AND COMMITMENTS OF THE PARTIES

1. The Parties reaffirm their sovereign right to establish their own national labor standards and policies, and reaffirm the commitment to apply their national labor legislation as effectively as possible.

2. The Parties recognize that it is inappropriate to promote trade or investment by weakening or reducing the protection afforded by their national labor laws. Likewise, the Parties recognize that it is inappropriate to use their labor policies, laws and regulations as an unjustified barrier to trade

Article 10.3. RESPECT FOR SHARED INTERNATIONAL COMMITMENTS

1. The Parties reaffirm their obligations as members of the ILO and their commitments under the ILO Declaration.

2. The Parties shall endeavor to ensure that their national labor laws and policies are consistent with the internationally recognized labor rights referred to in Article 10.1.

Article 10.4. COOPERATION IN LABOR MATTERS

1. Aware of the benefits that bilateral cooperation generates, the Parties agree to develop a Program of Cooperation Activities in the following areas, without excluding others that may be mutually agreed upon:

(a) fundamental labor rights and their effective application;

(b) institutional capacity of the agencies responsible for the administration and effective enforcement of labor legislation;

(c) labor competencies;

(d) labor inspection and surveillance; and

(e) social dialogue.

2. The Parties shall develop the Program of Cooperative Activities, based on national priorities and needs, which shall be prepared after the entry into force of this Agreement.

3. The implementation of the Program of Cooperative Activities shall be subject to the availability of appropriate human and financial resources of each Party, and shall take into account the differences in the size of the economies of the Parties;

4. The Parties shall implement the Program of Cooperative Activities, through mutually agreed modalities of cooperation of a technical and financial nature, such as:

(a) exchange of information, particularly on labor legislation and policy, labor market statistics and best labor practices of the other Party;

(b) exchange of missions of officials, professionals, technicians and experts, through public institutions, universities, private enterprise and organizations dedicated to labor issues;

(c) organization and participation in conferences, seminars, workshops, meetings and outreach programs, as well as training and coaching sessions;

(d) joint research and specialized publications; and

(e) all those that contribute to the adequate implementation of this Chapter.

5. Each Party may request its labor and business organizations, as well as its non- governmental organizations related to labor issues, or other organizations it deems appropriate, to give their opinion on the Program of Cooperative Activities, and may incorporate them in the implementation of said Program.

Article 10.5. INSTITUTIONAL PROVISIONS

1. The Parties establish a Joint Labor Affairs Committee, composed of high-level officials from the competent labor authorities of the Parties.

2. The Committee shall be responsible for:

(a) develop and implement the Program of Cooperation Activities and its execution schedule, in accordance with the areas

and modalities previously defined, and those that may be subsequently agreed upon;

(b) review and evaluate the results of the cooperative activities and the operability of this Chapter, and make recommendations as appropriate;

(c) serve as a forum for dialogue on labor issues of common interest;

(d) issue recommendations in relation to the consultations submitted to its consideration on the interpretation and application of this Chapter;

(e) inform the Commission established in Article 23.1 (Free Trade Commission) of the results of its work and decisions for its information; and

(f) to perform any other function entrusted to it by the Parties.

3. The Parties by mutual agreement shall invite labor experts to advise and provide specific input to the Committee.

4. The decisions of the Committee shall be adopted by consensus.

5. The Committee shall meet within six months of the entry into force of this Agreement. Thereafter, the meetings shall be held once a year, unless otherwise agreed by the Parties, to follow up on the fulfillment of its functions, as indicated in paragraph 2.

Article 10.6. NATIONAL POINT OF CONTACT

1. For the purposes of this Chapter, the Parties designate the following National Contact Points:

(a) Republic of Colombia: Ministry of Labor;

(b) Republic of Panama: Ministry of Labor and Labor Development;

or their successors.

2. The National Contact Point of a Party shall serve as a liaison for consultations and requests in labor matters made by the other Party, and for the exchange of the corresponding information.

Article 10.7. CONSULTATIONS

1. The Parties undertake to follow the principles of dialogue, good faith, cooperation and consensus on any matter related to this Chapter.

2. If any question arises as to the application and interpretation of this Chapter, a Party may request consultations with the other Party by sending a written request to the Contact Point that the other Party has designated in accordance with Article 10.6.

3. Following written communication to the National Contact Point, if the Parties are unable to resolve the matter, the matter may be dealt with in the Joint Committee referred to in Article

4. At all times, the Parties shall endeavor to reach a mutually satisfactory solution.

Article 10.8. DEFINITIONS

For the purposes of this Chapter:

national labor law means laws, regulations or provisions of the Parties, which are directly related to the following internationally recognized rights:

(a)right of association;

(b) right to organize and bargain collectively;

(c) elimination of all forms of forced or compulsory labor;

(d) minimum age for the employment of children and adolescents, and the prohibition and elimination of the worst forms of child labor; or

(e) elimination of discrimination in respect of employment and occupation, including equal remuneration.

Chapter 11. COOPERATION AND TRADE CAPACITY BUILDING

Article 11.1. OBJECTIVES

The Parties shall strengthen their cooperation for the purpose of:

(a) create new opportunities for trade and investment through trade and institutional capacity building;

(b) strengthen and build upon existing cooperative relationships in areas to which the Parties agree, such as energy and technical and scientific cooperation, among others; and

(c) to promote, in accordance with the purposes contemplated in this Agreement,

the signing of inter-institutional agreements between governmental institutions, research centers, universities, public and private companies and other organizations of the respective countries, which allow the development of specific topics of interest to the Parties.

Article 11.2. SCOPE

1. The Parties establish the guidelines for trade cooperation, in order to expand and increase the benefits of this Agreement.

2. In order to contribute to the achievement of the objectives and principles of this Agreement, the Parties reaffirm the importance of all forms of cooperation, with emphasis on strengthening trade and institutional capacities.

3. Cooperation may be extended to other areas to be agreed between the Parties, as well as to cooperation needs that have been identified in other Chapters of this Agreement.

4. The Parties shall contribute to the achievement of the objectives of this Agreement by identifying and developing innovative cooperation activities, projects and programs capable of adding value to their relations.

5. Cooperation projects and activities will be formulated and carried out, taking into consideration:

(a) the economic, environmental, geographic, social and cultural situation of the Parties, as well as their legal systems;

(b) national priorities agreed upon by the Parties;

(c) the advisability of not duplicating existing cooperation actions, seeking their complementarity and articulation; and

(d) existing cooperation mechanisms.

Article 11.3. COOPERATION IN STRENGTHENING TRADE CAPACITIES

1. The objective of economic cooperation shall be to facilitate trade and investment between the Parties and to promote the relations of their economic agents, with special emphasis on small and medium-sized enterprises.

2. In order to fulfill the objective indicated in paragraph 1, the Parties shall encourage and facilitate, as appropriate, especially the following activities:

(a) exchange information;

(b) develop projects aimed at strengthening the commercial and institutional capacity of the Parties;

(c) facilitate and support business visits and trade missions in accordance with the competence of the agencies involved;

(d) support dialogue and exchange of experiences and best practices among the different agencies involved in trade promotion issues; and

(e) to promote business development > with special emphasis on small and medium-sized enterprises. small and medium-sized enterprises.

Article 11.4. POINTS OF CONTACT

1. The Contact Points shall be responsible for channeling all those projects and/or activities related to trade capacity building. For the specific activities, programs and/or projects mentioned in other Chapters of this Agreement, the contact points defined therein shall be maintained.

2. In relation to the applications submitted in the respective country, the Contact Point will have the following functions:

(a) receive and verify the relationship of the applications received with this Agreement;

(b) forward the request to the Contact Point of the other Party;

(c) follow up on the request; and (d) transmit the response to the interested party.

3 In relation to requests submitted by the other Party, the Contact Point shall have the following functions:

(a) channel the request to the appropriate authority;

(b) follow up on the request; and

(c) transmit the response to the other Party.

4. The Parties' Points of Contact are:

(a) for the Republic of Colombia:

Sectorial Planning Office

Ministry of Commerce, Industry and Tourism Calle 28 # 13A - 15, floor 5 Bogota D.C., Republic of Colombia Tel: (571) 6067676

Fax: (571) 6067519

email: athorsberg@mincit.gov.co; and

(b) for the Republic of Panama:

Directorate of Treaty Administration and Trade Defense of the Office of International Trade Negotiations

Ministry of Commerce and Industry

Plaza Edison, Ricardo J. Alfaro Ave., El Paical, Second Floor Panama, Republic of Panama

Tel: (507) 560-0610

Fax: (507) 560-0618

email: apineda@mici.gob.pa dinatradec@mici.gob.pa;

or their successors.

Article 11.5. APPEALS

With a view to contributing to the fulfillment of the cooperation objectives established in this Agreement, the Parties undertake, within the limits of their own capabilities, to allocate resources for the appropriate development of the jointly identified cooperation actions. These resources may be provided, among others, by international agencies or third countries.

Article 11.6. SETTLEMENT OF DISPUTES

No Party shall have recourse to the dispute settlement mechanism established in Chapter 21 of this Agreement to resolve matters arising out of the application or interpretation of this Chapter.

Chapter 12. PUBLIC PROCUREMENT

Article 12.1. SCOPE

Application of the Chapter

1. This Chapter applies to measures adopted or maintained by a Party relating to government procurement by the procuring entities listed by each Party in Sections A through C of Annex 12-A to this Chapter:

(a) by any contractual means, including purchase, lease or rental, financial or otherwise, with or without option to purchase, and public works concession contracts;

(b) whose value estimated in accordance with paragraph 5 is equal to or greater than the corresponding threshold value specified in each Party's Annexes to this Chapter; and subject to the conditions of the Annexes to this Chapter of each Party.

2. This Chapter does not apply to:

(a) (a) the acquisition or lease of land, existing real estate or other real property or rights thereon;

(b) (b) non-contractual arrangements or any form of assistance provided by a Party, including its state-owned enterprises, including grants, loans, capital transfers, tax incentives, subsidies, guarantees or cooperative agreements;

(c) (c) the provision by the government of goods or services to an individual or sub- national government;

(d) (d) purchases made for the specific purpose of providing assistance abroad;

(e) (e) purchases financed by grants, loans or other forms of international assistance, if the provision of such assistance is subject to conditions incompatible with this Chapter;

(f) (f) the procurement or acquisition of fiscal agency services or depository services, settlement and administration services for regulated financial institutions, or services related to the sale, redemption and placement of public debt, including loans, government bonds, notes and other securities. This Chapter does not apply to the procurement of banking, financial or specialized services related to the:

(i) acquisition of public debt, or

(ii) public debt management;

(g) hiring of officials, public servants and related measures; or

(h) procurement by a State entity or enterprise from another State entity or enterprise of the same Party.

3. Nothing in this Chapter shall prevent a Party from developing new policies, procedures or means of procurement, provided that they are consistent with this Chapter.

4. When a procuring entity awards a contract that is not covered by this Chapter, the goods and services that are part of that contract shall not be covered by this Chapter.

Valuation

5. To calculate the value of a procurement for the purpose of determining whether it is a procurement covered by this Chapter, the procuring entity:

(a) shall not split a procurement into separate procurements or select or use a particular valuation method to calculate the value of the procurement with the intent to exclude it in whole or in part from the application of this Chapter;

(b) shall include the total estimated maximum value of the procurement for its entire duration, regardless of whether it is awarded to one or several suppliers, taking into account all forms of remuneration, including:

(i) premiums, fees, commissions and interest and other income streams, when applicable according to the type of contract;

(ii) where the procurement provides for the possibility of including option clauses, the value of the procurement including optional purchases; and

(c) base its calculations of the maximum total value of the procurement on the total duration of the procurement, when the procurement is in several parts, with contracts awarded simultaneously or successively to one or more suppliers.

Article 12.2. SAFETY AND GENERAL EXCEPTIONS

1. Nothing in this Chapter shall prevent a Party from taking action or refraining from disclosing information when it considers it necessary to protect its essential security interests in connection with procurement in any of the following cases:

(a) of arms, ammunition or war material;

(b) indispensable for national security; or

(c) acquisition for national defense purposes.

2. Provided that a measure is not applied in a manner that would constitute a means of arbitrary or unjustifiable discrimination between the Parties, if the same conditions prevail ora disguised restriction on trade between the Parties, nothing in this Chapter shall prevent a Party from adopting or maintaining a measure:

(a) necessary to protect morals, public order or national security;

(b) necessary to protect human, animal or plant life and health;

(c) necessary to protect intellectual property; or

(d) related to goods or services of disabled persons, charitable institutions or persons under prison labor regime.

3. The Parties understand that paragraph 2(b) includes environmental measures necessary to protect human, animal or plant life or health.

Article 12.3. GENERAL PRINCIPLES

National Treatment and Non-Discrimination

1. With respect to measures relating to government procurement covered by this Chapter, each Party shall accord immediately and unconditionally to goods and services of the other Party, and to suppliers of the other Party offering such goods or services, treatment no less favorable than the most favorable treatment accorded by that Party to its own goods, services and suppliers.

2. With respect to any measure relating to government procurement covered by this Chapter, a Party may not:

(a) giving a locally established supplier less favorable treatment than another locally established supplier because of the degree of foreign affiliation or ownership of each; or

(b) discriminate against a locally established supplier on the basis that the goods or services offered by that supplier for a particular procurement are goods or services of the other Party.

Conduct of Contracting

3. A procuring entity shall conduct procurement covered by this Chapter in a transparent and impartial manner that:

(a) is compatible with this Chapter;

(b) avoid conflicts of interest; and

(c) prevent corrupt practices.

Bidding Procedures

4. Procuring entities shall use competitive or selective bidding procedures, except in the circumstances set forth in Article 12.9.

Rules of Origin

5. With respect to the procurement of goods covered by this Chapter, each Party shall apply the rules of origin that it applies to such goods in the normal course of trade.

Compensation

6. No Party, including its procuring entities, shall seek, contemplate, impose or require any compensation at any stage of a procurement covered by this Chapter.

Non-Specific Measures of Public Procurement

7. Paragraphs 1 and 2 shall not apply to:

(a) customs duties and charges of any kind imposed on or in connection with importation; the method of collection of such duties and charges;

(b) other regulatory provision or import formality; or

(c) nor to measures affecting trade in services, other than measures governing government procurement covered by this Chapter.

Article 12.4. PUBLICATION OF PROCUREMENT INFORMATION

1. Each Part:

(a) publish in a timely manner all laws, regulations, judicial decisions, administrative decisions of general application and procedures related to procurement covered by this Chapter, as well as any amendments thereto, in an officially designated electronic or printed medium that is widely disseminated and easily accessible to the public; and

(b) upon request of the other Party, provide an explanation of the measures set out in subparagraph (a).

2. Article 22.1 (Transparency) does not apply to measures required to be published under paragraph 1(a).

Article 12.5. PUBLICATION OF NOTICES

Notice of Future Procurement

1. For each procurement covered by this Chapter, the procuring entity shall publish a notice inviting suppliers to submit tenders, or a notice inviting applications to participate in the procurement. The procuring entity shall publish these notices in an electronic or printed medium, widely disseminated and easily accessible to the public, throughout the tendering process. Each Party shall maintain an updated electronic portal with links to all notices of procuring entities for procurement covered by this Chapter.

2. Each notice of future procurement shall include the following information:

(a) a description of the procurement, including the nature and, if known, the quantity of the good or service to be procured;

(b) the method of procurement to be used and an indication of whether it will involve negotiations or an electronic auction;

(c) a list of the conditions for supplier participation;

(d) the name and address of the procuring entity, and other information necessary to communicate with the procuring entity and to obtain all relevant documentation relating to the procurement and, where applicable, the cost of such documentation and the terms of payment;

(e) the address and deadline for submitting bids or requests to participate;

(f) the delivery schedule of the good or service to be contracted or the duration of the contract;

(g) where, under Article 12.6(6), a procuring entity intends to invite a limited number of qualified suppliers to submit tenders, the criteria to be applied in selecting them and, where applicable, any limitation on the number of suppliers that will be authorized to submit tenders; and

(h) a statement that the procurement is covered by this Chapter.

Notice of Planned Procurement

3. The Parties shall encourage procuring entities to publish, as early as possible in each fiscal year, notices of their respective procurement plans. Such notices shall include the subject matter of any planned procurement and the estimated date of publication of the corresponding notice of future procurement.

Article 12.6. CONDITIONS FOR PARTICIPATION

General Requirements

1. If a procuring entity stipulates that a supplier meets registration, qualification or other conditions for participation in a procurement under this Chapter, it shall publish a notice inviting suppliers to submit requests to participate. The notice shall

be published sufficiently in advance so that both interested suppliers and the procuring entity have sufficient time to prepare and submit their requests to participate, evaluate such requests, and issue their decision, respectively.

2. Procuring entities shall limit the conditions for participation in a procurement covered by this Chapter to those that are essential to ensure that a supplier has the legal, financial, technical, commercial and organizational capacity necessary to carry out the relevant procurement.

3. When establishing the conditions for participation in a public procurement, the procuring entity:

(a) shall not impose as a condition for a supplier to participate in a procurement that a procuring entity of a Party has previously awarded one or more procurement contracts to that supplier; and

(b) require a supplier to have prior experience if such experience is essential to meet the requirements of the procurement.

4. In evaluating whether a supplier meets the requirements for participation, the procuring entity: (a) assess the legal, financial, technical, commercial and organizational capacity of a supplier, based on that supplier's business activities, both within and outside the territory of the Party of the procuring entity; and

(b) shall base its evaluation on the conditions that the procuring entity has previously specified in its notices or bidding documents.

5. In assessing whether a supplier meets the participation requirements, the procuring entity shall recognize as qualified all domestic suppliers and all suppliers of the other Party that meet the participation requirements.

Selective Bidding

6. When intending to use a selective bidding procedure, the procuring entity:

(a) publish a notice inviting suppliers to submit an application to participate in the procurement, providing interested suppliers with sufficient time to prepare and submit their applications to participate, and for the procuring entity to evaluate and make its decisions based on such applications; and

(b) permit all domestic suppliers and all suppliers of the other Party that have been found by the procuring entity to be in compliance with the requirements for participation to submit tenders, except where the procuring entity has specified, in the notice of intended procurement and in publicly available tender documents, a limit on the number of suppliers that will be permitted to participate and the criteria for selection.

Multiple Use Lists

7. A procuring entity may establish or maintain a multiple-use list of suppliers, provided that a notice inviting interested suppliers to register on the list is:

(a)published annually; and

(b) when published by electronic means, is available on a continuous basis.

8. The notice referred to in paragraph 7 shall include:

(a) a description of the goods or services, or categories thereof, for which the list may be used;

(b) the conditions for participation to be met by suppliers and the methods that the procuring entity will use to verify that each supplier meets the conditions;

(c) the name and address of the contracting entity, and other information necessary to contact the contracting entity and obtain all documentation related to the listing;

(d) the period of validity of the list, as well as the means used to renew or terminate it, or when the period of validity is not indicated, an indication of the method by which notice of termination will be given; and

(e) an indication that the list may be used for procurement covered by this Chapter.

9. The procuring entity shall include all qualified suppliers on the list within a reasonably short period of time. In the event that the period of validity of the list is one year or less, the entity may limit the inclusion of new suppliers to a period of time determined by the entity, after which the entity may refrain from including new suppliers.

Information on Contracting Entity Decisions

10. A procuring entity shall promptly inform a supplier that has submitted an application to participate in a procurement of its decision on the supplier's application.

11. When a contracting entity:

(a) reject a supplier's application to participate in a public procurement;

(b) stop considering the supplier as a qualified supplier;

(c) rejects the application for inclusion in the multiple-use list; or

(d) remove it from the multi-purpose list,

the entity shall promptly inform the supplier of its decision and, at the supplier's request, promptly communicate to the supplier in writing an explanation of the reasons for its decision.

12. Where there is evidence to justify it, the procuring entity may exclude a supplier on grounds, such as the following:

(a) bankruptcy;

(b) false statements; or

(c) significant or persistent deficiencies in the performance of any substantive requirement or obligation under a previous contract.

13. A procuring entity of a Party shall not adopt or maintain a registration system or qualification procedure, the purpose or effect of which is to create unnecessary obstacles to the participation of a supplier of the other Party in its procurement.

Article 12.7. TECHNICAL SPECIFICATIONS AND BIDDING DOCUMENTS

Technical Specifications

1. A procuring entity shall not prepare, adopt or apply technical specifications or establish conformity assessment procedures the purpose or effect of which is to create unnecessary obstacles to trade between the Parties.

2. When establishing the technical specifications of the goods or services to be procured, the procuring entity, as appropriate:

(a) detail the technical specification in terms of functional and performance requirements, rather than descriptive or design features; and

(b) base the technical specification on an international standard, or on a national technical regulation, a recognized national standard or a building code.

3. A procuring entity shall not prescribe a technical specification that requires or mentions a particular trademark or trade name, patent, copyright, model, type, origin, producer or supplier, except where there is no other sufficiently precise or intelligible way of describing the procurement requirements and provided that, in such cases, the entity includes in the bidding documents wording such as "or equivalent".

4. A procuring entity shall not solicit or accept, on terms that could have the effect of precluding competition, advice from a person that may have a commercial interest in such procurement that could be used to establish or adopt technical specifications for a particular procurement covered by this Chapter.

5. The contracting entity, in accordance with this Article, may establish, adopt or apply technical specifications, in order to promote the conservation of natural resources or to protect the environment.

Bidding Documents

6. The procuring entity shall make available to suppliers, bidding documents containing all information necessary for suppliers to prepare and submit responsive bids. Unless already contained in the notice of intended procurement, such documentation shall include a full description of:

(a) the procurement, including the nature and quantity of the good or service to be procured, or if the quantity is not known, an estimate thereof; as well as all requirements to be met, including any technical specifications, conformity assessment certification, drawings, designs or instructions;

(b) the conditions of participation of suppliers, including the list of information and documents to be submitted by suppliers in connection with such conditions of participation;

(c) all evaluation criteria to be considered in the award of the contract and the relative importance of those criteria, except when price is the sole criterion;

(d) when a public opening of bids is scheduled, the date, time and place of such opening; and

(e) any other terms or conditions relating to the contracting.

7. A procuring entity shall promptly respond to any reasonable request by a supplier participating in a procurement covered by this Chapter for relevant information, except that if the procuring entity refrains from communicating information about a particular procurement that may give the requesting supplier an advantage over its competitors in that procurement, in which case it shall so inform the procuring entity.

Modifications

8. If the procuring entity, prior to awarding a procurement contract, modifies the criteria or requirements set forth in the notice of intended procurement or tender document provided to participating suppliers, or amends or republishes a notice or tender document, it shall transmit in writing such modification, amendment or republication of notice or tender document:

(a) to all suppliers participating in the procurement at the time of the modification, amendment or republication, where the entity knows who those suppliers are and, in all other cases, in the same manner in which the initial information or documents were disseminated; and

(b) The suppliers shall be given sufficient time to modify their bids and submit their bids, as appropriate.

Article 12.8. TIME LIMITS FOR SUBMISSION OF BIDS

1. A procuring entity shall provide suppliers with sufficient time to submit their applications to participate in a procurement covered by this Chapter and to prepare and submit appropriate tenders, taking into consideration the nature and complexity of the procurement.

Deadlines

2. Except as provided in paragraphs 3 and 4, a procuring entity shall provide that the time limit for submission of tenders shall be not less than 40 days from the date of submission of tenders:

(a) the notice of future procurement has been published, in the case of a public bidding;

(b) the procuring entity notifies the suppliers that they will be invited to submit bids, regardless of whether or not it uses a multiple-use list, in the case of selective bidding.

3. The procuring entity may reduce the time limit established pursuant to paragraph 2 for the submission of bids by up to five days in each of the following circumstances:

(a) the notice of intended procurement has been published electronically;

(b) all tender documentation has been made available electronically to suppliers as of the date of publication of the notice of intended procurement; and

(c) the procuring entity has accepted bids submitted by electronic means.

4. The procuring entity may establish a period of less than 40 days for the submission of tenders, provided that the time allowed to suppliers is sufficient to prepare and submit adequate tenders, but in no case less than 10 days, prior to the final date for submission of tenders, if:

(a) the procuring entity has published a separate notice containing the information required by Article 8.5.3 at least 40 days, and not more than 12 months, in advance, and such separate notice contains a description of the procurement, specifies the deadlines for submitting bids or, where appropriate, requests to participate, and provides the address from which documents relating to the procurement may be obtained;

(b) inthe case ofa new publication or subsequent publications of notices for a public procurement of a recurring nature;

(c) the procuring entity purchases commercial goods or services; or

(d) a situation of urgency duly justified by the procuring entity makes it materially impossible to apply the time limits set forth in paragraph 2, or where applicable, in paragraph 3.

Article 12.9. DIRECT CONTRACTING

1, Provided that the procuring entity does not use this provision to prevent competition between suppliers, protect domestic suppliers, or otherwise discriminate against suppliers of the other Party, the procuring entity may contact the supplier(s) of its choice and decide not to apply Articles 12.5, 12.6, 12.7, 12.8 and 12.10 only under the following circumstances:

(a) provided that the requirements of the bidding documents have not been substantially modified and:

(i) no bids have been submitted or no supplier has submitted a request to participate in a covered procurement;

(ii) no bids have been submitted that meet the essential requirements set forth in the bidding documents;

(iii) no supplier has complied with the conditions of participation; or (iv) collusion in the submission of bids.

(b) when the goods or services can only be provided by a particular supplier and there is no substitute or reasonable alternative, due to any of the following reasons:

(i) the purpose of contracting is the execution of works of art or specialized technical works of merit, the execution of which can only be entrusted to reputable artists, recognized professionals or certain natural persons;

(ii) the good or service being procured is protected by patent, copyright or other exclusive rights; or

(iii) the absence of competition for technical reasons;

(c) in the case of additional deliveries or services by the initial supplier of goods or services that were not included in the initial procurement, and when the change of supplier for such additional goods or services:

(i) is not possible for economic or technical reasons, such as interchangeability or compatibility requirements with existing equipment, software, services or facilities purchased under the original procurement;

(ii) would cause significant inconvenience or significant additional cost to the procuring entity; or

(iii) necessary to satisfy the object of the initial offer; when the good is purchased in a commodities market;

(d) when the procuring entity acquires a prototype or a first good or service developed, at its request, in the course of a contract for research, experimentation, study or original development; the original development of a new good or service may include production or supply in limited quantity for the purpose of incorporating test results into practice and demonstrating that the good or service is suitable for large-scale production or supply in accordance with acceptable quality standards;

(e) but does not include large-scale production or supply to determine feasibility commercialization of the good or service or to recover research and development expenses;

(f) to the extent that it is strictly necessary, for reasons of extreme urgency, as a result of events that the procuring entity could not foresee, the good or service cannot be obtained in a timely manner through public or selective bidding and the use of these would result in serious damage to the entity;

(g) when a contract has been awarded to the winner of a design competition, provided that:

(i) the competition has been organized in accordance with the principles of this Chapter, especially with respect to the publication of the notice of intended procurement; and

(ii) the participants are evaluated by an independent jury with a view to awarding the design contract to a winner;

(h) when a procuring entity needs to procure consulting services on matters of a confidential nature, the disclosure of which could reasonably compromise confidential government information, cause economic instability, or similarly could be contrary to the public interest.

2. The procuring entity shall prepare a written report on each contract awarded under paragraph 1. The report shall include the name of the procuring entity, the value and type of good or service procured, as well as a description of the circumstances and conditions referred to in paragraph 1 that justified the direct procurement.

Article 12.10. PROCESSING OF BIDS AND AWARD OF CONTRACTS

1. The procuring entity shall receive, open and process all bids using procedures that ensure the fairness and impartiality of the procurement process and the confidentiality of the bids.

2. The procuring entity shall maintain the confidentiality of the bids, at least until the opening of the bids.

3. Where the procuring entity provides an opportunity for a participating supplier to correct unintentional errors of form during the period between bid opening and contract award, the procuring entity shall provide the same opportunity to all other participating suppliers.

Awarding of Contracts

4. In order for a bid to be considered for award, procuring entities shall require:

(a) from a supplier that is eligible to participate; and

(b) that is submitted in writing and complies, at the time of bid opening, with the essential requirements set forth in the bid notices and bidding documents.

5. Unless it decides not to award a procurement contract for reasons of public interest, the procuring entity shall award the contract to the supplier that it has determined to be fully capable of performing the contract and that, relying solely on the evaluation criteria set forth in the solicitation documents and notices, has submitted:

(a) the most advantageous offer; or

(b) the lowest price, when the only criterion is price.

6. A procuring entity shall not use options, cancel a procurement or modify awarded contracts in a manner that circumvents the obligations under this Chapter.

Information Provided to Suppliers

7. A procuring entity shall promptly inform suppliers participating in the procurement of its procurement decisions and, upon request, shall do so in writing. Subject to Article 12.11, and whenever a supplier so requests, the procuring entity shall provide an explanation of the reasons for not selecting its tender and the relative advantages of the successful supplier's tender.

Publication of Award Information

8. Within 72 days of the award, the procuring entity shall publish in an officially designated electronic or printed medium, a notice containing the following information on the contract:

(a) name and address of the contracting entity;

(b) description of the goods or services contracted;

(c) date of contract award;

(d) name and address of the successful supplier;

(e) value of the contract; and

(f) procurement method used and, where the procedure set forth in Article 12.9.1 has been followed, a description of the circumstances that justified the use of this procedure.

Record Retention

9. The procuring entity shall maintain reports and records on the tendering procedures covered by this Chapter, including the reports required by Article 12.9(2), and shall maintain such reports and records for a period of at least three years from the date of award of a contract.

Article 12.11. DISCLOSURE OF INFORMATION

Provision of Information to a Party

1. On request of the other Party, a Party shall promptly provide information necessary to determine whether a procurement was conducted fairly and impartially and in accordance with this Chapter, including information on the characteristics and relative advantages of the selected tender. In cases where disclosure of the information could be detrimental to competition in future tenders, the Party receiving such information shall not disclose it to any supplier, unless it consults with the Party that provided the information and the latter has given its consent.

Non-Disclosable Information

2. No Party, Contracting Entity or review authority referred to in Article 8.12 may disclose information that the person who provided it has designated as confidential in accordance with its law, except with that person's authorization.

3. A Party, including its contracting entities, administrative and judicial authorities, shall not be required under this Chapter to disclose confidential information where such disclosure:

(a) prevent the execution of the laws;

(b) may harm fair competition among suppliers;

(c) may prejudice the legitimate commercial interests of certain persons, including the protection of intellectual property; or

(d) is for other reasons contrary to the public interest.

Article 12.12. NATIONAL REVIEW PROCEDURES

1. Each Party shall ensure that its entities deal in a timely and impartial manner with any complaint by a supplier regarding a challenge to measures implementing this Chapter arising in the context of a procurement covered by this Chapter in which it has or has had an interest. Each Party shall encourage its suppliers to seek clarification from its procuring entities through consultations for the purpose of facilitating the resolution of a complaint.

2. Each Party shall establish or designate at least one impartial administrative or judicial authority independent of its procuring entities to receive and examine challenges brought by a supplier in the context of a covered procurement.

3. Each Party shall ensure that the authority it establishes or designates pursuant to paragraph 2 has written procedures that are publicly available. Each Party shall ensure that these procedures are timely, effective, transparent, non-discriminatory and provide that:

(a) the procuring entity shall respond in writing to the challenge and shall disclose all relevant documents to the review body;

(b) participants in the challenge will have:

(i) the right to be heard before the review body rules on the challenge;

(ii) the right to be represented and assisted;

(iii) access to the challenge procedure; and

(iv) the right to request that the proceedings be made public and that witnesses may appear;

(c) the decision or recommendation related to the challenges shall be communicated in a timely manner and in writing, and shall include an explanation of the basis for each decision or recommendation; and

(d) each supplier shall be given sufficient time to prepare and submit a challenge, which in no case shall be less than ten days from the date on which the supplier became aware, or reasonably should have become aware, of the reason for the challenge.

4. Each Party shall provide that the authority it establishes or designates pursuant to paragraph 2 shall have the authority to take interim measures to enable the supplier to participate in the procurement concerned. Such interim measures may have the effect of suspending the procurement proceedings. The procedures relating to the institution of interim measures may provide that, when deciding on their application, adverse consequences for the interests at stake, including the public interest, may be taken into account.

5. Each Party shall ensure that the filing of a challenge by a supplier does not affect its participation in ongoing or future procurement.

6. Each Party shall adopt or maintain procedures that establish:

(a) rapid interim measures to preserve the supplier's ability to participate in the procurement. Such interim measures may take the following forms effect the suspension of the procurement proceedings. The procedures may provide that the prevailing adverse consequences for the interests concerned, including the public interest, may be taken into account in deciding whether such measures should be applied. Good cause shall be stated in writing for not taking such measures; and

(b) where the review body has found non-compliance with paragraph 1, it may provide for corrective measures or compensation for loss or damage suffered, which may be limited to the costs of preparing the tender or the costs related to the challenge, or both.

7. Where a body other than an authority referred to in paragraph 2 initially reviews a challenge, the Party shall ensure that the supplier may appeal the initial decision to an impartial administrative or judicial authority that is independent of the procuring entity whose procurement is the subject of the challenge. Where the review body is not a court, the decision of the review body shall be subject to judicial review or its proceedings shall be subject to a procedure that ensures that the conditions set out in subparagraphs 3(a), (b) and (c) are met.

Article 12.13. MODIFICATIONS AND AMENDMENTS TO COVERAGE

1. When a Party modifies its procurement coverage, the Party:

(a) notify the other Party in writing; and

(b) shall include in its notification a proposal for compensatory adjustments for the other Party adequate to maintain an acceptable and comparable level of coverage to the level existing prior to the modification.

2. Notwithstanding subparagraph 1(b), a Party need not make compensatory adjustments where:

(a) the modification in question is minor or a purely formal rectification; or

(b) the proposed amendment covers an entity over which the Party has lost control or influence.

3. If the other Party does not agree that:

(a) the compensatory adjustments proposed pursuant to subparagraph 1(b) are adequate to maintain a level of coverage comparable to that mutually agreed;

(b) the proposed modification is a minor amendment or correction of the type referred to in subparagraph 2(a); or

(c) the proposed amendment is directed at an entity over which the Party has effectively eliminated its control or influence in accordance with subparagraph 2(b);

the Party shall express its objection in writing within 30 days after receipt of the notice referred to in paragraph 1, failing which the Party shall be deemed to have agreed to the proposed adjustment or modification, including for the purposes of Chapter 21 (Dispute Settlement).

Article 12.14. PARTICIPATION OF MICRO, SMALL AND MEDIUM-SIZED COMPANIES

1. The Parties recognize the importance of the participation of Micro, Small and Medium Enterprises (hereinafter referred to as MSMEs) in public procurement.

2. The Parties also recognize the importance of business alliances between suppliers of each Party, and in particular MSMEs, including joint participation in procurement procedures.

3. The Parties agree to exchange information and work together to facilitate MSMEs' access to public procurement procedures, methods and contractual requirements, focusing on their special needs.

Article 12.15. COOPERATION

1. The Parties recognize the importance of cooperation as a way to achieve a better understanding of their respective government procurement systems, as well as better access to their respective markets, particularly for micro, small and medium-sized enterprises.

2. The Parties shall make their best efforts to cooperate on issues such as:

(a) exchange of experience and information > including regulatory framework, best practices and statistics;

(b) development and use of electronic means of information in public procurement systems;

(c) training and technical assistance to suppliers on access to the public procurement market; and

(d) institutional strengthening for compliance with the provisions of this Chapter, including the training of public officials.

Article 12.16. ADDITIONAL NEGOTIATIONS

At the request of a Party, the other Party may consider conducting additional negotiations for the purpose of expanding the scope and coverage of this Chapter. If as a result of such negotiations the Parties agree to modify the Annexes to this Chapter, the result shall be submitted to the Government Procurement Committee for implementation.

Article 12.17. PUBLIC CONTRACTING COMMITTEE

1. A Government Procurement Committee composed of representatives of each Party is established.

2. The functions of the Committee shall be:

(a) evaluate the implementation of this Chapter, including its use and recommend to the Parties the corresponding activities;

(b) evaluate and follow up on the cooperation activities submitted by the Parties;

(c) follow up and support the Parties in conducting additional negotiations in accordance with Article 12.16; and

(d) Submit to the Free Trade Commission the modification of the Annexes to this Chapter, so that they reflect any agreement reached under the procedures set forth in Articles 12.13 and 12.16.

3. The Committee shall meet at the request of a Party, at such time and place as may be agreed upon, and shall keep a written record of its meetings.

Article 12.18. INFORMATION TECHNOLOGY

1. To the extent possible, the Parties shall endeavor to use electronic means of communication in order to permit the efficient dissemination of information on government procurement, particularly with respect to procurement opportunities offered by procuring entities, while respecting the principles of transparency and non-discrimination.

Use of electronic media

2. When covered procurements are carried out through electronic means, the procuring entity:

(a) ensure that procurement is conducted using information technology systems and software, including those related to authentication and cryptographic encryption of information, that are generally accessible and compatible with generally accessible information technology systems and software; and

(b) maintain mechanisms to ensure the integrity of requests for participation and bids, including the determination of the time of receipt and the prevention of inappropriate access.

Article 12.19. ELECTRONIC AUCTIONS

Where a procuring entity intends to conduct a covered procurement using an electronic auction, it shall provide to each participant prior to the commencement of such auction:

(a) the automatic evaluation method, including the mathematical formula, which is based on the evaluation criteria established in the bidding documents and which will be used in the automatic ranking or reclassification during the auction;

(b) the results of the initial evaluations of the elements of its bid, if the contract is to be awarded on the basis of the most advantageous bid; and

(c) any other relevant information on the conduct of the auction.

Article 12.20. DEFINITIONS

For the purposes of this Chapter:

notice of intended procurement means the notice published by a procuring entity inviting interested suppliers to submit a request for participation or a bid;

commercial good or service means a good or service that is generally sold or offered for sale in the commercial marketplace and is customarily acquired by nongovernmental purchasers for nongovernmental purposes;

compensation means any condition or commitment that promotes local development or improves a Party's balance of payments accounts, such as the use of domestic content, licensing of technology exploitation, investment, compensatory trade or other similar measures or requirements;

conditions for participation means: registration, qualification or other prerequisites for participation in a public procurement;

direct procurement means: the method of procurement whereby the procuring entity approaches the supplier(s) of its choice;

procurement means: the process by which a government acquires or uses a good or service for

governmental purposes and not with a view to commercial sale or resale, or with a view to use in the production or supply of a good or service for commercial sale or resale;

public works concession contract means: any contractual agreement whose principal purpose is to provide for the construction or rehabilitation of physical infrastructure, plants, buildings, facilities or other government-owned works, under which, in consideration of the performance of a contract by a supplier, a contracting entity grants to the supplier, for a specified period, temporary ownership or the right to control, operate and require payment for the use of such works during the term of the contract.

contracting entity means the entity included in Sections A through C of each Party's Schedule contained in Annex 12-A;

technical specification means the bidding requirement that:

(a) establishes the characteristics of a good or service to be supplied, including quality, performance, safety and dimensions or processes and methods for its production or supply; or

(b) indicates terminology, symbols, packaging, marking or labeling requirements applicable to a good or service.

public bidding means: the method of procurement under which all interested suppliers may submit a bid;

selective tendering means: the method of procurement whereby the procuring entity invites only those suppliers that are qualified to submit bids;

multiple-use list means: a list of suppliers that the procuring entity has determined to be eligible for the list, and that the procuring entity intends to use more than once;

written or written means: any expression in words or figures that can be read, reproduced and subsequently communicated, and may include information transmitted and stored by electronic means;

supplier means a person who supplies or could supply a good or service to a procuring entity; service includes construction service, unless otherwise provided; and

construction service means the service the object of which is the performance by whatever

means of civil or construction work, based on Division 51 of the Provisional version of the United Nations Central Product Classification (CPC).

Chapter 13. COMPETITION POLICY, DESIGNATED MONOPOLIES AND STATE-OWNED ENTERPRISES

Article 13.1. OBJECTIVES

The Parties recognize the importance of free competition in their commercial relations and consider it necessary to maintain or adopt measures to proscribe anti-competitive business conduct and to cooperate in matters related to this Chapter, in

order to help ensure the benefits derived from this Agreement.

Article 13.2. COMPETITION LAW AND POLICY

1. Each Party shall maintain competition laws and shall enjoy independence and autonomy to develop and implement its policy and such competition laws.

2. Each Party shall adopt or maintain measures that proscribe anti-competitive business conduct and shall have authorities responsible for their enforcement.

3. Each Party shall ensure that measures it adopts or maintains to proscribe anticompetitive business conduct and that enforcement actions taken pursuant to such measures are consistent with the principles of transparency, non-discrimination and due process.

4. Each Party shall make available to the other Party, and maintain publicly accessible, information relating to exclusions or exceptions under its competition laws.

Article 13.3. COOPERATION

1. Each Party recognizes the importance of cooperation and coordination between its competition authorities to promote the effective enforcement of competition laws in their respective territories.

2. The Parties shall cooperate on matters relating to the application of their competition policies and laws.

3. The Parties, through their competition authorities, shall coordinate through bilateral cooperation instruments, activities such as notification, consultations, positive and negative comity, technical assistance and exchange of information.

Article 13.4. CONSULTATIONS (1)

1, To further mutual understanding between the Parties or to address specific matters arising under this Chapter, and without prejudice to their independence and autonomy to develop, maintain and enforce their competition laws and policies, a Party shall, at the request of the other Party, consult on matters referred to it.

2. The Party requesting the consultation shall indicate the reasons for the consultation. Where trade or investment between the Parties is affected, the requesting Party shall indicate in its request how it was affected.

3. The other Party should give full and due consideration to the concerns of the requesting Party.

(1) For clarity, the term "consultations" does not mean consultations pursuant to Chapter 21 (Dispute Settlement).

Article 13.5. NOTIFICATIONS

1. Each Party shall notify the other Party, through its competition authorities, of competition law enforcement activities that may affect important interests of the other Party.

2. Notifications shall be sufficiently detailed to enable the notified Party to make an initial assessment of the effect of the enforcement activity within its territory.

3. Provided that it is not contrary to the competition laws of the Parties and does not affect any ongoing investigation, the notification shall take place at an early stage of the proceeding or investigation of the case.

Article 13.6. EXCHANGE OF INFORMATION

1. The competition authority of a Party shall, upon request of the competition authority of the other Party, use its best efforts to provide information to facilitate the enforcement activities of its respective competition law, provided that it does not affect any ongoing investigation.

2. Any exchange of information shall be subject to the rules and standards of confidentiality applied in the territory of each Party.

3. Each Party shall maintain the confidentiality of any information provided to it, subject to any limitations imposed by the

Party providing the information on the use of such information.

Article 13.7. DESIGNATED MONOPOLIES AND STATE ENTERPRISES

This Agreement shall not prevent a Party from designating or maintaining a monopoly or State enterprises, provided that its legislation so permits.

Article 13.8. EXCLUSION FROM THE DISPUTE SETTLEMENT MECHANISM

This Chapter is expressly excluded from the coverage of Chapter 21 (Dispute Settlement).

Article 13.9. DEFINITIONS

For the purposes of this Chapter:

Competition Authority is:

(a) for the Republic of Colombia: the Superintendency of Industry and Commerce (SIC) and, for specific matters, the Financial Superintendency of Colombia and the Administrative Department of Civil Aeronautics; and

(b) for the Republic of Panama: the Authority for Consumer Protection and Defense of Competition (ACODECO);

or their successors;

anti-competitive conduct means any unilateral act or agreement that, under the competition laws of a Party, has adverse effects on competition in the territory of that Party, including the following:

(a) acts, concerted practices or agreements between undertakings and decisions of associations of undertakings that have as their object or effect the prevention, restriction or distortion of competition;

(b) any abuse of dominance or substantial power by one or more companies; and

(c) mergers or any other integration of companies that may significantly impede effective competition;

State enterprise means an enterprise owned or controlled by a Party through ownership rights;

competition law is:

(a) for the Republic of Colombia, Law 155 of 1959, Law 1340 of 2009, and Decree 2153 of 1992 and its regulations, as well as any amendment made to the aforementioned legal instruments; and

(b) for the Republic of Panama, Law No. 45 of October 31, 2007 and Executive Decree No. 8-A of January 22, 2009, as well as any amendment made to the aforementioned legal instruments; and

designated monopolist means an entity, including a consortium or government agency, that in any relevant market in the territory of a Party is designated as the sole supplier or purchaser of a good or service, but does not include an entity that has been granted an exclusive intellectual property right derived solely from such a grant.

Chapter 14. Investment

Section A. INVESTMENT

Article 14.1. SCOPE (1)

1. This Chapter applies to measures adopted or maintained by a Party relating to:

(a) an investor of the other Party;

(b) a covered investment; and

(c) with respect to Articles 14.6, 14.14 and 14.15, an investment in its territory.

2. This Chapter does not apply to disputes which arose prior to the entry into force of this Agreement or to disputes arising out of an act or fact which took place or a situation which ceased to exist before the entry into force of this Agreement, even

if their effects continue after the entry into force of this Agreement.

3. Nothing in this Chapter shall be construed to impose an obligation on a Party to privatize any investment owned or controlled by it or to prohibit a Party from designating a monopoly, provided that, if a Party adopts or maintains a measure to privatize such an investment or a measure to designate a monopoly, this Chapter shall apply to such measure.

(1) For greater certainty, this Chapter is subject to and shall be interpreted in accordance with Annexes 14-A to14-D.

Article 14.2. RELATIONSHIP WITH OTHER CHAPTERS

1. In case of incompatibility between this Chapter and another Chapter, the other Chapter shall prevail.

2. A Party's requirement that a service supplier of the other Party post a bond or other form of financial security as a condition for supplying a service in its territory does not, of itself, make this Chapter applicable to the supply of that cross-border service. This Chapter shall apply to that Party's treatment of the bond or financial security provided if the bond or financial security is a covered investment.

3. This Chapter shall not apply to a measure adopted or maintained by a Party if such measure is covered by Chapter 16 (Financial Services).

4. Articles 15.4 (Market Access) and 15.7 (Domestic Regulation) are incorporated into and made part of this Chapter, and apply to a measure adopted or maintained by a Party if that measure affects the supply of a service in its territory by a covered investment.

5. A reservation made by a Party under Article 15.6 (Non-Conforming Measures) with respect to Article 15.4 (Market Access) shall apply to a measure of that Party covered in paragraph 4.

Article 14.3. NATIONAL TREATMENT

1. Each Party shall accord to an investor of the other Party treatment no less favorable than that it accords, in like circumstances, to its own investors with respect to the establishment, acquisition, expansion, management, conduct, operation and sale or other disposition of an investment in its territory.

2. Each Party shall accord to a covered investment treatment no less favorable than that it accords, in like circumstances, to investments of its own investors with respect to the establishment, acquisition, expansion, management, conduct, operation, and sale or other disposition of an investment in its territory.

Article 14.4. MOST-FAVORED-NATION TREATMENT

1. Each Party shall accord to an investor of the other Party treatment no less favorable than that it accords, in like circumstances, to investors of a non-Party with respect to the establishment, acquisition, expansion, management, conduct, operation, and sale or other disposition of an investment in its territory.

2. Each Party shall accord to a covered investment treatment no less favorable than that it accords, in like circumstances, to investments of investors of a non-Party with respect to the establishment, acquisition, expansion, management, conduct, operation, and sale or other disposition of an investment in its territory.

3. For greater certainty, the treatment "with respect to the establishment, acquisition, expansion, management, conduct, operation and sale or other disposition of investments" referred to in paragraphs 1 and 2 does not include dispute settlement mechanisms such as those in this Chapter, which are provided for in international trade treaties or agreements.

Article 14.5. MINIMUM STANDARD OF TREATMENT (2)

1. Each Party shall accord to a covered investment treatment in accordance with customary international law, including fair and equitable treatment and full protection and security.

2. For greater certainty, paragraph 1 prescribes that the customary international law minimum standard of treatment of aliens is the minimum standard of treatment to be accorded to covered investments. The concepts of "fair and equitable treatment" and "full protection and security" do not require treatment in addition to or beyond that required by the minimum standard of treatment of foreigners under customary international law and do not create additional substantive

rights.

3. The obligation in paragraph 1 to provide "fair and equitable treatment" includes the obligation not to deny justice in criminal, civil or administrative litigation proceedings, in accordance with the principle of due process embodied in the world's principal legal systems; and the obligation to provide "full protection and security" requires each Party to provide the level of police protection that is required by customary international law.

4. A determination that another provision of this Agreement, or of another international agreement, has been violated does not establish that this Article has been violated.

5. For greater certainty, "fair and equitable treatment" shall not be interpreted as preventing a Party from exercising its regulatory power.

(2) The term "customary international law" is understood to refer to international custom as evidence of a practice generally accepted as law in accordance with Article 38. (1) (b) of the Statute of the International Court of Justice.

Article 14.6. PERFORMANCE REQUIREMENTS

1. A Party may not impose or enforce the following requirements or apply any commitment or obligation in connection with the establishment, acquisition, expansion, management, conduct or operation, or sale of a covered investment of a Party or of a non-Party in its territory (3):

(a) export a certain level or percentage of a good or service;

(b) to reach a certain level or percentage of domestic content;

(c) to purchase, use or give preference to a good produced in its territory, or to purchase a good from a person in its territory;

(d) relate in any way the volume or value of imports to the volume or value of exports, or to the amount of foreign exchange inflows associated with that investment;

(e) restrict sales in its territory of a good or service that the investment produces or provides by linking, in any way, such sales to the volume or value of its exports or to the foreign exchange earnings it generates;

(f) transferring a technology, production process or other proprietary knowledge to a person in its territory (4); or

(g) provide exclusively from the territory of the Party a good that produces such an investment or a service that supplies a specific regional market or the world market.

2. A measure that requires an investment to use technology that complies with generally applicable health, safety or environmental requirements shall not be interpreted as being inconsistent with subparagraph 1(f). For greater certainty, Articles 14.3 and 14.4 apply to such a measure.

3. A Party may not condition the receipt or continued receipt of an advantage, in connection with the establishment, acquisition, expansion, management, conduct, operation, or sale of an investment in its territory by an investor of a Party or of a non-Party, on compliance with the following requirements:

(a) to reach a certain level or percentage of domestic content;

(b) to purchase, use or give preference to a good produced in its territory, or to purchase a good from a producer in its territory;

(c) relate in any way the volume or value of imports to the volume or value of exports, or to the amount of foreign exchange inflows associated with such investment; or

(d) restrict sales in its territory of a good or service that such investment produces or provides by linking, in any way, such sales to the volume or value of its exports or to the foreign exchange earnings it generates.

4. Paragraph 3 shall not prevent a Party from conditioning the receipt, or continued receipt, of an advantage in connection with an investment in its territory by an investor of the other Party or of a non-Party on compliance with the requirement to locate production, provide services, train or employ workers, construct or expand particular facilities or carry out research and development in its territory.

5. Subparagraph 1(f) does not apply:

(a) where a Party authorizes the use or transfer of an intellectual property right in accordance with Article 31 of the TRIPS Agreement or measures requiring the disclosure of proprietary information that fall within the scope of, and are consistent with, Article 39 of the TRIPS Agreement; or

(b) if the requirement is imposed or the commitment or obligation is ordered by a judicial or administrative tribunal or competent authority to resolve an alleged violation of domestic competition law (5).

6. Paragraphs 1 and 3 do not apply to a requirement, commitment or obligation other than those set forth in those paragraphs.

7. This Article does not exclude the application of any commitment, obligation or requirement between private parties.

8. The provisions of:

(a) subparagraphs 1(a), (b) and (c), and 3(a) and (b) do not apply to qualification requirements for a good or service with respect to export promotion programs and foreign aid programs;

(b) subparagraphs 1(b), (c), (f) and (g), and 3(a) and (b) do not apply to procurement by a Party or State enterprise; and

(c) subparagraphs 3(a) and (b) do not apply to a requirement imposed by an importing Party with respect to the content of a good necessary to qualify for a preferential tariff or quota.

9. Provided that such measures are not applied in an arbitrary or unjustified manner, or do not constitute a disguised restriction on international trade or investment, nothing in subparagraphs 1(b), (c) and (f), and subparagraphs 3(a) and (b) shall be construed to prevent a Party from adopting or maintaining measures, including those of an environmental nature:

(a) necessary to ensure compliance with laws and regulations not inconsistent with the provisions of this Agreement;

(b) necessary to protect human, animal or plant life or health; or

(c) relating to the preservation of living or non-living non-renewable natural resources.

(3) For greater certainty, a condition for the receipt or continued receipt of an advantage referred to in paragraph 3 does not constitute an "obligation or commitment" for purposes of paragraph 1.

(4) For greater certainty, nothing in paragraph 1 shall be construed to prevent a Party, in connection with the establishment, acquisition, expansion, management, conduct, operation or sale or other disposition of a covered investment of a Party or of a non-Party in its territory, from imposing or enforcing a requirement or enforcing an obligation or commitment to train workers in its territory.

(5) The Parties recognize that a patent does not necessarily confer market power.

Article 14.7. SENIOR EXECUTIVES AND BOARDS OF DIRECTORS

1. No Party may require an enterprise of that Party that is a covered investment to appoint natural persons of a particular nationality to senior management positions.

2. No Party may require that a majority of the members of the board of directors, or a committee thereof, of an enterprise of that Party that is a covered investment be ofa particular nationality or be a resident of the territory of the Party, provided that the requirement does not significantly impair the ability of the investor to exercise control over its investment.

Article 14.8. NON-CONFORMING MEASURES

1. Articles 14.3, 14.4, 14.6 and 14.7 do not apply to:

(a) an existing non-conforming measure that is maintained by a Party at the level:

(i) central government, as established by that Party in its Schedule to Annex I; or

(ii) local government;

(b) the continuation or prompt renewal of a nonconforming measure referred to in subparagraph (a); or

(c) modification of a nonconforming measure referred to in subparagraph (a) if such modification does not diminish the degree of conformity of the measure, as in effect immediately before the modification, with Articles 14.3, 14.4, 14.6, and 14.7.

2. Articles 14.3, 14.4, 14.6 and 14.7 do not apply to a measure that a Party adopts or maintains in relation to sectors, subsectors or activities as set out in its Schedule to Annex II.

3. With respect to intellectual property rights, a Party may derogate from Articles 14.3, 14.4 and 14.6(f) in a manner consistent with the TRIPS Agreement.

4. Articles 14.3, 14.4 and 14.7 do not apply to:

(a) procurement by a Party or State enterprise; or

(b) a subsidy or grant provided by a Party or a State enterprise, including a government-backed loan, guarantee or insurance.

Article 14.9. TRANSFERS

1. Each Party shall permit transfers related to a covered investment to be made freely and without undue delay into and out of its territory. Such transfers include:

(a) capital contributions;

(b) profits, dividends, interest, capital gains, royalty payments, management fees, technical assistance and other fees, and other amounts derived from the investment;

(c) the proceeds from the total or partial sale of the covered investment or from the total or partial liquidation of the covered investment;

(d) payments made under a contract entered into by the investor, or the covered investment, including payments made under a loan contract;

(e) payments made in accordance with Articles 14.10 and 14.11; and

(f) payments made pursuant to Section B.

2. Each Party shall permit transfers related to a covered investment to be made in a freely usable currency at the market rate of exchange prevailing on the date of the transfer.

3. Each Party shall permit, in accordance with its customs regulations, transfers in kind relating to a covered investment. It may also restrict transfers of profits in kind in circumstances where it would otherwise restrict transfers under the WTO Agreements, in particular Article XI of GATT 1994.

4. Notwithstanding paragraphs 1, 2 and 3, a Party may prevent the implementation of a transfer through the equitable, non-discriminatory and good faith application of its laws relating to:

(a) bankruptcy, insolvency or protection of a creditor's rights; (b) issuance, trading or operations of securities, futures, options or derivatives; (c) criminal offenses;

(d) financial reporting or record keeping of transfers when necessary to assist financial regulatory authorities or law enforcement; or

(e) guarantee compliance with resolutions, rulings or awards issued in judicial, administrative or arbitration proceedings.

5. Nothing in this Chapter shall affect the rights and obligations of the Parties under the Articles of Agreement of the International Monetary Fund, nor the provisions of Annex 14-A.

Article 14.10. EXPROPRIATION (6)

1, A Party may not nationalize or expropriate a covered investment, directly or indirectly, through a measure having the equivalent effect of nationalization or expropriation ("expropriation") except for reasons of public utility or social interest (7) in accordance with the principle of due process, in a non-discriminatory manner and through prompt, adequate and

effective compensation.

2. Compensation under paragraph 1 should be equivalent to the fair market value of the expropriated investment immediately before the expropriation took place ("date of expropriation"), and should not reflect any change in value because the intention to expropriate was known in advance of the date of expropriation. In determining fair market value, a Tribunal will use appropriate valuation criteria which may include going concern value, valuation of assets including the value of the tax declared for tangible property, or other valuation criteria.

3. Compensation shall be paid without undue delay and shall be fully liquidable and freely transferable. Compensation shall be paid in a freely convertible currency and shall include interest at a commercial rate fixed according to market criteria for such currency from the date of expropriation until the date of payment.

4. The affected investor shall be entitled, under the law of the Party executing the expropriation, to a prompt review of his case and of the valuation of his investment by a judicial or other independent authority of that Party, in accordance with the principles set forth in this Article.

5. This Article does not apply to the issuance of a compulsory license granted in connection with intellectual property rights, or to the revocation, limitation or creation of an intellectual property right, if such issuance, revocation, limitation or creation is consistent with the WTO Agreement.

(6) For greater certainty, paragraph 1 shall be interpreted in a manner consistent with Annex 14-B.

(7) In the case of Panama, the concept of public utility includes public order or urgent social interest.

Article 14.11. COMPENSATION FOR LOSSES

1. Notwithstanding Article 14.8.4(b), each Party shall accord to an investor of the other Party, and to a covered investment, nondiscriminatory treatment with respect to a measure it adopts or maintains relating to losses suffered by investments in its territory due to armed conflict or civil strife.

2. Paragraph 1 does not apply to existing measures relating to grants or donations that are inconsistent with the provisions of Article 14.3, with the exception of Article 14.8.4(b).

Article 14.12. SUBROGATION

1. If a Party or one ofits entities makes a payment to one ofits investors under a guarantee or a contract of insurance against non-commercial risks that it has entered into with respect to an investment, the other Party shall recognize the validity of the subrogation in favor of that Party or entity of a right or claim held by the investor. The subrogated right or claim may not be greater than the original right or claim of the investor.

2. A Party or an entity of a Party that has subrogated itself to a right of an investor in accordance with paragraph 1 shall have the same rights as the investor with respect to the investment. These rights may be exercised by the Party or one of its entities, or by the investor if the Party or entity so authorizes.

Article 14.13. DENIAL OF BENEFITS

A Party may deny the benefits of this Chapter to an investor of the other Party that is an enterprise of that Party and to investments of that investor, if investors of a non-Party or of the denying Party own or control the enterprise and the enterprise does not have substantial business activities in the territory of the Party under whose law it is incorporated or organized.

Article 14.14. MEASURES RELATED TO HEALTH, SAFETY, ENVIRONMENT AND LABOR RIGHTS

The Parties recognize that it is not appropriate to encourage investment by diminishing their domestic health, safety, environmental or labor measures. Accordingly, a Party should not exempt or derogate from or refrain from applying such measures, or offer to exempt or refrain from applying such measures as a means of encouraging the establishment, acquisition, expansion or retention in its territory of an investor's investment.

Article 14.15. CORPORATE SOCIAL RESPONSIBILITY

Each Party shall encourage enterprises operating in its territory, or subject to its jurisdiction, to incorporate, on a voluntary basis, internationally recognized standards of corporate social responsibility into their internal policies, such as statements of principles that have been approved or endorsed by the Parties. These principles address issues such as environmental and human rights, community relations and anti-corruption.

Article 14.16. SPECIAL FORMALITIES AND REPORTING REQUIREMENTS

1. Article 14.3 shall not prevent a Party from adopting or maintaining a measure that prescribes special formalities relating to the establishment of a covered investment, such as a requirement that an investor's agent be a resident of the Party or that the covered investment be constituted in accordance with the laws and regulations of the Party, provided that such formalities do not significantly impair the protection afforded by a Party to investors of the other Party and to covered investments under this Chapter.

2. Notwithstanding Article 14.3 or 14.4, a Party may require an investor of the other Party, or its covered investment, to provide routine information concerning that investment solely for informational or statistical purposes. The Party shall protect any confidential information that, if disclosed, could prejudice the competitive position of the investor or the covered investment. This paragraph shall not prevent a Party from obtaining or disclosing information relating to the equitable and good faith application of its laws.

Section B. INVESTOR-STATE DISPUTE SETTLEMENT

Article 14.17. CONSULTATIONS AND NEGOTIATION

1. In the event of an investment dispute, the disputing parties shall first seek to resolve the dispute through consultations and negotiation, which may include the use of non-binding procedures before third parties, such as conciliation and mediation. The consultation and negotiation procedure shall be initiated by the request sent to the address designated in Article 14.2.6. Such request (Notification of the Dispute) shall be sent to the disputing Party prior to the Notice of Intention, referred to in Article 14.20, and shall include the information set forth in Article 14.20, and shall include the information set forth in Article 14.20. 14,20.2 (d) and (e).

2. Consultations shall be held for a minimum period of three months, extendable by agreement between the parties, and may include face-to-face meetings in the capital of the disputing Party.

Article 14.18. CLAIM BY AN INVESTOR OF a PARTY IN ITS OWN NAME

An investor of a Party may, in accordance with this Section, submit to arbitration a claim that the other Party has breached an obligation under Section A, other than the obligations set forth in Articles 14.2(4), 14.14, 14.15 or 14.16, and that the investor, by reason of or arising out of such breach, has incurred loss or damage.

Article 14.19. CLAIM BY AN INVESTOR OF a PARTY ON BEHALF OF AN ENTERPRISE

1. An investor of a Party, on behalf of an enterprise of the other Party that is a juridical person owned or controlled, directly or indirectly, by the investor, may submit to arbitration a claim that the other Party has breached an obligation under Section A, other than obligations under Articles 14.2(4), 14.14, 14.15 or 14.16, and that the enterprise, by reason of such breach, has incurred loss or damage.

2. Where an investor submits a claim under this Article and the investor, or an investor that does not control the enterprise, submits a claim under Article 14.18, based on the same events that gave rise to the claim under this Article, and two or more claims are submitted to arbitration under Article 14.21, the claims should be heard together by a Tribunal established under Article 14.25, unless the Tribunal determines that the interests of a disputing Party would be prejudiced as a result of joinder.

Article 14.20. CONDITIONS PRECEDENT TO THE SUBMISSION OF a COMPLAINT TO THE ARBITRATION

1. In the case of administrative acts, in order to submit a claim to the domestic forum or to the arbitration provided for in this Article, it shall be indispensable to previously exhaust governmental proceedings when the law of the disputing Party so

requires. Such exhaustion may in no case exceed a period of six months from the date of its initiation by the investor and shall not prevent the investor from requesting the consultations referred to in Article 14.17(2). (8)

2. A disputing investor may submit a claim to arbitration in accordance with Article 14.18 or 14.19 only if:

(a) the disputing investor and, if the claim is made pursuant to Article 14.19, the enterprise consents to arbitration in accordance with the procedures set forth in this Section;

(b) at least nine months have elapsed since the events giving rise to the claim took place;

(c) the time limit provided for in Article 14.17.2 has elapsed;

(d) the disputing investor has, after the period referred to in subparagraph (c) has elapsed, delivered to the disputing Party a written Notice of Intent ("notice of intent") to submit a claim to arbitration at least 180 days before submitting the claim, which notice shall specify:

(i)the name and address of the disputing investor and, if the claim is made pursuant to Article 14.19, the name and address of the enterprise;

(ii) the provisions of Section A allegedly violated;

(iii) the legal and factual basis of the claim, including the measures at issue; and

(iv) the relief sought and the approximate amount of damages claimed;

(e) the disputing investor has submitted evidence that it is an investor of the other Party with its notice of intent to submit a claim to arbitration under subparagraph (d);

(f) in the case of a claim under Article 14.18:

(i) no more than three years have elapsed since the date on which the disputing investor first became aware, or should have first become aware, of the alleged breach and that the disputing investor has incurred loss or damage as a result;

(ii) the disputing investor waives its right to initiate before a court or administrative tribunal under a Party's national law, or other dispute settlement procedure, proceedings with respect to the disputing Party's measure alleged to be in breach of Article 14.18; and

(iii) If the claim is for loss or damage to an interest in an enterprise of the other Party that is a juridical person under the direct or indirect ownership or control of the disputing investor, the enterprise waives the the right referred to in subparagraph (ii); and

(g) in the case of a claim under Article 14.19:

(i) no more than three years have elapsed since the date on which the company first became aware, or should have first become aware, of the alleged violation and that the company has incurred loss or damage as a result, and

(ii) both the disputing investor and the enterprise waive their rights to initiate before a court or administrative tribunal under a Party's domestic law, or other dispute settlement procedure, a proceeding with respect to the disputing Party's measure alleged to be in breach of Article 14.19.

3. Subparagraphs 2(f) (ii) and (iii) and 2(g) (ii):

(a) do not apply to proceedings before a court or administrative or judicial tribunal under the law of a disputing Party that:

(i) whether for provisional precautionary measures or other extraordinary protection measures;

(ii) do not involve the payment of monetary damages; and

(iii) are made for the sole purpose of preserving the rights and interests of the claimant or the company while the arbitration is taking place; (9) and

(b) They are not necessary if a disputing Party has deprived an investor of control of an enterprise.

4. The disputing enterprise or investor shall provide the consent and waiver required in paragraph 2 to the disputing Party, and shall include it with the submission of the claim to arbitration.

5. An investor of a Party that is also a national of another State may not institute proceedings under this Section if, as a

national of another State, it submits or has submitted, directly or indirectly, a claim with respect to the same measure or set of measures under another Agreement between the other Party and that other State.

(8) For the sake of clarity, the exhaustion of governmental channels may be simultaneous to the consultation and negotiation stage stipulated in Article 14.17.

(9) An interim injunction, including an action seeking to preserve evidence or property during the process of submitting a claim to arbitration, a judicial or administrative tribunal of the respondent Party to a claim submitted to arbitration under Section B may apply the law of that Party.

Article 14.21. SUBMISSION OF a CLAIM TO ARBITRATION

1. A disputing investor that meets the conditions set forth in Article 14.20 may submit the claim to arbitration in accordance with:

(a) the ICSID Convention, provided that both the disputing Party and the Party of the disputing investor are parties to the Convention;

(b) the ICSID Additional Facility Rules, provided that either the disputing Party or the Party of the disputing investor, but not both, is a party to the ICSID Convention;

(c) the UNCITRAL Arbitration Rules; or

(d) an arbitral tribunal under another arbitration institution or under other arbitration rules.

2. The Commission shall have the power to make supplementary rules to the rules applicable to arbitration and may amend any of its supplementary rules. Such rules shall be binding on the Tribunal established pursuant to this Section and on each arbitrator member of such Tribunal.

3. The applicable arbitration rules shall govern the arbitration, unless modified by this Section and supplemented by rules adopted by the Free Trade Commission pursuant to this Agreement.

4. Once the investor has referred the dispute concerning the breach of an obligation under Section A to a competent tribunal of the host Party, or to one of the arbitral proceedings indicated above, the choice of one or the other forum shall be final.

5. A claim is deemed to have been submitted to arbitration in accordance with this Chapter when:

(a) the Secretary-General of ICSID receives the request for arbitration pursuant to Article 36(1) of the ICSID Convention;

(b) the Secretary-General of ICSID receives the notice of arbitration under Article 2 of Annex C of the ICSID Additional Facility Rules; or

(c) the disputing Party receives the notice of arbitration filed under the UNCITRAL Arbitration Rules;

(d) the respondent receives the notice of arbitration referred to in any other arbitration institution or under any arbitration rules selected under paragraph 1(d).

6. Service of notice and other documents in disputes under Section B shall be served by delivery at:

(a) the Republic of Colombia:

Foreign Investment and Services Directorate

Ministry of Commerce, Industry and Tourism,

Calle 28 No. 13 A-15 Piso 3. Bogota D.C. - Colombia;

(b) the Republic of Panama:

National Directorate for the Administration of International Trade Treaties and Trade Defense (DINATRADEC)

Ministry of Commerce and Industries of Panama,

Plaza Edison Building, Second Floor El Paical Avenue, Panama - Republic of Panama,

or its successors.

7. The disputing investor shall deliver together with the "notice of arbitration" in paragraph 6:

(a) the name of the arbitrator appointed by the disputing Party; or

(b) the written consent of the disputing Party to the appointment of such arbitrator by the Secretary-General.

Article 14.22. CONSENT TO ARBITRATION

1. Each Party consents to submit a claim to arbitration in accordance with the procedures set out in this Section. Failure to comply with any of the conditions precedent listed in Article 14.20 shall nullify such consent.

2. The consent referred to in paragraph 1 and the submission of a claim to arbitration by a disputing investor under this Section shall comply with the requirements of:

(a) Chapter II of the ICSID Convention (Jurisdiction of the Centre) and the ICSID Additional Facility Rules, which require the written consent of the parties;

(b) Article ll of the New York Convention, which requires a written agreement; and

(c) Article I of the Inter-American Convention, which requires a written agreement.

Article 14.23. ARBITRATORS

1. Except that the Tribunal established pursuant to Article 14.25 and unless the disputing parties agree otherwise, the Tribunal shall be composed of three arbitrators. One arbitrator shall be appointed by each of the disputing parties and the third, who shall be the presiding arbitrator, shall be appointed by agreement of the disputing parties.

2. The arbitrators shall:

(a) have experience in public international law, international investment rules, or dispute resolution arising from international investment agreements; and

(b) be independent of the disputing parties and not affiliated with or instructed by any of them.

3. If the disputing parties fail to agree on the remuneration of the arbitrators prior to the constitution of the Tribunal, the prevailing ICSID rate for arbitrators shall apply.

4. Ifa Tribunal, other than the Tribunal established pursuant to Article 14.25, has not been constituted within 90 days from the date on which the claim was submitted to arbitration under this Section, the Secretary-General shall, at the request of any disputing party, appoint the arbitrator or arbitrators who have not been appointed. The Secretary-General shall make the appointment at his discretion and, to the extent possible, in consultation with the disputing parties. The Secretary-General may not appoint a national of either party as President of the Tribunal.

Article 14.24. AGREEMENT ON APPOINTMENT OF ARBITRATORS

For the purposes of Article 39 of the ICSID Convention and Article 7 of Annex C of the ICSID Additional Facility Rules, and without prejudice to objecting to an arbitrator on grounds other than citizenship or permanent residence or failure to comply with the requirements set forth in Article 14.23.2:

(a) the disputing Party shall accept the appointment of each of the members of a Tribunal established in accordance with the ICSID Convention or the ICSID Additional Facility Rules;

(b) a disputing investor referred to in Article 14.18 may submit a claim to arbitration or pursue a claim under the ICSID Convention or the ICSID Additional Facility Rules only if the disputing investor consents in writing to the appointment of each member of the Tribunal; and

(c) a disputing investor referred to in Article 14.19 may submit a claim to arbitration, or continue a claim, under the ICSID Convention or the ICSID Additional Facility Rules only if the disputing investor and the enterprise consent in writing to the appointment of each of the members of the Tribunal.

Article 14.25. ACCUMULATION

1, Where two or more claims have been submitted to arbitration, pursuant to Article 14.18 or 14.19 and the claims raise in common a question of law or fact and arise out of the same facts or circumstances, any disputing party may seek a consolidation order, in accordance with the agreement of all disputing parties in respect of which the consolidation order is sought or in accordance with the terms of paragraphs 2 to 10.

2. A disputing party seeking a consolidation order pursuant to this Article shall deliver a request, in writing, to the Secretary-General and to all disputing parties in respect of which the consolidation order is sought and shall specify in the request the following:

(a) the name and address of all disputing parties in respect of whom the joinder order is sought;

(b) the nature of the requested consolidation order; and (c) the basis on which the request is supported.

3. Unless the Secretary-General determines, within 30 days after receipt of an application under paragraph 2, that the application is manifestly unfounded, a Tribunal shall be established under this Article.

4. Unless otherwise agreed by all the disputing parties in respect of which the consolidation order is sought, the Tribunal to be established pursuant to this Article shall consist of three arbitrators:

(a) an arbitrator appointed by agreement of the disputing investors;

(b) an arbitrator appointed by the disputing Party; and

(c) the presiding arbitrator appointed by the Secretary General, provided, however, that the presiding arbitrator shall not be a national of any of the Parties.

5. If, within 60 days after receipt by the Secretary-General of the request made pursuant to paragraph 2, the disputing Party or the disputing investor fails to appoint an arbitrator pursuant to paragraph 4, the Secretary-General shall, at the request of any disputing party in respect of which the order for consolidation is sought, appoint the arbitrator or arbitrators not yet appointed. If the disputing Party fails to appoint an arbitrator, the Secretary-General shall appoint a national of the disputing Party and, if the disputing investors fail to appoint an arbitrator, the Secretary-General shall appoint a national of the non-disputing Party.

6. In the event that the Tribunal established in accordance with this Article has found that two or more claims have been submitted to arbitration pursuant to Article 14.18 or 14.19, which raise a common question of law or fact, and which arise out of the same facts or circumstances, the Tribunal may, in the interest of reaching a fair and efficient resolution of the claims and after hearing the disputing parties, by order:

(a) assume jurisdiction and jointly hear and determine all or part of the claims;

(b) assume jurisdiction over and hear and determine one or more claims, the determination of which it believes would contribute to the resolution of the other claims; or

(c) to instruct a Tribunal previously established pursuant to Article 14.21 to 14.24 to assume jurisdiction over, and hear and determine jointly, all or part of the claims, provided that:

(i) that Tribunal, at the request of any disputing investor who was not previously a disputing party before that Tribunal, shall be reinstated with its original members, except that the arbitrator for the disputing investor party shall be appointed pursuant to paragraphs 4(a) and 5; and

(ii) that Tribunal shall decide whether to repeat any previous hearing.

7. Where a Tribunal has been established under this Article, a disputing investor who has submitted a claim to arbitration under Article 14.18 or 14.19, and whose name is not mentioned in a request made under paragraph 2, may make a written request to the Tribunal that such claimant be included in any order made under paragraph 6 and shall specify in the request:

(a) the name and address of the disputing investor;

(b) the nature of the order requested; and

(c) the grounds on which the request is based.

The disputing investor shall deliver a copy of its application to the Secretary General.

8. A Tribunal established under this Article shall conduct the proceedings in accordance with the UNCITRAL Arbitration

Rules, except as modified by this Section.

9. A Tribunal established under Articles 14.21 to 14.24 shall not have jurisdiction to decide a claim, or part of a claim, in respect of which a Tribunal established or instructed under this Article has assumed jurisdiction.

10. At the request of a disputing party, a Tribunal established under this Article may, pending its decision under paragraph 6, order that the proceedings of a Tribunal established under Articles 14.21 to 14.24 be adjourned, unless the latter Tribunal has already adjourned its proceedings.

Article 14.26. DOCUMENTS SENT TO THE OTHER PARTY AND PARTICIPATION OF THE OTHER PARTY

1. A disputing Party shall deliver to the other Party copies of the notice of Dispute referred to in Article 14.17.1, the notice of its intention to submit a claim to arbitration referred to in Article 14.20.2(d) as well as the proof of its status as an investor referred to in Article 14.20.2(e) and the "Notice of Arbitration" referred to in Article 14.21.6 and other documents within 30 days of the date on which those documents are delivered to the disputing Party. The other Party is entitled to receive, at its own expense, from the disputing Party copies of:

(a) the exhibits and memorials that have been delivered to the Tribunal, copies and any other deliverables that have been submitted pursuant to Article 14.25; and

(b) of all pleadings filed in the arbitration and the written argument of the disputing parties.

The Party receiving such information shall treat it as if it were a disputing Party.

2. The non-disputing Party has the right to attend any hearing held pursuant to this Section. Upon agreement between the disputing Parties, the other Party may make oral or written submissions to a Tribunal on a matter relating to the interpretation of this Agreement.

Article 14.27. PLACE OF ARBITRATION

The disputing parties may agree on the legal place where any arbitration is to be held in accordance with the applicable arbitral rules pursuant to Article 14.2.1. In the absence of agreement between the disputing parties, the tribunal shall determine such place in accordance with the applicable arbitral rules, provided that the place is in the territory of a State that is a party to the New York Convention.

Article 14.28. PRELIMINARY OBJECTIONS

1. The court shall decide preliminary objections on jurisdiction or admissibility before deciding on the merits of the case. For the purposes of this Chapter, verification of the conditions set out in Article 14.13 constitutes a preliminary objection on admissibility.

2. When deciding on the objection of the disputing Party, the tribunal may award costs and expenses of the proceeding, taking into account whether or not the objection was successful.

3. The Tribunal shall consider whether the claim or objection is frivolous, and shall give the disputing parties a reasonable opportunity to comment.

Article 14.29. PUBLIC ACCESS TO HEARINGS AND DOCUMENTS

1. The Parties may agree that the award of a Tribunal established pursuant to this Chapter shall be made available to the public, subject to the deletion of confidential information. Likewise, all other documents submitted to or issued by the Tribunal may be made available to the public, ifthe disputing parties so agree, after deletion of confidential information. (10)

2. The Parties may agree that hearings held under this Chapter shall be open to the public. In any event, the Tribunal may hold closed sessions of hearings to the extent necessary to ensure the protection of confidential information, including business confidential information.

3. A disputing party may disclose to other persons involved in the arbitral proceedings, on its own responsibility, documents whose confidential information has not been redacted, if it considers it necessary for the preparation of its case, but shall ensure that such persons will protect the confidential information contained in such documents.

4. The Parties may share with representatives of their respective national and municipal governments all documents without information deleted in the course of the settlement of a dispute pursuant to this Chapter, but shall ensure that such persons protect the confidential information contained in such documents.

5. To the extent that an order of a Tribunal designates information as confidential and a Party's access to information law requires public access to such information, the Party's access to information law shall prevail. However, a Party shall make efforts to apply its access to information legislation in such a way as to protect information designated as confidential by the Tribunal.

6. Nothing in this Section requires a disputing Party to make public, provide or allow access to information that it is required to withhold pursuant to Article 24.02 (Essential Security) or Article 24.05 (Disclosure of Information).

(10) A disputing party providing information that it considers confidential shall be responsible for clearly designating it as such.

Article 14.30. SUBMISSIONS BY a PERSON OR ENTITY THAT IS NOT a DISPUTING PARTY

1. A Tribunal has the authority to consider and accept submissions from a person or entity that is not a disputing party with a significant interest in the arbitration. The Tribunal shall ensure that submissions by a person or entity that is not a disputing party do not impede the proceedings and do not unduly burden or unfairly prejudice any disputing party.

2. Any application to the Tribunal to authorize a non-disputing party to file pleadings, and the filing of such pleadings, if authorized by the Tribunal, shall be made in accordance with Exhibit 14-C.

Article 14.31. APPLICABLE LAW

1. A Tribunal established in accordance with this Section shall decide the matters in dispute in accordance with this Agreement and the applicable rules of international law. An interpretation by the Commission of this Agreement is binding on the Tribunal established in accordance with this Section, and any award or other decision subject to this Section shall be consistent with that interpretation.

2. Where a disputing Party asserts as a defense that the allegedly violative measure is within the scope of a Non-Conforming Measure set out in Annex I or II, upon request of the disputing Party, the Tribunal shall request an interpretation of the matter from the Commission. The Commission shall submit its interpretation in writing to the Tribunal within 60 days of the delivery of the request. The interpretation is binding on the Tribunal. If the Commission does not submit its interpretation within 60 days, the Tribunal shall decide on the matter.

Article 14.32. EXPERT REPORTS

Without prejudice to the appointment of other types of experts where authorized by the applicable arbitration rules, the Tribunal, at the request of a disputing party or, unless the disputing parties do not agree, on its own initiative, may appoint one or more experts to report in writing on any factual issue concerning environmental, health, safety, labor, or other scientific matters raised by a disputing party in a proceeding, on such terms and conditions as the disputing parties may agree.

Article 14.33. INTERIM MEASURES OF PROTECTION AND FINAL AWARD

1. A Tribunal may order interim measures of protection to preserve the rights of a disputing party, or to ensure the full effectiveness of the Tribunal's jurisdiction, including the issuance of an order to preserve evidence in the possession or control of a disputing party or to protect the jurisdiction of the Tribunal. A Tribunal may not order the attachment or prohibit the enforcement of the allegedly violative measure referred to in Articles 14.18 and 14.19. For purposes of this paragraph, an order includes a recommendation.

2. When a Tribunal renders a final award unfavorable to the disputing Party, the Tribunal may award only:

(a) monetary damages and any applicable interest; or

(b) restitution of the property, in which case the award shall provide that the disputing Party may pay monetary damages, plus interest, in lieu of restitution.

The Tribunal may also award costs or expenses of the proceeding in accordance with this Section and the applicable

arbitration rules.

3. Subject to paragraph 2, if claim is submitted to arbitration under Article 14.19:

(a) the award of pecuniary damages and interest thereon shall provide that the sum of money be paid to the company;

(b) the award providing for restitution of the property shall provide that restitution be granted to the enterprise; and

(c) the award shall provide that the award is without prejudice to any right that any person may have to reparation under national law.

4. A Tribunal may not order a disputing Party to pay punitive damages.

Article 14.34. FINAL AWARD AND ITS ENFORCEMENT

1, An award rendered by a Tribunal has no binding force except between the disputing parties and only with respect to the particular case.

2. Subject to paragraph 3 and the review procedure applicable to an interim award, a disputing party shall abide by and comply with the award without delay.

3. A disputing party may not request enforcement of the final award until:

(a) in the case of a final award rendered under the ICSID Convention:

(i) 120 days have elapsed from the date on which the award was rendered, provided that a disputing party has not requested the revision or annulment of the award; or

(ii) the review or annulment proceedings have been concluded; or

(b) in the case of a final award rendered under the ICSID Additional Facility Rules or the UNCITRAL Apbitration Rules:

(i) 90 days have elapsed since the date on which the award was rendered and no disputing party has commenced proceedings to revise, set aside or annul the award, or

(ii) a Tribunal has dismissed or allowed an application for revision, setting aside or annulment of the award and this decision is not subject to appeal.

4. Each Party shall ensure the proper enforcement of an award in its territory.

5. For the purposes of Article I of the New York Convention, a claim submitted to arbitration under this Chapter shall be deemed to arise out of a commercial relationship or transaction.

6. Where the disputing Party fails to comply with or abide by a final award, upon the delivery of the a request by the Party of the disputing investor, a panel shall be established in accordance with Chapter 21 (Dispute Settlement). The complaining Party may request in such proceedings:

(a) a determination that non-compliance or non-observance of the terms of the final award is contrary to the obligations of this Agreement; and

(b) a recommendation that the respondent abide by or comply with the final award.

7. A disputing investor may seek enforcement of an arbitral award under the ICSID Convention or the New York Convention, whether or not proceedings under paragraph 6 have been instituted.

Article 14.35. PAYMENTS RECEIVED UNDER INSURANCE OR GUARANTEE CONTRACTS

In an arbitration conducted pursuant to this Section, a disputing Party may not assert as a defense, counterclaim, right of set-off or otherwise claim that the disputing investor has received or will receive, under an insurance or guarantee contract, indemnification or other compensation for all or part of its alleged damages.

Article 14.36. EXCLUSIONS

The dispute settlement provisions of this Section and Chapter 21 (Dispute Settlement) do not apply to the matters referred to in Annex 14-D.

Section C. DEFINITIONS

Article 14.37. DEFINITIONS

For the purposes of this Chapter:

ICSID Convention means the Convention on the Settlement of Investment Disputes between States and Nationals of Other States, done at Washington on March 18, 1965;

New York Convention means the United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards, concluded in New York on June 10, 1958;

Inter-American Convention means the Inter-American Convention on International Commercial Arbitration, concluded in Panama on January 30, 1975;

intellectual property rights means copyrights and related rights, trademark rights, geographical indication rights, industrial design rights, patent rights, integrated circuit layout- design rights, industrial property rights, industrial design rights, patent rights, integrated circuit layout-design rights, intellectual property rights, intellectual property rights and related rights, concerning the protection of undisclosed information, and plant breeders' rights, among others;

company means a company as defined in Article 1.6 (Definitions of General Application) and a branch of that company;

enterprise of a Party means an enterprise or a branch incorporated or organized under the laws of a Party owned or controlled directly by natural or juridical persons of that Party, located in the territory of a Party and carrying on substantial economic activities in that territory;

confidential information means confidential business information or information that is confidential or privileged or otherwise protected from disclosure under the laws of the Party;

investment means (11):

(a) a company;

(b) shares, capital or other form of equity interest in a company;

(c) bonds, debentures or other debt instruments of an enterprise; but does not include debt instruments of a government enterprise;

(d) a loan to a company; but does not include a loan to a state-owned company;

(e) an interest in a company that gives its holder the right to participate in the company's income or profits;

(f) an interest in a company that entitles its holder to a portion of the assets of that company upon dissolution;

(g) commitments of capital, or other resources, in the territory of a Party for an economic activity in that territory, such as those arising from:

(i) a contract involving the presence of an investor's property in the territory of the Party, including a turnkey or construction contract, or a concession; or

(ii) a contract where the remuneration is substantially dependent on the production, revenues or profits of an enterprise;

(h) intellectual property rights; and

(i) any other property right over tangible or intangible assets, real or personal property, and other related property rights acquired with the expectation of obtaining an economic benefit or other commercial purpose, or used for such purpose;

but investment does not mean (12):

(j) a pecuniary claim arising exclusively from:

(i) a commercial contract for the sale of a good or service by a national or an enterprise in the territory of a Party to an enterprise in the territory of the other Party, or

(ii) the extension of credit in comnection with a commercial transaction, such as trade financing, other than a loan under subparagraph (d); or

(k) any other pecuniary claim, which does not involve the types of participations provided for in subparagraphs (a) through (i);

covered investment means, with respect to a Party, an investment in its territory of an investor of the other Party existing at the date of entry into force of this Agreement, or investments made or acquired thereafter;

investment of an investor of a Party means an investment owned or controlled directly or indirectly by an investor of that Party;

disputing investor means an investor bringing a claim under Section B of this Chapter;

investor of a Party means a Party or a State enterprise, or a national or an enterprise of a Party, that proposes to make, is making, or has made an investment; for greater certainty, an investor is understood to "propose to make an investment" only when the investor has taken concrete and necessary steps to make such investment, such as when the investor submits or has duly submitted an application for a permit or license authorizing the establishment of an investment and has obtained financing by providing it with the funds necessary to install such investment.

This Chapter shall not apply to investments made by natural persons who are nationals of both Parties. A natural person who is a citizen of one Party and a permanent resident of the other Party shall be considered a national exclusively of the Party of which he is a citizen;

Disputing Party means a Party against which a claim is brought pursuant to Section B of this Chapter;

disputing party means the disputing investor or the disputing Party; 12Â¥er sreater certainty, investment does not mean: a) an order or judgment obtained by judicial or administrative action; b) a loan granted by one Party to another Party; Â¢) public debt operations of a Party or State Enterprise.

Non-disputing Party means the Party that is not a party to an investment dispute under Section B;

ICSID Additional Facility Rules means the Rules under the Additional Facility for the Administration of Proceedings by the Secretariat of the International Centre for Settlement of Investment Disputes;

UNCITRAL Arbitration Rules means the arbitration rules of the United Nations Commission on International Trade Law; and

Secretary-General means the Secretary-General of ICSID.

(11) For greater certainty, an investment should have at least the following characteristics; (a) The contribution of capital or other resources; (b) Expectation of benefits and performance; and (c) The assumption of risk by the investor;

Annex 14-A . PAYMENTS AND CAPITAL MOVEMENTS

Referred to in Article 15.10 (Transfers and Payments) and Article 14.9 (Transfers).

1. Colombia may adopt or maintain measures that are inconsistent with its obligations under Article 15.10 (Transfers and Payments) and Article 14.9, in cases where, due to special circumstances, capital movements generate or threaten to generate serious complications for macroeconomic management, in particular for monetary and related credit or exchange rate policies;

2. The measures indicated in the immediately preceding paragraph:

(a) may not exceed what is necessary to handle the circumstances mentioned in paragraph 1,

(b) will be temporary and should be removed as soon as conditions permit; (c) shall be imposed and enforced in good faith; (d) shall be of a general and non-discriminatory nature; and

(e) will be notified to Panama.

Annex 14-B. INDIRECT EXPROPRIATION

In accordance with the provisions of Article 14.10 (Expropriation), the Parties confirm their common understanding that:

(a) indirect expropriation results from a measure or series of measures by a Party that has an effect equivalent to a direct expropriation without a formal transfer of title or right of ownership;

(b) the determination of whether a measure or series of measures by a Party constitutes an indirect expropriation requires a case-by-case, fact-based analysis that considers, among other factors:

(i) the economic impact of the measure or series of measures, although the mere fact that the measure or series of measures of a Party generates an adverse economic effect on the value of an investment does not imply that an indirect expropriation has occurred;

(ii) the extent to which the measure or a series of measures interferes with the distinguishable and reasonable expectations of the investment; and

(iii) the nature of the measure or series of measures; and

(c) except in exceptional circumstances, such as where a measure or series of measures are so severe in light of their objective that they cannot reasonably be perceived as having been adopted and applied in good faith, non-discriminatory measures of a Party that are designed and applied on the basis of public utility or social interest (13) or that have objectives such as public health, safety and environmental protection, do not constitute indirect expropriation.

(13) In the case of Panama, the concept of public utility includes public order or urgent social interest.

Annex 14-C. WRITTEN SUBMISSIONS FILED BY A PERSON OR ENTITY THAT IS NOT A DISPUTING PARTY

Pursuant to Article 14.30 (Submissions by a person or entity that is not a disputing Party):

1. An application for leave to file pleadings by a person or entity that is not a disputing Party shall:

(a) be in writing, dated and signed by the person submitting the application, and shall include the address and other details of the applicant;

(b) be no longer than five typed pages;

(c) describe the applicant, including, if relevant, its membership and legal status (e.g., company, trade association or non-governmental organization), its general objectives, the nature of its activities, as well as any parent organization (including any organization that directly or indirectly controls the applicant);

(d) disclose whether the applicant has any affiliation, directly or indirectly, with a disputing party;

(e) identify any government, person or organization that provided financial or other assistance for the preparation of the brief;

(f) specify the nature of the applicant's interest in the arbitration;

(g) identify the specific factual or legal issues in the arbitration that the petitioner has addressed in its brief;

(h) explain why the Tribunal should accept the brief; and

(i) in an arbitration language.

2. The brief filed by a non-disputing party shall:

(a)be dated and signed by the person submitting it;

(b) be concise and not exceed 20 typed pages, including appendices;

(c) make a precise statement supporting the applicant's position on the issues; and

(d) refer only to matters within the scope of the dispute.

Annex 14-D. EXCLUSIONS

In accordance with the provisions of Article 14.36 (Exclusions):

1. A decision by a Party to prohibit or restrict the acquisition of an investment in its territory by an investor of the other Party, or its investment, under Article 24.2 (Essential Security) shall not be subject to the dispute settlement provisions of

this Chapter or Chapter 21 (Dispute Settlement).

2. Article 14.14 (Measures Relating to Health, Safety, Environment and Labor Rights) shall not be subject to the dispute resolution provisions of Section B of this Chapter or Chapter 21 (Dispute Resolution).

3. Measures adopted by a Party to preserve or maintain public order that may affect natural persons shall not be subject to the dispute settlement provisions of Section B of this Chapter or Chapter 21 (Dispute Settlement).

Chapter 15. CROSS-BORDER TRADE IN SERVICES

Article 15.1. SCOPE

1. This Chapter applies to measures adopted or maintained by a Party affecting cross- border trade in services supplied by service suppliers of the other Party, including those relating to:

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

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

(c) access to and use of distribution and transportation systems or telecommunications networks and services related to the supply of a service;

(d) the presence in its territory of a service supplier of the other Party; or

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

2. Articles 15.4 and 15.7 shall apply to measures of a Party affecting the supply of a service in its territory by a covered investment (1).

3. This Chapter does not apply to:

(a) financial services, as defined in Chapter 16 (Financial Services), except as provided in Chapter 16 (Financial Services);

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

(i) aircraft repair and maintenance services;

(ii) the sale and marketing of air transportation services; and

(iii) computerized reservation system (CRS) services;

(c) public procurement, as defined in Chapter 12 (Public Procurement);

(d) a subsidy or assistance, including a government-backed loan, guarantee or insurance, provided by a Party or a State enterprise; and

(e) services provided in the exercise of governmental authority, such as law enforcement, social rehabilitation services, pension or unemployment insurance or social security services, social welfare, public education, public training, health and child care or child protection.

3. This Chapter does not impose any obligation on a Party with respect to a national of the other Party who seeks access to its labor market or who has permanent employment in its territory, or to confer any right on such national with respect to such access or employment.

(1) The Parties understand that a breach of the provisions of this Chapter, including this paragraph, shall not be subject to the investor-State Dispute Settlement mechanism under Section B of Chapter 14 (Investment).

Article 15.2. NATIONAL TREATMENT

Each Party shall accord to a service supplier of the other Party treatment no less favorable than the treatment it accords, in like circumstances, to its own service suppliers.

Article 15.3. MOST-FAVORED-NATION TREATMENT

Each Party shall accord to service suppliers of the other Party treatment no less favorable than the treatment it accords, in like circumstances, to service suppliers of a non-Party.

Article 15.4. MARKET ACCESS

A Party may not adopt or maintain measures that:

(a) impose limitations:

(i) to the number of service providers, either in the form of a numerical quota, monopoly, exclusive service provider or through the requirement of an economic needs test;

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

(iii) the total number of service operations or the total quantity of service output, expressed in terms ofa designated numerical unit, in the form of a quota or by requiring an economic needs test (2); or

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

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

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

Article 15.5. LOCAL PRESENCE

A Party may not require as a condition for the cross-border supply of a service to the service supplier of the other Party:

(a) establishing or maintaining a representative office or other form of enterprise in its territory; or

(b) residing in its territory.

Article 15.6. NON-CONFORMING MEASURES

1. Articles 15.2, 15.3, 15.4 and 15.5 do not apply to:

(a) an existing non-conforming measure that is maintained by a Party at the level:

(i) central government, as established by that Party in its Schedule to Annex I; or

(ii) local government;

(b) the continuation or prompt renewal of a nonconforming measure referred to in subparagraph (a); or

(c) the modification of a non-conforming measure referred to in subparagraph (a) above (a) provided that such modification does not diminish the degree of conformity of the measure with Articles 15.2, 15.3, 15.4 and 15.5, as in effect immediately prior to the modification.

2. Articles 15.2, 15.3, 15.4 and 15.5 do not apply to a measure that a Party adopts or maintains in relation to a sector, sub-sector or activity, as indicated in its Schedule to Annex II.

Article 15.7. NATIONAL REGULATIONS

1. The Parties take note of their mutual obligations relating to domestic regulation under Article VI:4 of the GATS and reaffirm their commitment to the development of any necessary disciplines under that Article. Should any such disciplines be adopted by WTO Members, the Parties shall jointly review them, as appropriate, with a view to determining whether this Article needs to be supplemented.

2. Where a Party requires an authorization for the supply ofa service, the competent authorities of that Party shall, within a reasonable period of time after the submission of an application considered complete under its laws and regulations, inform the applicant of the decision regarding its application. At the request of the applicant, the competent authorities of the Party shall, without undue delay, provide information concerning the status of the application. This obligation shall not apply to authorization requirements that fall within the scope of Article 15.6.2.

Article 15.8. RECOGNITION

1. For the purpose of complying, in whole or in part, with its standards or criteria for the authorization or certification of service suppliers or the licensing of service suppliers, and subject to the requirements of paragraph 4, a Party may recognize education or experience obtained, requirements met, or licenses or certificates granted in a particular country. Such recognition, which may be effected by harmonization or otherwise, may be based on an agreement or arrangement with the country concerned or may be granted autonomously.

2. Where a Party recognizes, autonomously or by means of an agreement or arrangement, education or experience obtained, qualifications completed or licenses or certificates granted in the territory of a non-Party, nothing in Article 15.3 shall be construed to require the Party to grant such recognition to education or experience obtained, qualifications completed or licenses or certificates granted in the territory of the other Party.

3. A Party that is a party to an existing or future agreement or convention of the type referred to in paragraph 1 shall provide adequate opportunity for the other Party, if the other Party is interested, to negotiate its accession to such an agreement or convention or to negotiate with it comparable agreements or conventions. Where a Party grants recognition autonomously, it shall provide adequate opportunity for the other Party to demonstrate that education, experience, licenses or certificates obtained or requirements fulfilled in the territory of that other Party should be subject to recognition.

4. No Party shall grant recognition in a manner that would constitute a means of discrimination between countries in the application of its standards or criteria for the authorization or certification of service suppliers or the granting of licenses to them, or a disguised restriction on trade in services.

5. Parties should encourage the relevant professional service agencies in their territory to:

(a) exchange information on existing standards and criteria for the authorization, licensing and certification of professional service providers; and

(b) consider the use of the standards and criteria in Annex 15-A in discussions for a potential agreement or arrangement referred to in paragraph 1.

Article 15.9. DENIAL OF BENEFITS

Subject to prior notification and consultations (3) pursuant to Article 22.2 (Notification and Provision of Information), a Party may deny the benefits of this Chapter to a service supplier of the other Party if the service supplier is an enterprise owned or controlled by a person of a non-Party or of the denying Party that does not have substantial business activities in the territory of the other Party.

(3) The term consultations in this Article does not refer to consultations under Article 21.4 (Consultations).

Article 15.10. TRANSFERS AND PAYMENTS

1. Each Party shall allow transfers and payments related to the cross-border supply of services to be made freely and without delay into and out of its territory.

2. Each Party shall permit such transfers and payments related to the cross-border supply of services to be made in a freely circulating currency at the market rate of exchange prevailing at the time of transfer.

3. Notwithstanding paragraphs 1 and 2, a Party may prevent or delay the making of a transfer or payment, through the equitable, non-discriminatory and good faith application of its national law with respect to:

(a) bankruptcy, insolvency or protection of creditors' rights;

(b) issuance, trading or operations of securities, futures, options or derivatives;

(c) financial reporting or record keeping of transfers when necessary to cooperate with law enforcement or financial regulatory authorities;

(d) criminal offenses; or

(e) to ensure compliance with an order or judgment in a judicial or administrative proceeding or an award in an arbitration proceeding.

4. Nothing in this Chapter shall affect the rights and obligations of the Parties under the Articles of Agreement of the International Monetary Fund, nor the provisions of Annex 14-A (Payments and Capital Movements).

Article 15.11. DEFINITIONS

For the purposes of this Chapter:

cross border trade in services or cross border supply of services means to provide a service:

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

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

(c) by anational ofa Party in the territory of the other Party,

but does not include supplying a service in the territory of a Party for a covered investment, as defined in Article 14.37 (Definitions);

company means a company as defined in Article 1.6 (Definitions of General Application) and a branch of a company;

enterprise of a Party means an enterprise of a Party as defined in Article 1.6 (Definitions of General Application) and a branch office located in the territory of a Party conducting business therein;

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

(a) a national government or authority or a local government; or

(b) a non-governmental body in the exercise of powers delegated to it by a government or a national or local authority.

service supplier of a Party means a person of the Party who intends to supply or does supply a service (4);

professional services means a service the supply of which requires specialized higher education or equivalent training or experience, and the exercise of which is authorized or restricted by a Party but does not include services supplied by persons engaged in a trade or the crews of ships and aircraft.

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

computer reservation system (CRS) services means services provided through computerized systems that contain information about air carriers' schedules, seat availability, fares and fare-setting rules, and through which reservations can be made or tickets issued;

services supplied in the exercise of governmental authority means any service that is supplied neither on a commercial basis nor in competition with one or more service suppliers; and

sale or marketing of an air transport service means the opportunities for the air carrier concerned to freely sell and market its air transport services, and all aspects of marketing, such as market research, advertising and distribution, but does not include the pricing of air transport services or the applicable terms and conditions.

(4) For purposes of Articles 15.2 and 15.3, "service suppliers" has the same meaning as "services and service suppliers"as used in Articles II and XVII of the GATS.

Chapter 16. FINANCIAL SERVICES

Article 16.1. SCOPE

1. This Chapter applies to measures adopted or maintained by a Party relating to:

(a) a financial institution of the other Party;

(b) an investor of the other Party, or an investment of such investor, in a financial institution in the territory of the Party; and

(c) cross-border trade in financial services.

2. Chapters 14 (Investment) and 15 (Cross-Border Trade in Services) shall apply to the measures described in paragraph 1 only to the extent that such Chapters or Articles of such Chapters are incorporated into this Chapter.

3. Articles 14.9 (Transfers), 14.10 (Expropriation), 14.13 (Denial of Benefits), 14.14 (Measures Relating to Health, Safety, Environment and Labor Rights), 14.16 (Special Formalities and Information Requirements) and 15.9 (Denial of Benefits) are incorporated into and form an integral part of this Chapter.

4. Section B (Investor - State Dispute Settlement) of Chapter 14 (Investment) is incorporated into this Chapter and is an integral part of this Chapter only for cases alleging a Party's breach of Articles 14.9 (Transfers), 14.10 (Expropriation), or 14.13 (Denial of Benefits), as incorporated into this Chapter.

5. Article 15.10 (Transfers and Payments) is incorporated into and made an integral part of this Chapter to the extent that cross-border trade in financial services is subject to the obligations under Article 16.5.

6. This Chapter does not apply to measures adopted or maintained by a Party relating to:

(a) activities or services that are part of a public retirement plan or a Social Security system established by law; or

(b) activities or services performed for the account or with the guarantee of the Party or with the use of financial resources of the Party, including its public entities.

Likewise, this Chapter shall not prevent a Party, including its public entities, from carrying out or supplying such activities exclusively in its territory.

Article 16.2. NATIONAL TREATMENT

1. Each Party shall accord to an investor of the other Party treatment no less favorable than the treatment it accords to its own investors, in like circumstances, with respect to the establishment, acquisition, expansion, management, conduct, operation and sale or other disposition of financial institutions or an investment in financial institutions in its territory.

2. Each Party shall accord to a financial institution of the other Party and to an investment of an investor of the other Party in financial institutions treatment no less favorable than the treatment it accords to its own financial institutions and to investments of its own investors in financial institutions, in like circumstances, with respect to the establishment, acquisition, expansion, management, conduct, operation and sale or other disposition of financial institutions and investments.

3. For purposes of the national treatment obligations in Article 16.5.1, a Party shall accord to cross-border financial service suppliers of the other Party treatment no less favorable than that it accords to its own financial service suppliers, in like circumstances, with respect to the supply of the relevant service.

4. Differences in market share, profitability or size do not in themselves establish a breach of obligations under this Article.

Article 16.3. MOST-FAVORED-NATION TREATMENT

1. Each Party shall accord to an investor of the other Party, a financial institution of the other Party, an investment of an investor in a financial institution and a cross-border financial service supplier of the other Party treatment no less favorable than the treatment it accords, in like circumstances, to investors, financial institutions, investments of investors in financial institutions and cross-border financial service suppliers of a non- Party.

2. A Party may recognize a prudential measure of a non-Party in the application of a measure covered by this Chapter. Such recognition may be:

(a) granted autonomously;

(b) achieved by harmonization or other means; or

(c) based on a convention or agreement with a non-Party.

3. A Party granting recognition of a prudential measure under paragraph 2 shall provide adequate opportunity for the other Party to demonstrate that circumstances exist in which there is or will be regulation, supervision and enforcement of the prudential measure equivalent regulation and, if appropriate, that there are or will be procedures relating to the exchange of information between the Parties.

4. Where a Party grants recognition of prudential measures in accordance with paragraph 2(c) and the circumstances set out in paragraph 3 exist, the Party shall provide adequate opportunity for the other Party to negotiate accession to the convention or agreement or to negotiate a comparable convention or agreement.

Article 16.4. RIGHT OF ESTABLISHMENT

1. A Party shall permit an investor of the other Party that does not own or control a financial institution in the territory of the Party to establish, without the imposition of numerical restrictions or requirements of specific types of legal form, a financial institution that is permitted to supply a financial service that a similar institution of the Party could supply under the Party's law at the time of establishment. The obligation not to impose a requirement to adopt a specific legal form does not prevent a Party from imposing a condition or requirement in connection with the establishment of a particular type of entity chosen by an investor of the other Party.

2. A Party shall permit an investor of the other Party that owns or controls a financial institution in the territory of the Party to establish such additional financial institutions as may be necessary to enable the supply of the full range of financial services permitted under the Party's domestic law at the time of the establishment of the additional financial institutions. Subject to Article 16.2, a Party may impose a term or condition on the establishment of additional financial institutions and determine the institutional and legal form to be used for the supply of a specified financial service or the conduct of a specified activity.

3. The right of establishment under paragraphs 1 and 2 shall include the acquisition of an existing entity.

4. Subject to Article 16.2, a Party may prohibit a particular financial service or activity. Such a prohibition may not apply to all financial services or to an entire sub-sector of financial services such as banking activities.

5. For purposes of this Article, without prejudice to other forms of prudential regulation, a Party may require that an investor of the other Party be engaged in the business of supplying financial services in the territory of that other Party.

6. For purposes of this Article, "numerical restrictions" means limitations imposed on the number of financial institutions whether in the form of a numerical quota, a monopoly, an exclusive service provider or the requirements of an economic needs test.

Article 16.5. CROSS-BORDER TRADE

1. Each Party shall permit, on terms and conditions that accord national treatment, cross-border financial service suppliers of the other Party to supply the services specified in Annex 16-A.

2. Each Party shall permit a person located in its territory, and its nationals wherever located, to purchase financial services from cross-border financial service suppliers of the other Party located in the territory of the other Party subject to paragraph 1. This does not oblige a Party to permit such suppliers to do business or advertise in its territory. Each Party may define "doing business" and "advertising" for the purposes of this Article provided that such definitions are not inconsistent with the obligations in paragraph 1.

3. Without prejudice to other means of prudential regulation of cross-border trade in financial services, a Party may require the registration of cross-border financial service suppliers of the other Party and of financial instruments.

4. Without prejudice to other means of prudential regulation, a Party may require a certification issued by the competent authority of the other Party attesting to its status as a financial service supplier.

Article 16.6. NEW FINANCIAL SERVICES

1. A Party shall permit a financial institution of the other Party established in its territory to supply a new financial service that the first Party would, in like circumstances, permit its own financial institutions to supply under its law, a Party may:

(a) require the financial institution to apply for permission or to notify the relevant regulator for the purpose of obtaining such permission; and

(b) refuse to issue a permit if the introduction of the financial service requires the Party to adopt new laws or amend existing laws or regulations.

2. A Party may determine the legal and institutional form through which the new financial service may be supplied and may require authorization for the supply of the new financial service. Where a Party permits the new financial service and authorization is required to supply it, the decision shall be made within a reasonable period of time and the authorization may only be refused for prudential reasons.

3. This Article does not prevent a financial institution of a Party from requesting the other Party to authorize the supply of a financial service that is not supplied within the territory of either Party. Such a request shall be subject to the law of the Party to which the request is made and, for greater certainty, shall not be subject to the obligations of this Article.

4. Nothing in this Article prohibits a Party from requesting the issuance of a decree, resolution or regulation by the Executive, regulatory agencies or central bank, to authorize new financial services not specifically authorized in its legislation.

Article 16.7. TREATMENT OF CERTAIN TYPES OF INFORMATION

1. Nothing in this Chapter obliges a Party to disclose or allow access to:

(a) information relating to the financial affairs and accounts of an individual customer of a financial institution or cross-border financial service provider; or

(b) any confidential information the disclosure of which would impede law enforcement or otherwise be contrary to the public interest or would prejudice the legitimate commercial interests of a particular company.

2. Without prejudice to the Memoranda of Understanding subscribed between the supervisory authorities of the Parties, for purposes of consolidated supervision, the Parties undertake not to prohibit the submission of information of subsidiaries and affiliates established in their territory to the supervisory authorities of the Party where the parent company is established.

The information referred to in the preceding paragraph includes that which reflects the financial situation of the subsidiaries or affiliates, including that of their assets, risk management and corporate governance. (1)

(1) Failure of subsidiaries and affiliates to provide information to their parent company supervisors shall not trigger the Dispute Resolution Mechanism referred to in Chapter 21 (Dispute Resolution).

Article 16.8. SENIOR EXECUTIVES AND BOARDS OF DIRECTORS

1. A Party may not require a financial institution of the other Party to employ persons of a particular nationality for senior executive positions or other key personnel.

2. A Party may not require that the board of directors of a financial institution of the other Party be composed of nationals of the Party, residents of its territory, or a combination of both.

Article 16.9. NON-CONFORMING MEASURES

1. Articles 16.2, 16.3, 16.4, 16.5 and 16.8 do not apply to:

(a) any existing non-conforming measure maintained by a Party at the central level of government, as indicated in Section I of its Schedule in Annex II;

(b) the continuation or prompt renewal of a nonconforming measure referred to in subparagraph (a); or

(c) an amendment to any nonconforming measure referred to in subparagraph (a) provided that such amendment does not diminish the conformity of the measure, as in effect immediately before the amendment, with Articles 16.2, 16.3, 16.4, and 16.8.

2. Articles 16.2, 16.3, 16.4, 16.5 and 16.8 do not apply to a non-conforming measure that a Party adopts or maintains in accordance with Section II of its Schedule to Annex II.

3. The Schedule of each Party to Annex 16-A sets out certain specific commitments of that Party.

4. Where a Party has entered a reservation to Article 14.3 (National Treatment), 14.4 (Most-Favored-Nation Treatment), 15.2 (National Treatment), or 15.3 (Most-Favored- Nation Treatment) in its Schedule to Annex I or IJ, the reservation also constitutes a reservation to Article 16.2 or 16.3, insofar as the measure, sector, sub-sector, or activity set out in the reservation is covered by this Chapter.

Article 16.10. EXCEPTIONS

1. Nothing in this Agreement shall be construed to prevent a Party, in a fair, non- discriminatory and good faith manner, from adopting or maintaining measures for prudential reasons including for the protection of investors, depositors, policy holders or persons to whom a financial institution or cross-border financial service supplier owes a fiduciary duty, or to ensure the safety, soundness, integrity and stability of the financial system, as well as the financial liability of individual financial institutions or cross-border financial service suppliers. Where such measures are not in conformity with the provisions of this Agreement, they shall not be used as a means of avoiding the Party's obligations and commitments under this Agreement.

2. Nothing in this Agreement applies to non-discriminatory measures of a general nature adopted by any public entity in pursuance of monetary and related credit or exchange rate policies.

Without limiting the other applications or meanings of this paragraph, this Agreement allows a Party to apply non-discriminatory exchange regulations of general application to the purchase by its residents of financial services from cross-border financial service suppliers.

3. Notwithstanding Article 14.9 (Transfers) and Article 15.10 (Transfers and Payments), a Party may prevent or limit transfers by a financial institution or cross-border financial service supplier to or for the benefit of a person affiliated or related to such institution or supplier through the equitable, non-discriminatory, and good faith application of measures relating to the maintenance of the safety, soundness, integrity, or financial responsibility of financial institutions or cross-border financial service suppliers. This paragraph is without prejudice to any other provision of this Agreement that allows the Party to restrict transfers.

4. A Party may adopt or apply measures necessary to secure compliance with laws or regulations that are not inconsistent with this Chapter, including measures relating to the prevention of deceptive and fraudulent practices or to address the effects of a breach of financial service contracts. A Party shall not apply such measures in a manner that would constitute a means of arbitrary or unjustifiable discrimination between countries where like conditions prevail, or a disguised restriction on investment in a financial institution or on cross-border trade in financial services.

Article 16.11. TRANSPARENCY

1. The Parties recognize that transparent regulations and policies governing the activities of financial institutions and financial service suppliers are important to facilitate the access of financial institutions and financial service suppliers and their operations in the market of the other Party. Each Party undertakes to promote regulatory transparency in financial services.

2. Each Party shall ensure that a measure of general application to which this Chapter applies is administered in a reasonable, objective and impartial manner.

3. Each Party shall ensure that its regulatory authorities shall make publicly available the requirements, including any necessary documentation, for completing applications relating to the supply ofa financial service.

4. At the request of the applicant, the regulatory authority shall inform the applicant of the status of its application. When such authority requires additional information from the applicant, it shall notify the applicant without undue delay.

5. The regulatory authority of a Party shall make an administrative decision on a complete application by an investor in a financial institution, a cross-border financial service supplier or a financial institution of the other Party relating to the supply of a financial service within 120 days, and shall notify the applicant of the decision in a timely manner. An application shall not be considered complete until all relevant hearings have been held and all necessary information has been received, in accordance with the regulatory requirements established for that purpose. When it is not feasible to make a decision within 120 days, the regulatory authority shall notify the interested party without undue delay and attempt to make the decision at a later date within a reasonable period of time.

6. Each Party shall maintain or establish appropriate mechanisms to respond to inquiries from interested parties regarding a measure of general application covered by this Chapter.

7. At the request of an applicant whose application has been denied, the regulatory authority that has denied an application shall, to the extent practicable, inform the applicant of the reasons for the denial of his application.

8. Each Party shall make its best efforts for the implementation and application in its territory of international standards for regulation and supervision in the financial services sector and for the fight against money laundering and terrorist financing. Such standards shall be those agreed by the following international bodies: Basel Committee on Banking Supervision, International Association of Insurance Supervisors, International Organization of Securities Commissions, Financial Action Task Force.

Article 16.12. SELF-REGULATORY ORGANIZATIONS

Where a Party requires a financial institution or cross-border financial service supplier of the other Party to be a member of, participate in, or have access to a self-regulatory organization in order to provide a financial service in or into its territory, the Party shall ensure that such self-regulatory organization complies with the obligations of Article 16.2.

Article 16.13. PAYMENT AND COMPENSATION SYSTEMS

Subject to terms and conditions that accord national treatment, each Party shall grant to a financial institution of the other Party established in its territory access to payment and clearing systems administered by public entities and to official financing and refinancing facilities available in the normal course of business. This Article does not confer access to the Party's lender of last resort facilities.

Article 16.14. FINANCIAL SERVICES COMMITTEE

1. The Parties establish the Financial Services Committee (the "Committee"). The principal representative of each Party shall be an official of the Party's authority responsible for financial services set out in Annex: 16.B (Authorities Responsible for Financial Services).

2. The Committee:

(a) supervise the implementation of this Chapter and its further development;

(b) consider financial services matters referred to it by a Party; and

(c) participate in dispute settlement procedures in accordance with Article 16.17.

3. The Committee shall meet annually, or as otherwise agreed, to evaluate the operation of this Agreement as it relates to financial services. The Committee shall report to the Commission on the results of each meeting.

Article 16.15. CONSULTATIONS

1. A Party may request consultations with the other Party with respect to any matter related to this Agreement affecting a financial service. The other Party shall give due consideration to the request. The Parties shall inform the Committee of the results of the consultations.

2. Consultations under this Article shall include officials of the authority specified in Annex 16-B (Authorities Responsible for Financial Services).

3. Nothing in this Article shall be construed to require a regulatory authority participating in consultations under paragraph 1 to disclose information or to act in a manner that would interfere with specific regulatory, supervisory, administrative or enforcement matters.

4. Where a Party requires information for supervisory purposes concerning a financial institution in the territory of the other Party or a cross-border financial service supplier in the territory of the other Party, the Party may apply to the competent regulatory authority in the territory of the other Party for the information.

5. Nothing in this Article shall be construed to require a Party to derogate from its relevant legislation relating to the exchange of information between financial regulators, or from the requirements of an agreement or arrangement between the Parties' financial authorities.

Article 16.16. SETTLEMENT OF DISPUTES

1. Chapter 21 (Dispute Settlement), as amended by this Article, applies to disputes arising under this Chapter.

2. Consultations held pursuant to Article 16.14 with respect to a measure or matter constitute consultations under Article 21.4 (Consultations), unless the Parties agree otherwise. If the matter has not been resolved within 45 days after the commencement of consultations under Article 16.14, or 90 days after the delivery of the request for consultations under Article 16.14, whichever is earlier, the complaining Party may request in writing the establishment of a panel.

3. The following procedures will replace Article 21.6 (Establishment of a Panel):

(a) the panel will be composed of three members;

(b) each Party shall, within 30 days of receipt of the request for the establishment of the panel, designate a panelist, who may be a national of that Party, and notify the other Party in writing of such designation. If a Party fails to designate a panelist within 30 days, the other Party may request that the Designating Authority designate, at its discretion, the panelist not designated under paragraph 4;

(c) the Parties shall endeavor to agree on the designation of the third panelist who shall chair the panel and, unless the Parties agree otherwise, such panelist shall not be a national of either Party. If the chair of the panel has not been designated within 30 days of the most recent designation under subparagraph (b), any Party may request the Designating Authority to designate, in its discretion, and subject to paragraph 4, the chair of the panel, who shall not be a national of either Party; and

(d) subparagraphs (b) and (c) shall apply when a panelist or the chair of the panel retires, is removed, or is otherwise unable to serve on the panel. In such a case, a term applicable to the panel proceeding shall be suspended for a period beginning on the date on which a panelist ceases to serve and ending on the date on which his or her replacement is appointed.

4. Each panelist on panels constituted for disputes arising under this Chapter shall have the qualifications required by Article 21.8 (Qualifications of Panelists) with the exception of Article 21.8.1(d) (Qualifications of Panelists). In addition, each panelist shall have expertise or experience in financial law or financial services practice, which may include the regulation of financial institutions.

5. In any dispute if a panel finds that a measure is inconsistent with the obligations of this Agreement and the measure affects:

(a) services sector only, the complaining Party may suspend benefits only in the financial services sector;

(b) to the financial services sector and any other sector, the complaining Party may suspend benefits in the financial services sector that have an effect equivalent to the effect of the measure on the Party's financial services sector; or

(c) only to a sector other than the financial services sector, the complaining Party may not suspend benefits in the financial services sector.

Article 16.17. FINANCIAL SERVICES INVESTMENT DISPUTES

1. Where an investor of a Party submits a claim to arbitration under Section B (Investor-State Dispute Settlement) of Chapter 14 (Investment) and the respondent Party invokes an exception under Article 16.10, the Tribunal shall refer the matter in writing to the Committee for a decision under paragraph 2. The Tribunal may not proceed until it receives a decision or report under this Article.

2. In a referral under paragraph 1, the Committee shall decide the issue of the extent to which Article 16.10 is a valid defense to the investor's claim. The Committee shall transmit a copy of its decision to the Tribunal and to the Commission. The decision shall be binding on the Tribunal.

3. Where the Committee has not decided the matter within 60 days after receipt of the referral in terms of paragraph 1, any Party may request, within 10 days thereafter, the establishment of a panel pursuant to Article 21.6 (Establishment of a Panel) to decide the matter. The panel shall be constituted in accordance with Article 16.16. In addition to the provisions of Article 21.10 (Reports of the Panel), the panel shall transmit its final report to the Committee and the Tribunal. The report shall be binding on the Tribunal.

4. Where a request for the establishment of a panel under paragraph 3 has not been filed within 10 days after the expiration of the 60-day period referred to in paragraph 3, the Tribunal may proceed to decide the matter.

Article 16.18. DEFINITIONS

For the purposes of this Chapter:

Appointing Authority means the Secretary-General or the Assistant Secretary-General or the next most senior member of the staff of the International Centre for Settlement of

Investment Disputes, who is not a national of any of the Parties;

cross-border trade or supply of financial services means the supply of a financial service:

(a) from the territory of one Party to the territory of the other Party,

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

(c) by a national of a Party in the territory of the other Party,

but does not include the supply of a service in the territory of a Party for an investment in that territory;

public entity means a central bank, a monetary authority of a Party, or any financial institution owned or controlled by a Party;

For greater certainty, a public entity should not be considered a designated monopoly or a state enterprise for purposes of Chapter 13 (Competition Policy, Designated Monopolies and State Enterprises);

financial institution means a financial intermediary or other enterprise that is authorized to do business and that is regulated or supervised as a financial institution under the law of the Party in whose territory it is located;

financial institution of the other Party means a financial institution, including a branch, located in the territory of a Party that is controlled by a person of the other Party;

investment means "investment" as defined in Article 14.37 (Definitions), except that:

(a) a loan to a financial institution and a bond, debenture or other debt instrument referred to in paragraph (d) of that definition (a "debt instrument"), is an investment only when it is treated as equity for regulatory purposes by the Party in whose territory the financial institution is located; and

(b) a loan granted by a financial institution or a debt instrument owned by a financial institution, other than a loan to or a debt instrument of a financial institution referred to in subparagraph (a), is not an investment unless it is covered by subparagraph (a); and

for greater certainty:

(c) a loan to or debt instrument issued by a Party or a state enterprise of such Party is not an investment; and

(d) a loan made by, or a debt instrument owned by, a cross-border financial service supplier, other than a loan to, or a debt instrument issued by, a financial institution, is an investment if such loan or debt instrument meets the criteria for investments set forth in Article 14.37 (Definitions);

investor of a Party means "investor of a Party" as defined in Article 14.37 (Definitions);

new financial service means a financial service not supplied in the territory of the Party, but which is supplied in the territory of the other Party, and includes a new form of supply of a financial service or the sale of a financial product that is not sold in the territory of the Party;

self-regulatory organization means a non-governmental entity, including a securities or futures exchange or market, clearinghouse or other body or association, that exercises regulatory or supervisory authority, whether its own or delegated, over financial service providers or financial institutions; for greater certainty, a self-regulatory entity should not be considered a designated monopoly for purposes of Chapter 13 (Competition Policy, Designated Monopolies and State Enterprises);

person of a Party means a "person of a Party" as defined in Article 1.6 (Definitions of General Application) and, for greater certainty, does not include a branch of a company of a non-Party;

financial service supplier of a Party means a person of a Party engaged in the business of supplying a financial service in the territory of that Party;

cross-border financial service supplier of a Party means a person of a Party that is engaged in the business of supplying a

financial service in the territory of the Party and that seeks to supply or does supply a financial service through the cross-border supply of such service; and

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 (except insurance), as well as all 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 coinsurance):

(i) life insurance;

(ii) non-life insurance;

(b) Reinsurance and retrocession;

(c) Insurance intermediation activities, e.g., insurance brokers and agents; and

(d) Services auxiliary to insurance, such as consulting, actuarial, risk assessment and loss adjusting services.

Banking and Other Financial Services (excluding insurance):

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

(f) loans of all types, including personal loans, mortgage loans, factoring and financing of commercial transactions;

(g) leasing services;

(h) All payment services and money transfers, including credit, charge and debit cards, traveler's checks and bank drafts;

(i) Guarantees and commitments;

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

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

(ii) currencies;

(iii) derivative products, including, but not limited to, futures and options;

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

(v) transferable securities; (vi) other negotiable instruments and financial assets, including metal;

(k) Participation in issues of all kinds of securities, including underwriting and placement as agents (publicly or privately), and the provision of services related to such issues;

(l) Exchange brokerage;

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

(n) Payment and clearing services in respect of financial assets, including securities, derivative products and other negotiable instruments;

(o) Supply and transfer of financial information, and processing of financial data and related software by providers of other financial services; and

(p) Advisory, intermediation and other auxiliary financial services with respect to any of the activities indicated in subparagraphs (e) through (0), including credit reports and analysis, investment and portfolio research and advice, and advice on acquisitions and on corporate restructuring and strategy.

Annex 16-A. CROSSBORDER TRADE

Pursuant to the provisions of Article 16.5 (Cross-Border Trade)

Colombia

Insurance and Insurance-Related Services

1. Article 16.5.1 applies to the cross-border supply or trade in financial services, as defined in subparagraph (a) of the definition of "cross-border trade or supply of financial services" in Article 16.18, with respect to:

(a) Insurance covering the following risks:

(i) International maritime transport, international commercial aviation and space launch and transport (including satellites), including any or all of the following: the goods being transported, the vehicle transporting the goods and the civil liability that may arise therefrom.

(ii) Goods in international transit;

(b) reinsurance and retrocession;

(c) consulting, risk assessment, actuarial and claims adjustment; and

(d) insurance brokerage included in subparagraphs (a) and (b).

2. Article 16.5.1 applies to the cross-border supply or cross-border trade in financial services as defined in subparagraph (c) of the definition of cross-border supply of financial services in Article 16.18, with respect to insurance and insurance-related services listed in paragraph 1 above.

3. Colombia's commitments in paragraphs 1 and 2 with respect to risk insurance described in subparagraphs 1(a)(i) and (ii) and the brokerage of such risk insurance shall become effective no later than July 15, 2013.

Banking and other financial services (excluding insurance)

4. For Colombia, Article 16.5.1 applies only with respect to:

(a) provision and transfer of financial information referred to in subparagraph

(o) of the definition of financial service in Article 16.18;

(b) financial data processing and related software referred to in subparagraph

(o) of the definition of financial service in Article 16.18 (2) (3); and

(c) advisory and other auxiliary financial services, (4) excluding credit intermediation and credit reporting and analysis, with respect to banking and other financial services referred to in subparagraph (o) of the definition of financial service in Article 16.18.

(2) It is understood that when the financial information or the processing of financial data referred to in subparagraphs (a) and (b) of this paragraph contains personal information, its treatment shall be in accordance with the Colombian law regulating the protection of such information.

(3) It is understood that the provision of a trading platform, whether electronic or physical, is not within the services specified in paragraph 4.

(4) It is understood that advisory and other auxiliary financial services do not include those services referred to in subparagraphs (e) through (o) of the definition of financial service in Article 16.18.

Panama

Insurance and Insurance-Related Services

1. Article 16.5.1 applies to the cross-border supply or trade in financial services, as defined in subparagraph (a) of the definition of "cross-border trade or supply of financial services" in Article 16.18, with respect to:

(a) Insurance covering the following risks:

(i) International maritime transport, international commercial aviation and space launch and transport (including satellites), including any or all of the following: the goods being transported, the vehicle transporting the goods and the civil liability that may arise therefrom.

(ii) Goods in international transit;

(b) reinsurance and retrocession;

(c) consulting, risk assessment, actuarial and claims adjustment; and

(d) insurance brokerage included in subparagraphs (a) and (b).

2. Article 16.5.1 applies to the cross-border supply or cross-border trade in financial services as defined in subparagraph (c) of the definition of "cross-border trade or supply of financial services" in Article 16.18, with respect to insurance and insurance-related services listed in paragraph 1 above.

3. Subparagraph 1(a)(i) shall not apply to insurance covering commercial aviation risks until two years after the entry into force of this Agreement.

Banking and other financial services (excluding insurance)

4. For Panama, Article 16.5.1 applies only with respect to:

(a) provision and transfer of financial information referred to in subparagraph (o) of the definition of financial service in Article 16.18;

(b) financial data processing and related software referred to in subparagraph(o) of the definition of financial service in Article 16.18 (5); and

(c) advisory and other auxiliary financial services, (6) excluding credit intermediation and credit reporting and analysis, with respect to banking and other financial services referred to in subparagraph (o) of the definition of financial service in Article 16.18.

(5) It is understood that when the financial information or the processing of financial data referred to in subparagraphs (a) and (b) of this paragraph contains personal information, its treatment shall be in accordance with the Panamanian law regulating the protection of such information.

(6) It is understood that advisory and other auxiliary financial services do not include those services referred to in subparagraphs (e) through (o) of the definition of financial service in Article 16.18.

Annex 16-B. AUTHORITIES RESPONSIBLE FOR FINANCIAL SERVICES

The authority of each Party responsible for financial services shall be:

(a) for Colombia, the Ministry of Finance and Public Credit, in coordination with the Ministry of Commerce, Industry and Tourism, the Financial Superintendency of Colombia and Banco de la Republica; and

(b) The International Trade Negotiations Office of the Ministry of Commerce and Industries for Panama, in consultation with the Superintendency of Banks, the Superintendency of Insurance and Reinsurance, and the Superintendency of the Securities Market;

or their successors.

Chapter 17. SERVICES AND MARITIME TRANSPORT OF GOODS

Article 17.1. SCOPE

1. This Chapter applies to measures adopted or maintained by a Party affecting maritime cargo transport services and maritime auxiliary services supplied by both maritime transport service suppliers and maritime auxiliary service suppliers of a Party.

2. Measures affecting the supply of maritime transport services are covered by the relevant obligations and provisions of Chapters 14 (Investment) and 15 (Cross-Border Trade in Services). These measures are also covered by any exceptions or measures inconsistent with the obligations and provisions of the aforementioned Chapters, which have been established in this Agreement.

3. Except as provided in paragraph 2, in case of incompatibility between this Chapter and another Chapter, this Chapter shall prevail.

4. The provisions of this Chapter do not affect, nor shall they affect the legal provisions of each Party, with respect to the obligations contracted and to be contracted, by virtue of international conventions, laws and regulations in force, which regulate the international maritime transportation of goods as well as auxiliary maritime services.

Article 17.2. PARTICIPATION IN TRANSPORTATION

1. The Parties agree:

(a) facilitate the participation of a vessel of one Party in the maritime transport of goods to a port of the other Party; and

(b) cooperate in order to remove any obstacle that may impede the development of maritime trade between a port of one Party and a port of the other Party; and that may interfere with the various activities connected with such trade.

2. The Parties shall endeavor to ensure: (a) the safety and/or security of its vessels and port facilities; (b) protection of the marine environment,

(c) safety of life at sea; and

(d) the work of seafarers.

Article 17.3. FREE TRANSFER

Free transfer shall be guaranteed in accordance with the provisions of Article 14.9 (Transfers) and 15.10 (Transfers and Payments).

Article 17.4. NATIONAL TREATMENT

1. A Party shall accord in its ports to vessels of the other Party, treatment no less favorable than that accorded to its own vessels with respect to:

(a) free access to ports, subject to the international regulations applicable in each of the Parties;

(b) permanence and abandonment of the ports;

(c) the use of port facilities; and

(d) all facilities guaranteed by a Party in connection with commercial and navigational operations, both for vessels, their crew and cargo.

This provision shall also apply to the assignment of docks, as well as loading and unloading facilities.

2. The provisions of paragraph 1 shall not apply to shipping activities legally reserved by a Party to its own vessels, such as towing and pilotage activities.

3. A Party shall allow maritime cargo service suppliers of the other Party to have an establishment in its territory under conditions of establishment and operation no less favorable than those accorded to its own maritime cargo service suppliers and maritime auxiliary service suppliers.

4. A Party shall accord to a maritime cargo shipping company of the other Party treatment no less favorable than that it accords to its own maritime cargo shipping companies for the supply of auxiliary maritime services.

Article 17.5. AGENTS AND REPRESENTATIVES

A maritime cargo shipping company of a Party operating in the territory of the other Party shall have the right to establish representations in the territory of the other Party, in accordance with the legislation of such other Party.

Article 17.6. SURVEY OF VESSEL DOCUMENTATION

1. A Party shall recognize the nationality of a vessel of the other Party, upon verifying by means of shipboard documents, that they have been issued by the competent authority of the other Party or by an organization recognized by each Party, in accordance with its legislation.

2. The competent authority to issue onboard documents:

(a) in the Republic of Colombia is the DirecciÃ©n General Maritima (DIMAR) or an organization recognized by the authorities of this Party; and

(b) in the Republic of Panama is the Panama Maritime Authority or an organization recognized by the authorities of this Party.

3. Vessel documents issued or recognized by one Party shall be recognized by the other Party.

Article 17.7. RECOGNITION OF TRAVEL DOCUMENTS OF CREW MEMBERS OF a PARTY'S VESSEL

The Parties shall recognize as travel documents of the crew members of a vessel of the other Party the valid passport and seaman's book.

Article 17.8. JURISDICTION FOR MARITIME LABOR DISPUTES

Any dispute arising out of a labor or employment contract between a shipowner of one Party and a seaman of the other Party shall be referred for resolution only to the respective judicial or administrative authorities of either Party.

Article 17.9. ANCILLARY MARITIME SERVICES

The equipment or machinery of the maritime transport companies of one Party may temporarily enter the territory of the other Party to provide auxiliary maritime services in the ports without incurring any type of duty, fee, contribution, etc., provided that the legal provisions of each Party on the temporary admission of goods are complied with. (1)

(1) For greater certainty, equipment and machinery temporarily entering the national territory of both Parties must be temporarily imported before the corresponding Customs. The interested parties must provide a bond covering the amount of taxes that may be incurred if the objects introduced remain in the country. Such bond will be returned (customs reimbursement) upon proper verification of the exit of the equipment and machinery temporarily brought into the country.

Article 17.10. COOPERATION

Recognizing the global nature of maritime transport, the Parties affirm the importance of:

(a) to work together to overcome obstacles faced by companies when using the maritime transport service and to share knowledge of best practices;

(b) share information and experiences on laws, regulations and programs that make the provision of port, maritime and navigation services efficient;

(c) Promote study and training opportunities for personnel related to port, maritime and navigation services, to be developed in specialized centers for this purpose;

(d) working to maintain cross-border information flows as an essential element in promoting improved bidding options for the procurement of maritime transport services; and

(e) actively participate in congresses, symposiums, business meetings, fairs, hemispheric and multilateral forums to promote maritime and port development.

Article 17.11. POINT OF CONTACT

1. The Parties establish the following points of contact:

(a) for the Republic of Colombia:

Ministry of Commerce, Industry and Tourism; and

(b) for the Republic of Panama:

Panama Maritime Authority and the National Customs Authority, through the Office of International Trade Negotiations of the Ministry of Commerce and Industries;

or their successors.

2. The Contact Points shall meet as necessary to exchange information and to consider matters related to this Chapter, such as:

(a) implementation and administration of this Chapter;

(b) the development and adoption of common criteria, definitions and interpretations for the implementation of this Chapter;

(c) proposed amendments to this Chapter.

Article 17.12. DEFINITIONS

For the purposes of this Chapter:

vessel of a Party means any vessel flying the flag of a Party and registered in its registry in accordance with the legal provisions of that Party. Notwithstanding the foregoing, this term does not include:

(a) vessels used exclusively by the armed forces;

(b) hydrographic, oceanographic and scientific research vessels;

(c) fishing vessels, research and inspection vessels, and fish processing vessels; and

(d) Vessels intended to provide port, harbor and shore services, including pilotage, towing, assistance and rescue at sea;

maritime transport company of a Party means a transport company operating seagoing vessels and having its headquarters in the territory of that Party;

crew members of a Party's vessel means all persons, including the master and employees who are currently under contract for activities on board the vessel during a voyage and included on the vessel's crew list or crew roster;

recognized organization means any Classification Society or other Organization, acting on behalf of the Competent Authority for the purposes of surveys, inspections, surveys, issue of certificates and documents, marking of ships and other statutory work required under the conventions of the International Maritime Organization (IMO);

maritime transportation service supplier of a Party means a person of a Party, a shipping company of a Party or a vessel of a Party that seeks to provide or provides a maritime transportation service or an auxiliary maritime service;

port of a Party means a seaport, including roadsteads, in the territory of that Party that have been approved and opened for international trade;

auxiliary maritime services means the provision of services complementary to the

maritime activity within or outside the port enclosure to attend the cargo, vessel, or crew, in accordance with the provisions of the legislation of each Party.

Chapter 18. TELECOMMUNICATIONS

Article 18.1. SCOPE

1. This Chapter shall apply to:

(a) measures adopted or maintained by a Party relating to access to and use of public telecommunications networks or services;

(b) measures adopted or maintained by a Party relating to the obligations of suppliers of public telecommunications networks and services;

(c) other measures adopted or maintained by a Party relating to public telecommunications networks or services; and

(d) measures adopted or maintained by a Party relating to the supply of value-added services.

2. This Chapter shall not apply to any measure of a Party affecting the transmission by any means of telecommunications, including broadcasting and cable distribution, of radio or television programming intended for the public.

3. Nothing in this Chapter shall be construed to mean:

(a) oblige a Party to authorize a service supplier of the other Party to establish, construct, acquire, lease, operate or supply public telecommunications networks or services, except as specifically provided in this Chapter;

(b) oblige a Party to establish, construct, acquire, acquire, lease, operate or supply public telecommunications networks or services not offered to the general public; or

(c) oblige a Party to require a service supplier to establish, construct, acquire, lease, operate or supply public telecommunications services or services that are not offered to the general public.

Article 18.2. ACCESS TO AND USE OF PUBLIC TELECOMMUNICATION NETWORKS AND SERVICES

1. Subject to a Party's right to restrict the supply of a service in accordance with the reservations set out in its Schedules to Annexes I and II (Non-Conforming Measures), a Party shall ensure that enterprises of the other Party have access to and may use public telecommunications networks or services on reasonable and non-discriminatory terms and conditions, including as set out in paragraphs 2 to 7.

2. Each Party shall ensure that enterprises of the other Party have access to and may use any public telecommunications networks or services offered within or across its borders, including private leased circuits, and, to that end, shall ensure, subject to paragraphs 6 and 7, that such enterprises are permitted to do so:

(a) purchase or lease and connect terminals or other equipment interfacing with public telecommunications networks;

(b) interconnect private leased or owned circuits with the public telecommunications networks and services of that Party, or with circuits leased or owned by another enterprise;

(c) use operating protocols of your choice; and (d) perform switching, signaling, processing functions.

3. Each Party shall ensure that an enterprise of the other Party may use public telecommunications networks and services to move information in its territory or on a cross-border basis, including for intra-corporate communications of such enterprise and to access information contained in databases or otherwise stored in a machine-readable form in the territory of any Party.

4. In addition to the provisions of Article 24.1 (General Exceptions), a Party may take measures necessary to:

(a) ensuring the security and confidentiality of messages; or

(b) protect the privacy of the personal data of subscribers of public telecommunications services.

5. A measure taken under paragraph 4 may not be applied in a manner that would constitute a means of arbitrary or unjustifiable discrimination or a disguised restriction on trade.

6. No Party shall impose conditions on access to and use of public telecommunications networks or services, except those deemed necessary to:

(a) safeguard the public service responsibilities of providers of public telecommunications networks or services, in particular their ability to make their networks or services available to the general public;

(b) protect the technical integrity of public telecommunications networks or services; or

(c) ensure that service suppliers of the other Party do not supply services that are restricted by the reservations listed by the Parties in their Schedules to Annexes I and II (Non-Conforming Measures).

7. Provided that they meet the criteria set forth in paragraph 6, the conditions for access to and use of public

telecommunications networks or services may include:

(a) the requirement to use specific technical interfaces, including interface protocols, for interconnection with such networks and services;

(b) requirements, when necessary, for the interoperability of such services;

(c) the approval of terminal equipment or other equipment interfacing with the network and technical requirements related to the connection of such equipment to these networks;

(d) restrictions on the interconnection of private leased or owned circuits with such networks or services, or with circuits owned or leased by another company; and

(e) notification, registration and licensing.

Article 18.3. BEHAVIOR OF DOMINANT OR MAJOR SUPPLIERS

Treatment of Dominant or Major Suppliers

1. Each Party shall ensure that dominant or major suppliers in its territory accord to public telecommunications service suppliers of the other Party treatment no less favorable than such dominant or major suppliers accord to their subsidiaries, their affiliates, or to an unaffiliated service supplier, with respect to:

(a) the availability, supply, rates, or quality of similar public telecommunications services; and

(b) the availability of technical interfaces required for interconnection.

2. The Parties shall, in accordance with their legislation, make available to suppliers of public telecommunications services the interconnection agreements in force between dominant or major suppliers in their territory and other suppliers of public telecommunications services in their territory.

Competitive Safeguards

1. Each Party shall maintain appropriate measures to prevent suppliers that, individually or jointly, are dominant or major suppliers from engaging or continuing to engage in anti-competitive practices.

2. The anticompetitive practices referred to in paragraph 1 include:

(a) engage in anticompetitive cross-subsidization activities;

(b) using information obtained from competitors with anticompetitive results; and

(c) failure to make available to other suppliers of public telecommunications services, in a timely manner, technical information on essential facilities and commercially relevant information needed by them to supply public telecommunications services.

Interconnection

Subject to a Party's reservations in Annexes I and ll (Non-Conforming Measures), each Party shall ensure that a dominant or major supplier provides interconnection:

(a) at any technically feasible point in the network;

(b) on terms, conditions (including technical standards and specifications) and rates that do not discriminate against other suppliers;

(c) of a quality no less favorable than that supplied to its own similar services, to similar services of unaffiliated service providers or their subsidiaries or other affiliates;

(d) in a timely manner, on terms, conditions (including technical standards and specifications) and cost-oriented rates that:

(i) transparent and reasonable, taking into account economic feasibility; and

(ii) are sufficiently unbundled so that the provider need not pay for network components or facilities that are not required for the services to be provided; and

(e) upon request, at points in addition to the network termination points offered to most users, subject to charges reflecting

the cost of constructing the necessary additional facilities.

Article 18.4. REGULATORY AGENCY

1. Each Party shall ensure that its regulatory body is separate from and not accountable to any supplier of public telecommunications networks or services and value- added services.

2. Each Party shall ensure that the decisions and procedures of its regulatory body are impartial with respect to all market participants.

Article 18.5. PROCEDURES RELATING TO LICENSES OR CONCESSIONS

Where a Party requires a Supplier to hold a license or concession to provide public telecommunications networks or services, the Party shall make such license or concession publicly available:

(a) all applicable criteria and procedures for the granting of the license or authorization; and

(b) the period established by the Party, to grant the license or concession, once the application is considered complete.

If the request is denied, the Party shall communicate to the applicant the reasons for its decision in accordance with its procedures.

Article 18.6. ALLOCATION AND USE OF SCARCE RESOURCES

1. Each Party shall administer its procedures for the allocation and use of scarce resources, including frequencies, numbers and rights-of-way, in an objective, timely, transparent and non-discriminatory manner.

2. A Party's measures relating to spectrum allocation and assignment and frequency management shall not be considered inconsistent with Article 15.4 (Market Access). Accordingly, each Party retains the right to maintain, establish and apply spectrum and frequency management policies that may limit the number of suppliers of public telecommunications services. Likewise, each Party retains the right to allocate frequency bands taking into account present and future needs.

Article 18.7. UNIVERSAL SERVICE

1. Each Party has the right to define the kind of universal service obligations it wishes to adopt or maintain.

2. Each Party shall administer any universal service obligation it adopts or maintains in a transparent, non-discriminatory, competitively and technologically neutral manner and shall ensure that the universal service obligation is no more burdensome than necessary for the type of universal services defined by the Party.

Article 18.8. TRANSPARENCY

1. In addition to other Provisions of this Chapter, such as Articles 22.1 (Publication) and 22.2 (Notification and Provision of Information), relating to the publication of information, each Party shall make information available to the public:

(a) the relevant procedures of its regulatory body, including those related to interconnection and licensing;

(b) all licensing criteria, the terms and conditions for licenses, and the timeframes required to make a decision on a license application;

(c) the current status of the assigned frequency bands, without requiring detailed identification of the frequencies assigned for specific government use;

(d) its measures relating to public telecommunications networks or services and, where applicable, value-added services, including:

(i) rates and other terms and conditions of service; (ii) technical interface specifications;

(iii) conditions for connecting terminals or other equipment to the public telecommunications network; and

(iv) notification, permit, registration or licensing requirements, if applicable;

(e) information on the bodies responsible for the development, modification and adoption of measures related to

standards.

Article 18.9. COMPLIANCE

Each Party shall maintain appropriate procedures and an Authority to enforce the Party's domestic measures relating to the obligations set forth in Articles 18.2 Such procedures shall include the power to impose appropriate sanctions, which may include fines, corrective orders or the modification, suspension or revocation of licenses.

Article 18.10. ABSTENTION

The Parties recognize the importance of relying on market forces to achieve a wide range of alternatives in the supply of telecommunications services. To this end, each Party may refrain from applying a regulation to a telecommunications service where:

(a) compliance with such regulation is not necessary to prevent unjustified or discriminatory practices;

(b) compliance with such regulation is not necessary for the protection of consumers; or

(c) is compatible with the public interest, including the promotion and strengthening of competition among suppliers of public telecommunications networks or services.

Article 18.11. SETTLEMENT OF DISPUTES ON TELECOMMUNICATIONS

Appeals to Regulatory Agencies

1. In addition to Article 22.3 (Administrative Procedures) and Article 22.4 (Review and Challenge), each Party shall ensure that:

(a) a supplier of public telecommunications networks or services or value- added services of the other Party may have timely recourse to its regulatory body to resolve disputes concerning measures of the Party that telate to matters covered in Articles 18.2 and 18.3, and that, in accordance with the Party's domestic law, are within the jurisdiction of the regulatory body; and

(b) suppliers of public telecommunications networks or services of the other Party requesting interconnection with dominant or major suppliers in the territory of the Party may appeal, within a publicly specified reasonable period of time after the supplier requests interconnection to its regulatory body, to resolve disputes regarding the appropriate terms, conditions and rates for interconnection with such dominant or major suppliers.

Reconsideration

2. Each Party shall ensure that any supplier of public telecommunications networks or services or value-added services adversely affected by a determination or decision of its regulatory body may request reconsideration of the determination or decision by such body.

Judicial Review

3. Any enterprise that is aggrieved or whose interests have been adversely affected by a determination or decision of the Party's telecommunications regulatory body may obtain a judicial review of such determination or decision by an independent judicial authority. The filing of the application of judicial review, by itself, does not constitute noncompliance with such resolution or decision, unless it is suspended by the competent judicial body. (1)

(1) For greater certainty, in the case of Panama, only judicial review before the Supreme Court of Justice will be applicable.

Article 18.12. INTERNATIONAL STANDARDS AND ORGANIZATIONS

The Parties recognize the importance of international standards for the global compatibility and interoperability of telecommunication networks or services and undertake to promote these standards through the work of relevant international bodies, including the International Telecommunication Union and the International Organization for Standardization.

Article 18.13. RELATIONSHIP WITH OTHER CHAPTERS

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

Article 18.14. DEFINITIONS

For the purposes of this Chapter:

leased circuits means telecommunications facilities between two or more designated points that are intended for the dedicated use or availability to a particular customer or to other users chosen by that customer;

intra-company communications means telecommunications by which a company communicates internally, with or among its subsidiaries, branches and, subject to a Party's laws and regulations, affiliates, but does not include commercial or non-commercial services provided to companies that are not related subsidiaries, branches or affiliates, or that are offered to customers or potential customers; for such purposes, the terms "subsidiaries", "branches" and, where appropriate, "affiliates" shall be interpreted in accordance with each Party's definition in its law;

network element means a facility or equipment used in the provision of a public telecommunications service, including features, functions and capabilities that are provided through such facilities or equipment;

corporation means any entity organized or organized under applicable law, whether or not for profit and whether privately or governmentally owned, including any partnership, trust, joint venture, sole proprietorship, joint venture or other association and includes a branch of a corporation;

essential facilities means of a public telecommunications network or service that:

(a) are supplied exclusively or predominantly by a single supplier or a limited number of suppliers; and

(b) it is not economically or technically feasible to replace them in order to provide a service;

interconnection means the linking of telecommunications service providers for the purpose of enabling users of one provider to communicate with users of another provider and to access services provided by another provider;

non-discriminatory means treatment no less favorable than that accorded to any other user of like public telecommunications networks or services in similar circumstances;

regulatory agency means the national agency responsible for telecommunications regulation;

cost-oriented means cost-based, which includes reasonable profitability, and may involve different costing methodologies for different facilities or services;

telecommunications service supplier: means a person of a Party that secks to provide or supplies a telecommunications service, including a supplier of public telecommunications networks or services;

dominant or major supplier (2) means a supplier of public telecommunications services that has the ability to significantly affect the conditions of participation from the point of view of price and supply in the relevant market for public telecommunications networks or services as a result of:

(a) control of essential facilities; or

(b) the use of its position in the market;

network termination point means the final demarcation of the public telecommunications network at the user's premises;

public telecommunications network means the public telecommunications infrastructure that enables telecommunications between two or more defined points of a network;

value-added services means those services that add value to public telecommunications services by enhancing functionality; including those that:

(a) act on the format, content, code, protocol or similar aspects of a client's transmitted information;

(b) provide the customer with additional, different or restructured information; or (c) involve customer interaction with stored information;

public telecommunications service means any telecommunications service, which a Party requires, either explicitly or in fact,

to be offered to the general public and which generally involves transmission in real time. Such services may include, inter alia, telephony and data transmission typically involving user-supplied information between two or more points without any end-to-end change in the form or content of the user's information. Public telecommunications services include public telecommunications transport service.

telecommunications means the transmission and reception of signals by an electromagnetic medium;

user means an end user or a provider of public telecommunications services; and

end user means an end consumer or a subscriber of a public telecommunications service, including a service provider that is not a provider of public telecommunications services.

(2) In the case of Colombia, the concept of major supplier is applied and in the case of Panama, the concept of dominant supplier is applied.

Chapter 19. ELECTRONIC COMMERCE

Article 19.1. SCOPE

1. The Parties confirm that this Agreement, including Chapter 2 (National Treatment and Market Access for Goods), Chapter 12 (Government Procurement), Chapter 14 (Investment), Chapter 15 (Cross-Border Trade in Services), Chapter 16 (Financial Services), Chapter 18 (Telecommunications), and Chapter 24 (Exceptions) apply to electronic commerce. In particular, the Parties recognize the importance of Article 18.2 (Access to and Use of Public Telecommunications Networks and Services).

2. Nothing in this Chapter imposes any obligation on a Party to allow products to be delivered electronically except as provided for in other Chapters of this Agreement.

3. For greater certainty, the Parties' non-conforming measures, as set forth in their Schedule of Annexes I, II or II, apply to electronic commerce.

Article 19.2. GENERAL PROVISIONS

1. The Parties recognize the economic growth and opportunities generated by electronic commerce and the applicability of WTO rules to electronic commerce.

2. Each Party shall endeavor to adopt measures to facilitate electronic commerce that address issues relevant to the electronic environment.

3. The Parties recognize the importance of avoiding unnecessary barriers to electronic commerce. Taking into account domestic policy objectives, each Party shall endeavor to avoid measures that:

(a) unduly hinder electronic commerce; or

(b) have the effect of treating electronic commerce in a more restricted manner than commerce conducted by other means.

Article 19.3. CUSTOMS DUTIES ON DIGITAL GOODS DELIVERED ELECTRONICALLY

1. No Party shall apply customs duties, tariffs, fees or charges on digital products delivered electronically.

2. For greater certainty, paragraph 1 does not prevent a Party from imposing an internal tax or other internal charges that are not prohibited by this Agreement on electronically delivered digital products.

Article 19.4. CONSUMER PROTECTION

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

2. The Parties recognize the importance of cooperation between the respective national consumer protection authorities in activities related to cross-border electronic commerce, in order to improve consumer welfare.

Article 19.5. ADMINISTRATION OF PAPERLESS COMMERCE

1. The Parties shall use their best efforts to make trade administration documents available to the public in electronic form.

2. The Parties shall make their best efforts to accept trade administration documents electronically, delivered as the legal equivalent of their paper version.

Article 19.6. PROTECTION OF PERSONAL INFORMATION ONLINE

Each Party may adopt or maintain measures to ensure the protection of users of electronic commerce. In developing standards for the protection of personal data, each Party shall take into account international standards and the criteria of relevant international organizations on the matter.

Article 19.7. COOPERATION

1. The Parties shall endeavor to establish mechanisms for cooperation on issues related to electronic commerce, which shall address the following matters, among others:

(a) the recognition of electronic signature certificates (1) issued to the public and the facilitation of cross-border certification services;

(b) protection of personal data;

(c) the responsibility of the suppliers or service providers with respect to the transmission or storage of the information;

(d) the processing of unsolicited commercial electronic messages;

(e) the security of electronic transactions and the promotion of confidence in electronic commerce in accordance with the policies of the Parties;

(f) consumer protection in the field of electronic commerce; and

(g) any other matter relevant to the development of electronic commerce.

2. The Parties will endeavor to share information and experiences on legislation and regulations related to electronic commerce and will cooperate to help micro, small and medium-sized enterprises (MSMEs) overcome the obstacles they face in the use of electronic commerce.

3. The Parties, recognizing the global nature of electronic commerce, undertake to participate actively in regional and multilateral fora and to promote the development of electronic commerce and exchange perspectives as necessary, within the framework of such fora on issues relating to electronic commerce, taking into account their interests.

(1) For Panama, the recognition of the electronic signature certificate refers to the qualified electronic certificate.

Article 19.8. RELATIONSHIP WITH OTHER CHAPTERS

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

Article 19.9. DEFINITIONS

For the purposes of this Chapter:

electronic commerce means commerce conducted through telecommunications alone or in conjunction with other information and communications technologies;

personal data means any information about an identified or identifiable natural or legal person; and

delivered electronically means delivered through telecommunications means, alone or in combination with other information and communications technologies;

digital product means computer software, text, video, images, sound recordings and other products that are digitally encoded.

Chapter 20. TEMPORARY ENTRY OF BUSINESS PEOPLE

Article 20.1. GENERAL PRINCIPLES

1. In addition to the provisions of Chapter 1 (Initial Provisions and General Definitions), this Chapter reflects the preferential trade relationship that exists between the Parties, the mutual objective of facilitating the temporary entry of business persons, in accordance with the principle of reciprocity, and of establishing transparent criteria and procedures to that effect. It also reflects the need to ensure border security and to protect the national labor force and permanent employment in their respective territories.

2. This Chapter shall not apply to measures affecting natural persons of a Party seeking access to the labor market of the other Party, nor to measures relating to citizenship, nationality, permanent residence, or employment on a permanent basis.

Article 20.2. GENERAL OBLIGATIONS

1. Each Party shall apply the measures relating to the provisions of this Chapter in accordance with Article 20.1 and, in particular, shall apply them expeditiously to avoid undue delay or impairment of trade in goods and services between the Parties, or of investment activities covered by this Agreement.

2. The Parties shall endeavor to develop and adopt common criteria, definitions and interpretations for the application of this Chapter.

Article 20.3. TEMPORARY ENTRY AUTHORIZATION

1. In accordance with the provisions of this Chapter, including those contained in Annex 20-A, each Party shall authorize temporary entry for business persons who comply with existing immigration measures applicable to temporary entry, such as those relating to public health and safety and national security.

2. A Party may deny temporary entry to a business person when his temporary entry would adversely affect his business:

(a) the settlement of any labor dispute in progress at the place where she is or will be employed; or

(b) employment of any person involved in such a conflict.

3. The authorization of temporary entry under this Chapter does not replace the requirements for the exercise of a profession or activity of a foreigner, nor does it replace the requirements for the exercise of a profession or activity of a foreigner, in accordance with the specific regulations in force in the territory of the Party authorizing temporary entry.

Article 20.4. PROVISION OF INFORMATION

1. In addition to the provisions of Article 20.10, and recognizing the importance to the Parties of transparency of information on temporary entry, each Party shall make available, after the date of entry into force of this Agreement, through electronic means or otherwise, information on its measures relating to this Chapter as well as explanatory material on the requirements for temporary entry, in such a manner as to enable business persons of the other Party to become acquainted with them.

2. Each Party shall collect, maintain and make available to the other Party, upon request, information regarding the granting of temporary entry authorizations, in accordance with this Chapter, to business persons of the other Party who have been issued immigration documentation. This compilation shall include information for each category authorized.

Article 20.5. WORKING GROUP

1. The Parties establish a Working Group on the Temporary Entry of Business Persons, which shall meet as necessary to consider matters related to this Chapter. Such Working Group shall be composed of representatives of each Party, including migration officials, trade officials and their contact points.

2. The Working Group should consider:

(a) implementation and administration of this Chapter;

(b) the development and adoption of common criteria of interpretation for the implementation of this Chapter;

(c) the development and implementation of measures to further facilitate the temporary entry of business persons on a reciprocal basis; and

(d) any other measure of mutual interest.

Article 20.6. POINTS OF CONTACT

The Parties designate the Contact Points that shall exchange information in accordance with Article 20.4, and shall receive and analyze the information referred to in Article 20.5. The Points of Contact are:

(a) for the Republic of Colombia:

Visa and Immigration Group of the Ministry of Foreign Affairs; and

The Foreign Investment and Services Directorate of the Ministry of Commerce, Industry and Tourism;

(b) for the Republic of Panama:

National Migration Service through the International Trade Negotiations Office of the Ministry of Commerce and Industries,

or their successors.

Article 20.7. SETTLEMENT OF DISPUTES

1. A Party may not initiate proceedings in accordance with the general provisions of Chapter 21 (Dispute Settlement) with respect to a denial of authorization for temporary entry of business persons under this Chapter unless:

(a) the matter concerns a recurring practice; and

(b) the affected business person has exhausted all administrative remedies available to him/her in that particular matter (1).

2. The administrative remedies referred to in paragraph 1(b) shall be deemed exhausted when the competent authority has not issued a final decision within one year from the commencement of the administrative procedure and the decision has not been delayed for reasons attributable to the business person concerned.

(1) The affected business person who resorts to ordinary justice, other than administrative remedies, may not activate the mechanism of Chapter 21 (Dispute Settlement).

Article 20.8. RELATIONSHIP WITH OTHER CHAPTERS

Except as provided in this Chapter and in Chapter 1 (Initial Provisions and General Definitions), Chapter 21 (Dispute Settlement), Chapter 22 (Transparency), Chapter 23 (Administration of the Agreement), and Chapter 24 (Final Provisions); and in Article 22.1 (Publication), 22.2 (Notification and Provision of Information), 22.34 (Administrative Procedures) and 23.2 (Agreement Coordinators) nothing in this Agreement shall impose any obligation on the Parties with respect to their migration measures.

Article 20.9. TRANSPARENCY IN THE DEVELOPMENT AND IMPLEMENTATION OF THE REGULATIONS

1. In addition to the provisions of Chapter 22 (Transparency), each Party shall establish or maintain appropriate mechanisms to respond to inquiries from interested persons regarding the regulation of the temporary entry of business persons.

2. Each Party shall, within a period not to exceed 30 days after the application for temporary entry of business persons is deemed complete under the laws and regulations of the Party receiving such application, endeavor to:

(a) inform the applicant of the decision taken on his application;

(b) atthe request of the applicant , provide, without undue delay , information concerning the status of the application.

For greater certainty, during the permit termination period, the business person of a Party may continue to carry out its

activities in accordance with the laws of the other Party.

Article 20.10. DEFINITIONS

1. For the purposes of this Chapter:

business activities means those legitimate activities of a commercial nature created and operated for the purpose of obtaining profit in the marketplace, but does not include the possibility of obtaining employment or wages or remuneration from labor sources in the territory of a Party;

labor certification means any procedure prior to the application for immigration authorization that involves a government permit or authorization related to the labor market;

temporary entry means the entry of a business person of one Party into the territory of the other Party, without the intention of establishing permanent residence;

national means "national" as defined in Chapter 1 (Initial Provisions and General Definitions), but does not include permanent residents;

business person means a national who engages in trade in goods or services, or in investment activities; and

recurrent practice means a practice carried out by the immigration authorities of a Party repeatedly during a representative period prior to and immediately following the implementation of the practice.

2. For the purposes of Annex 20-A:

executive functions means those functions assigned within an organization, under which the person has primarily the following responsibilities:

(a) directing the management of the organization or a relevant component or function thereof;

(b) establish the policies and objectives of the organization, component or function; or

(c) receive general supervision or direction only from senior management, the organization's board of directors or management council, or the organization's shareholders;

managerial functions means those functions assigned within an organization, under which the person has primarily the following responsibilities:

(a) to direct the organization or an essential function within the organization;

(b) supervise and control the work of other professional employees, supervisors or managers;

(c) have the authority to hire and fire, or recommend such actions, as well as other actions with respect to the management of personnel being directly supervised by that person and perform functions at a higher level within the organizational hierarchy or with respect to the function for which he or she is responsible; or

(d) execute actions at his or her discretion with respect to the day-to-day operation of the function over which that person has authority;

functions involving specialized knowledge means those functions that involve special knowledge of the organization's merchandise, services, research, equipment, techniques, management of the organization or its interests and their application in international markets, or an advanced level of knowledge or experience in the organization's processes and procedures;

management trainee means an employee with a post-secondary or college degree who is assigned to a temporary job with the intention of broadening that employee's knowledge and experience in a company in preparation for a higher leadership position within the company;

persons engaged in a specialty occupation means a national of a Party who is engaged in a specialty occupation that requires:

(a) the theoretical and practical application of a body of specialized knowledge; and

(b) the attainment of a post-secondary degree or college degree, which requires at least four years or more of study (or the equivalent of such degree) for the practice of the occupation;

technician means a national of a Party who performs a skilled occupation that requires:

(a) the theoretical and practical application of a body of specialized knowledge; and

(b) obtaining a post-secondary or technical degree that requires at least two years or more of study (or the equivalent of such degree) for the exercise of the occupation.

Annex 20-A. TEMPORARY ENTRY OF BUSINESS PEOPLE

Section A. BUSINESS VISITORS

1. Each Party shall authorize temporary entry to a business person who intends to carry out any business activity referred to in Appendix 20-A.1, without requiring him to obtain an employment authorization or other requirements than those established by the immigration measures in force applicable to temporary entry, and who exhibits:

(a) proof of nationality of the other Party;

(b) documentation evidencing that it will undertake such activities and stating the purpose of its entry; and

(c) proof of the international scope of the business activity proposed to be undertaken and that the person does not intend to enter the local labor market.

2. Each Party shall provide that a business person complies with the requirements set forth in paragraph 1(c), when it demonstrates that:

(a) the principal source of remuneration for that activity is outside the territory of the Party authorizing temporary entry; and

(b) bel principal place of business and where most of the profits are actually earned is outside the territory of the Party authorizing temporary entry.

For the purposes of this paragraph, the Party authorizing temporary entry shall normally accept a statement as to the principal place of business and the place of earning profits. Where the Party requires additional verification, a letter from the employer or the organization for which he provides services or represents, stating such circumstances, shall normally be considered sufficient evidence.

3. No Party may:

(a) require, as a condition for authorizing temporary entry under paragraph 1, prior approval procedures, petitions, proof of labor certification or other procedures of similar effect; or

(b) impose or maintain numerical restrictions on temporary entry in accordance with paragraph 1.

4. Notwithstanding paragraph 3, a Party may require a business person requesting temporary entry under this Section to obtain a visa or equivalent document prior to entry.

Section B. TRADERS AND INVESTORS (2)

1. Each Party shall authorize temporary entry to a business person exercising supervisory, executive, managerial or specialized knowledge functions, provided that the person also complies with the immigration measures in force, applicable to the temporary entry and that he/she intends to do so:

(a) to carry on a substantial trade in goods or services, principally between the territory of the Party of which the business person is a national and the territory of the other Party from which entry is sought; or

(b) establish, develop, manage or provide key technical advice or services to manage an investment in which the individual or his company has committed, or is in the process of committing, a significant amount of capital.

2. No Party may:

(a) require proof of labor certification or other procedures of similar effect, as a condition for authorizing temporary entry under paragraph 1; or

(b) impose or maintain numerical restrictions in connection with temporary entry pursuant to paragraph 1.

3. Notwithstanding paragraph 2, a Party may require a business person requesting temporary entry under this Section to

obtain a visa or equivalent document prior to entry.

(2) It does not include the provision of professional services that by law are reserved to nationals of any of the Parties, in accordance with Article 15.6 (Nonconforming Measures).

Section C. INTRA-COMPANY PERSONNEL TRANSFERS (3)

1. Each Party shall authorize temporary entry and issue a work permit or other authorization, subject to the labor legislation of the respective Party, to a business person, employed by an enterprise, who intends to perform managerial or executive functions, involving specialized knowledge, or a management trainee in training in that enterprise or in one of its subsidiaries, affiliates or parent company, provided that he/she complies with the immigration measures in force applicable to temporary entry.

2. No Party may:

(a) requiring proof of labor certification or other procedures of similar effect as a condition for authorizing temporary entry under paragraph 1; or

(b) impose or maintain numerical restrictions in connection with temporary entry pursuant to paragraph 1.

3. Notwithstanding paragraph 2, a Party may require a business person requesting temporary entry under this Section to obtain a visa or equivalent document prior to entry.

(3) It does not include the rendering of professional services that by law are reserved to nationals of any country of the Parties, in accordance with Article 15.6 (Nonconforming Measures).

Section D. PERSONS ENGAGED IN a SPECIALTY OCCUPATION (4)

1. Each Party shall authorize temporary entry and issue the applicable immigration documentation to a business person who intends to carry out activities, in accordance with the laws of the Party, as a person engaged in a skilled or technical occupation, under a subordinate or independent relationship, or to perform training functions related to a particular skilled or technical occupation, including conducting seminars, when the business person, in addition to complying with the current immigration requirements applicable to temporary entry, exhibits:

(a) proof of nationality of a Party;

(b) documentation evidencing that the person will undertake such activities and stating the purpose of entry; and

(c) documentation attesting that the person possesses the relevant minimum academic requirements or alternative qualifications.

2. No Party may:

(a) require proof of labor certification or other procedures of similar effect, as a condition for authorizing temporary entry under paragraph 1; or

(b) impose or maintain numerical restrictions in connection with temporary entry pursuant to paragraph 1.

3. For greater certainty, a Party may require a business person seeking temporary entry under this Section to comply with the requirements of its law for the practice of that profession.

(4) It does not include the rendering of professional services that by law are reserved to nationals of any of the following countries of the Parties, in accordance with Article 15.6 (Nonconforming Measures).

Section E. WIVES AND DEPENDENTS

1. Each Party shall authorize temporary entry and issue applicable immigration documentation in accordance with the Party's law to the spouse and dependents of a business person who obtains temporary entry under Section B, Section C or

Section D, where the spouse and dependents meet the existing immigration requirements applicable to temporary entry.

2. No Party may:

(a) require approval procedures, proof of labor certification or other procedures of similar effect, as a condition for authorizing temporary entry under paragraph 1.

(b) impose or maintain numerical restrictions in connection with temporary entry pursuant to paragraph 1.

Appendix 20-A. BUSINESS VISITORS

Meetings and consulting

Business people who attend meetings, seminars, conferences, workshops or who carry out advisory or consulting activities for clients.

Research and design

Technical, scientific and statistical researchers conducting research independently or for an enterprise established in the territory of the other Party.

Cultivation, manufacturing and production

Purchasing and production personnel, at management level, who carry out commercial operations for an enterprise established in the territory of the other Party.

Marketing

Market researchers and analysts who conduct research or analysis independently or for a company established in the territory of the other Party.

Trade show and promotional staff attending trade conventions.

Sales

Sales representatives and sales agents who take orders or negotiate contracts for goods and services for an enterprise established in the territory of the other Party, but who do not deliver the goods or supply the services.

Buyers making purchases for an enterprise established in the territory of the other Party.

Post-sale services lease or leasing

Installation, repair, maintenance, and supervisory personnel who have the technical expertise essential to fulfill the seller's contractual obligation and who provide services, or train workers to provide such services under a warranty or other service contract related to the sale of commercial or industrial equipment or machinery, including computer software purchased from an enterprise established outside the territory of the Party from which temporary entry is sought, during the term of the warranty or service contract.

Financial Services

Financial services personnel engaged in commercial operations for an enterprise established in the territory of the other Party, provided that such personnel do not require authorization by the competent authority of the Party.

Public Relations and Advertising

Public relations and advertising personnel who advise clients or attend or participate in conventions.

Tourism

Tourism personnel (tour and travel agents, tour guides or tour operators) attending or participating in conventions or conducting an excursion that has been initiated in the territory of the other Party.

Translators or interpreters

Translators or interpreters supplying services as employees of an enterprise established in the territory of the other Party, except for services performed by translators authorized by the Government.

Appendix 20-B. MIGRATORY MEASURES

By way of reference, the Parties set forth their current migration measures, without prejudice to any subsequent modifications:

(a) in the case of Colombia:

Decree 4000 of 2004, Decree 2622 of 2009, and Resolution 4700 of 2009;

(b) in the case of Panama:

Decree Law 3 of February 22, 2008.

Chapter 21. DISPUTE RESOLUTION

Article 21.1. COOPERATION

The Parties shall endeavor, through cooperation and consultations, to have a common view on the interpretation and application of this Agreement. In the event that a matter affects their operation, they shall make every effort to reach a mutually agreed satisfactory solution.

Article 21.2. SCOPE

Except for matters arising under Chapters 9 (Environment); 10 (Labor); 11 (Cooperation and Trade Capacity Building); and, 13 (Competition Policy, Designated Monopolies and State Enterprises); and, except for any provision in this Agreement to the contrary, this Chapter shall apply between the Parties for the settlement of disputes concerning the interpretation or application of this Agreement, or where a Party considers that:

(a) an existing or proposed measure of the other Party is or may be inconsistent with an obligation under this Agreement;

(b) the other Party has in any way failed to comply with one of its obligations under this Agreement; or

(c) there is a nullification or impairment within the meaning of Annex 21-A.

Article 21.3. CHOICE OF FORUM

1. Disputes arising under the provisions of this Agreement, the WTO Agreement, and any other trade agreement to which the Parties are party, may be submitted to the dispute settlement mechanisms of any of those fora, at the option of the complaining Party.

2. Once the complaining Party has initiated dispute settlement proceedings pursuant to Article 21.6 under the WTO Agreement or another trade agreement to which the Parties are party (1) , the forum selected shall be exclusive of the others.

(1) For the purposes of this Article, dispute settlement proceedings under the WTO Agreement or another trade agreement shall be deemed to have been initiated when the establishment of a Panel has been requested by a Party.

Article 21.4. CONSULTATIONS

1. A Party may request in writing consultations with the other Party with respect to a matter set forth in Article 21.2.

2. The Party requesting the consultation shall deliver the written request to the other Party, explaining the reasons for the request, identifying the measure or matter that may affect the operation of this Agreement, in accordance with Article 21.2, as well as the legal basis for the complaint.

3. The Party to whom the request for consultation was addressed shall respond in writing within 10 days from the date of its receipt.

4. The Parties shall consult within a period of no more than:

(a) a period of 15 days after the date of receipt of the request in matters relating to cases of urgency, including those

involving perishable goods or goods or services that rapidly lose their commercial value; or

(b) a period of 30 days after the date of receipt of the application for all other matters.

5. Through the consultations held pursuant to the provisions of this Article, the Parties shall make efforts to reach a mutually satisfactory resolution of the matter. To this end, each Party shall:

(a) provide sufficient information for a full review of the measure or any other matter that may affect the operation or implementation of this Agreement; and

(b) treat confidential information received in the course of consultations in the same manner as that accorded by the Party that provided the information.

6. The consultations shall be confidential and without prejudice to the rights of the Parties in any subsequent proceedings in accordance with this Chapter.

7. The consultation may be held in person or by any other means that the Parties may decide. In the event that the consultation is face-to-face, it shall be held in the capital of the consulted Party, unless the Parties agree otherwise.

8. In the event that the consulted Party does not respond to the request for consultations within 10 days of receipt of the request referred to in paragraph 3, the consulting Party may request the establishment of a Panel, as provided in Article 21.6.

Article 21.5. GOOD OFFICES, CONCILIATION AND MEDIATION

1, The Parties may agree at any time to use an alternative method of dispute resolution, such as: good offices, conciliation or mediation.

2. The Parties shall apply alternative methods of dispute resolution, in accordance with procedures to be agreed upon at the time.

3. Each party may at any time initiate, suspend or terminate proceedings under this Article.

4. Proceedings involving good offices, conciliation and mediation shall be confidential, and without prejudice to the rights of the Parties in any other proceedings.

Article 21.6. ESTABLISHMENT OF a PANEL

1, Unless the Parties agree otherwise, and subject to paragraph 3, the complaining Party may refer the matter to a Dispute Settlement Panel, if a matter referred to in Article 21.4 has not been resolved within:

(a) 60 days from the date of receipt of the request for consultation; or

(b) 30 days from the date of receipt of the request for consultations for matters referred to in Article 21.4.4.

2. The complaining Party shall deliver the written request for the establishment of the panel to the other Party, stating in the request the reasons for the request, identifying the specific measure or other matter at issue and providing a brief summary of the legal basis of the complaint sufficient to present the problem clearly. (2) The complaining Party shall provide the other Party with a brief summary of the legal basis of the complaint sufficient to present the problem clearly.

3. An arbitration panel may not be established to review a draft measure.

4. The date of establishment of the panel shall be the date on which the Chairman of the panel is appointed.

(2) This includes an indication as to whether the measure constitutes a de jure and/or de facto violation.

Article 21.7. PANEL SELECTION

1. The Panel will be composed of three members.

2. Within 20 days of receipt of the request for the establishment of a panel, each Party shall notify the other Party of the appointment of a panelist and propose up to four non-national candidates to serve as chair of the panel. If a Party fails to appoint a panelist within this period, the panelist shall be selected by the other Party within five days thereafter from the

four proposed candidates for chairperson.

3. The Parties shall endeavor to agree upon and appoint the chairperson from the proposed candidates within 30 days from the date of receipt of the request for the establishment of a Panel. If the Parties are unable to select the chairperson within that period, the chairperson shall be selected by lot from the proposed candidates within seven days thereafter.

4. If a panelist appointed by a Party withdraws, is removed, or is unable to serve, a replacement shall be appointed by that Party within 30 days, and if this is not possible, shall be appointed in accordance with paragraph 2.

5. If the chairperson of the Panel retires, is removed, or is unable to serve, the Parties shall endeavor to decide on the appointment of his or her replacement within 30 days, and if this is not possible, the replacement shall be appointed in accordance with paragraph 3.

6. If the appointment referred to in paragraph 4 or 5 would require the selection from the list of candidates proposed by the Chair and there are no remaining candidates, each Party shall propose 3 additional candidates within 30 days thereafter and within seven days after such deadline, the panelist shall be selected from the proposed candidates.

7. The time limit applicable to the procedure is suspended at the time the panelist resigns, is removed or is unable to serve, and resumes on the date the replacement is selected.

Article 21.8. QUALIFICATIONS OF PANELISTS

1. Each Panelist shall:

(a) have expertise or experience in law, international trade or other matters covered by this Agreement, or in the settlement of disputes arising under international trade agreements;

(b) be selected strictly on the basis of objectivity, reliability, and sound judgment;

(c) be independent and not bound to the Parties, nor receive instructions from them;

(d) comply with the Code of Conduct for Arbitrators set forth in the "Understanding on Rules and Procedures Governing the Settlement of Disputes" of the WTO Agreement (document WT/DSB/RC/1) (3); and

(e) not have been involved in an alternative dispute resolution procedure referred to in Article 21.5 in relation to the same dispute.

(3) Without prejudice to the provisions of this subparagraph, the Free Trade Commission shall be empowered to adopt or modify the Code of Conduct as may be necessary to ensure the best performance of the arbitrators,

Article 21.9. MODEL RULES OF PROCEDURE

1. Any Panel established pursuant to this Chapter shall be governed by the provisions of this Chapter and the Model Rules of Procedure, as set forth in Annex 21-B. A

The Panel, after consultation with the Parties, may establish supplementary rules of procedure that do not conflict with the provisions of this Chapter.

2. Unless otherwise agreed by the Parties, the Model Rules of Procedure shall ensure that:

(a) each Party has the right to present and receive written and oral pleadings and to submit rebuttals;

(b) the Parties have the right to at least one hearing before the Panel, which may be open to the public, subject to subparagraph (d);

(c) all submissions and comments made to the Panel are made available to the other Party; and

(d) information classified by any of the Parties as confidential shall be protected.

3. Unless the Parties decide otherwise within 15 days from the date of the establishment of the Panel, its mandate shall be:

"To examine, in an objective manner and in the light of the relevant provisions of this Agreement, the matter referred to in the request for the establishment of the panel and to make findings, rulings and recommendations as provided in Article 21.10."

4. If the complaining Party alleges that a benefit has been nullified or impaired within the meaning of Annex 21-A, the mandate shall so state.

5. Ifa Party wishes the Panel to make findings on the level of adverse trade effects caused by non-compliance with the obligations of this Agreement, the terms of reference should so state.

6. At the request of a Party, or on its own initiative, the Panel may seek information and technical opinions from any person or entity it deems relevant under the Model Rules of Procedure.

7. The findings, determinations and recommendations of the Panel pursuant to Article 21.10 shall be adopted by a majority of its members.

8. Panelists may submit separate opinions on matters not unanimously agreed upon. The Panel may not disclose the identity of panelists who are associated with the majority or minority opinions.

9. The expenses associated with the proceeding, including the expenses of the panelists, shall be borne equally by the Parties, unless the Panel determines otherwise based on the particular circumstances of the case.

Article 21.10. PANEL REPORTS

1. Unless the Parties agree otherwise, the Panel shall issue its reports in accordance with the provisions of this Chapter. The Panel shall interpret this Agreement and base its reports in accordance with the rules of interpretation of public international law, the submissions and arguments of the Parties; as well as any other information and technical opinions made available to it in accordance with the provisions of this Chapter.

2. The Panel shall submit an initial report to the Parties within 90 days after the election of the last panelist, in accordance with its terms of reference. This report shall contain:

(a) findings of fact and conclusions of law;

(b) a determination as to whether or not a Party complained against has complied with its obligations under this Agreement and any other findings or determinations requested in the mandate; and

(c) the resolutions and recommendations for the resolution of the dispute.

3. The Panel's initial report shall be confidential.

4. A Party may submit written comments to the Panel on its initial report within 15 days of the submission of the report. After considering such comments, the Panel, on its own initiative or at the request of a Party, may within the terms provided in this Article:

(a) request the opinion of a Party;

(b) reconsider its report; or

(c) conduct any other examinations it deems appropriate.

5. The Panel shall submit a final report to the Parties within 30 days after the presentation of the initial report, if there are no comments from the Parties. If there are comments, this period shall be extended to 45 days following the presentation of the initial report.

6. Unless the Parties agree otherwise, the final report of the Panel shall be published by the two Parties 15 days after it is submitted by the Panel, subject to the protection of confidential information as provided in Article 21.9.2. (d). At the request of a Party, the Parties shall postpone publication for up to 30 days following the submission of the final report.

Article 21.11. COMPLIANCE WITH THE FINAL REPORT

1. Upon receipt of the final report of the Panel, the Parties shall reach an agreement on the resolution of the dispute, which shall be in accordance with the findings and recommendations of the Panel, if any, unless the Parties decide otherwise.

2. Whenever possible, the solution should consist of the elimination of the measure that is inconsistent with this Agreement or that causes nullification or impairment within the meaning of Annex 21-A.

3. If the Parties do not reach an agreement on the implementation of the Panel's final report within 30 days of its submission, or such other period as the Parties may have agreed, the complaining Party may request the Party complained

against to enter into negotiations with a view to agreeing on mutually acceptable compensation. Such compensation shall be provided on a temporary basis until the recommendations and rulings of the final report are implemented.

Article 21.12. NON-COMPLIANCE - SUSPENSION OF BENEFITS

1. The complaining Party may, upon notification to the other Party, suspend in an equivalent manner the application of benefits or other obligations of this Agreement, when:

(a) the Parties have not been able to agree on the implementation of the Panel's mutually agreed resolutions and recommendations within 30 days of receipt of the final report; or

(b) the Parties fail to decide on compensation within 30 days of the Party's request, if there is a request by a Party to that effect; or

(c) having agreed on the manner of implementation of the Panel report or compensation, the Complaining Party considers that the Party complained against has not complied with the terms of the agreement;

2. In the case of activation of the Panel provided for in Article 21.13.1(b), the complaining Party may suspend benefits or other obligations, once the final report of this Panel, confirming the possibility of suspending such benefits or obligations, has been issued and notified in accordance with Article 21.13.

3. The notification referred to in paragraph 1 shall specify the level of benefits or obligations that the complaining Party shall suspend.

4. In considering the benefits or obligations to be suspended pursuant to paragraph 1, the complaining Party:

(a) shall first seek the suspension of benefits or obligations within the same sector affected by the measure that the panel has found to be inconsistent with an obligation under this Agreement, or to be a cause of nullification or impairment within the meaning of Annex 21-A; and

(b) if it considers that it is not feasible or effective to suspend benefits or obligations in the same sector, it may suspend benefits or obligations in another sector.

4. The suspension of benefits or obligations shall be temporary and shall be applied by the complaining Party only until such time as the other Party brings the inconsistent measure that gave rise to the suspension into conformity with this Agreement, or as a result of the panel process described in Article 21.13, or until such time as the Parties reach agreement on the manner of implementation of the rulings and recommendations of the Panel.

Article 21.13. EVALUATION OF COMPLIANCE AND SUSPENSION OF BENEFITS

1, A Party may, by written notice to the other Party, request that a Panel be reconvened to determine:

(a) if the level of benefits or obligations suspended by a Party pursuant to Article 21.12.1 is manifestly excessive; or

(b) any disagreement as to the existence or consistency with this Agreement of measures taken to comply with previously established Panel rulings or recommendations.

2. In the written notification of the request referred to in paragraph 1, the Party shall identify the specific measures or other matters at issue and provide a summary of the legal basis of the complaint.

3. The Panel shall be reconvened upon receipt by the other Party of the written notification of the request referred to in paragraph 1. In the event that any of the panelists is unable to serve on the new panel, such panelist shall be replaced in accordance with Article 21.7.

4. The provisions of Articles 21.9 and 21.10 apply to the procedures adopted and the report issued by the Panel reconvened under this Article, except that the panel shall submit an initial report within 60 days after reconvening.

5. A Panel reconvened pursuant to this Article may include in its report a recommendation, as appropriate, that any suspension of benefits or obligations be terminated or that the amount of benefits or level of obligations suspended be modified.

6. In the case provided for in paragraph 1(b), where a Panel concludes that the measures taken by the Party complained against to comply with the rulings or recommendations of the previously established Panel do not comply with such rulings or recommendations, the complaining Party may proceed in accordance with Article 21.12, as appropriate.

Article 21.14. RIGHTS OF INDIVIDUALS

A Party may not grant a right of action under its domestic law against the other Party on the ground that the act or omission of that Party is inconsistent with this Agreement.

Article 21.15. DEFINITIONS

For the purposes of this Chapter:

Party complained against means the Party receiving the request for the establishment of a Panel pursuant to Article 21.7; and

Complaining Party means a Party that requests the establishment of a Panel pursuant to Article 21.7.

Annex 21-A. NULLIFICATION OR IMPAIRMENT

1. If a Party believes that the benefit it could reasonably have expected to receive under a provision of the following chapters:

(a) Chapters 2 (National Treatment and Market Access for Goods), 3 (Rules of Origin and Origin Procedures), 4 (Customs Administration and Trade Facilitation); or 12 (Government Procurement).

(b) Chapter 10 (Cross-Border Trade in Services), or

is being nullified or impaired as a result of the application of a measure of the other Party that is inconsistent with this Agreement within the meaning of Article XXTII:1(b) of the GATT 1994, Article XXII.3 of the GATS or Article XXII.2 of the Agreement on Government Procurement, signed on April 15, 1994 (GPA), the Party may have recourse to the dispute settlement mechanism of this Chapter. A Panel established under this Chapter shall take into account relevant case law interpreting Article XXIII.1(b) of the GATT 1994, Article XXIII.3 of the GATS and Article XXII.2 of the GPA.

Annex 21-B. MODEL RULES OF PROCEDURE

Application

1. The following rules of procedure are established in accordance with the following Article 21.9 and shall apply to dispute settlement procedures pursuant to Chapter 21, unless the Parties agree otherwise.

Definitions

2. For the purposes of this Annex:

advisor means a person engaged by a Party to advise or assist such Party in connection with the Panel proceeding;

assistant means a person who, under the terms of appointment by a panelist, investigates or provides assistance to such panelist;

Complaining Party means a Party that requests the establishment of a panel pursuant to Article 21.6 (Establishment of Panel);

days means one calendar day;

legal holiday means every Saturday and Sunday and any other day designated by a Party as a holiday for the purposes of these rules;

Panel means a Panel established pursuant to Article 21.6 (Establishment of a Panel);

panelist means a member of the Panel actually constituted pursuant to Article 21.6 (Establishment of a Panel);

procedure means a procedure of the Panel;

representative means an employee of a government department or agency or any government entity of a Party; and

Party complained against means the Party that has received the request for the establishment of the Panel pursuant to Article 21.6 (Establishment of a Panel).

3. Any reference in these rules of procedure to an Article is a reference to the relevant Article in Chapter 21 (Dispute Settlement).

Writings and Other Documents

4. Each Party shall send the original and at least three copies of any written submissions to the chairperson of the Panel, who shall distribute them among the other panelists, and one copy to the other Party. The sending of written submissions and any other documents related to the Panel proceedings may be made by facsimile or any other means of electronic transmission if the Parties so agree. Where a Party sends physical copies of written submissions or any other documents related to the Panel proceedings, that Party shall at the same time send an electronic version of such submission or other document.

5. Deadlines shall be counted from the day after the date of receipt of the written submissions or other documents. The complaining Party shall send an initial written submission to the Party complained against within 15 days after the date on which the last panelist is appointed. The Party complained against shall in turn send a counter-submission within 20 days after the date on which the deadline for the filing of the complaining Party's first written submission expires.

6. The Panel shall establish, in consultation with the Parties, the dates for the submission of the Parties' subsequent counter-arguments and for any other submissions that the Panel and the Parties agree are appropriate.

7. A Party may at any time correct minor errors of a typographical nature in any pleading or other document relating to the Panel proceeding by submitting a new document clearly indicating the changes.

8. If the last day for mailing a document falls on a legal holiday of a Party or on any day on which the government offices of such Party are closed by order of the government or by force majeure, the document may be mailed on the next business day.

Burden of Proof

9. A Party claiming that an existing measure of the other Party is or may be inconsistent with an obligation under this Agreement; or that the other Party has in any way breached an obligation under this Agreement; or that there is nullification or impairment within the meaning of Annex 21-A shall bear the burden of establishing such inconsistency.

10. If the other Party asserts that a measure is subject to an exception under this Agreement, it shall bear the burden of establishing that such exception applies.

Panel Operation

11. The Chairperson of the Panel shall preside at all meetings. The Panel may delegate to the chairperson the power to make administrative decisions relating to the proceeding.

12. The Panel may conduct its business by any means it deems appropriate, including by telephone, facsimile and video transmission or computer link.

13. Only panelists may attend the deliberations of the Panel. The Panel may, in consultation with the Parties, employ such number of assistants, interpreters, translators or stenographers as may be necessary for the proceedings and allow them to be present during the deliberations. The members of the Panel and persons employed by the Panel shall maintain the confidentiality of the deliberations of the Panel and of any information that is protected pursuant to Article 21.9.2(d) and the rules of this Annex.

14. When a procedural question arises that is not covered by the provisions of this Agreement and its Annexes, the Panel may establish an appropriate procedure that is consistent with the provisions contained in this Agreement.

15. A Panel may, in consultation with the Parties, modify any applicable time limits in the Panel proceedings and make other procedural or administrative adjustments to the extent required by the proceeding.

Procedures for Selecting the Panel Chairperson by Lottery

16. The following procedures apply to select the Chairperson of the Panel by lot, in accordance with Article 21.7:

(a) the Party presiding over the selection by lot (hereinafter "the presiding Party") shall, for the purpose of selecting the chairperson in accordance with Article 21.7.3, be the complaining Party; and

(b) the presiding Party shall notify, three days in advance, the other Party (hereinafter "the responding Party") of the date and place for the selection by lot, which shall take place within seven days of the date on which the Parties were unable to

agree on the designation of the Chairperson in accordance with Article 21.7.3, and shall invite representatives of the responding Party to attend. The selection by lot shall take place in the territory of the presiding Party;

(c) the presiding Party shall prepare a mailbox containing identical sealed envelopes, each of which shall contain the name of one of the candidates nominated in accordance with paragraph 2 of Article 21.7, so that there is exactly one envelope corresponding to each of the candidates;

(d) a representative of the responding Party shall remove from the mailbox, at random and without being able to discern the identity of the candidate to whom the envelope corresponds, an envelope until the seal is removed and the envelope is opened;

(e) the candidate to whom the envelope corresponds will be the panelist selected as chairperson;

(f) after selection by lot, the mailbox and any envelopes remaining in the mailbox shall be made available for verification by the representatives of the responding Party in the presence of the representatives of the presiding Party.

17. If, despite notification in accordance with subparagraph 16(b), no representative of the responding Party attends the selection by lot, the presiding Party may itself conduct the procedures for the selection.

Hearings

18. The chairperson of the Panel shall set a date and time for the initial hearing and any subsequent hearings in consultation with the Parties and the panelists, and then notify the Parties in writing of such dates and times.

19. The place for the hearings shall alternate between the territories of the Parties, the first hearing being in the territory of the Party complained against, unless the Parties agree otherwise. The Party in whose capital the hearing is held shall be responsible for making the administrative and logistical arrangements for the hearing.

20. If the Parties deem it necessary, the Panel may agree to additional hearings. 21. All panelists must be present during the hearing.

22. No later than five days before the date of a hearing, each Party shall deliver to the other Party and to the Panel a list of names of those persons who will be present at the hearing on behalf of that Party, and of other representatives or advisors who will attend the hearing.

23. Each hearing shall be conducted by the Panel in a manner that ensures that the complaining Party and the Party complained against are given equal time to present their arguments, rebuttals and counter-rebuttals.

24. Hearings may be open to the public, except where it is necessary to protect information that the Parties have designated as subject to confidential treatment in accordance with Article 21.9.2(b) and (d). The Panel, in consultation with the Parties, shall adopt appropriate logistical arrangements and procedures to ensure that the hearings are not interrupted by the attendance of the public.

25. The Panel shall arrange for the preparation of transcripts of the hearings, if any, and shall deliver a copy to each Party as soon as possible after such transcripts are prepared.

Ex Parte Contacts

26. Neither Party may communicate with the Panel without notifying the other Party. Likewise, the Panel shall not communicate with a Party in the absence of, or without notifying the other Party.

27. No panelist may discuss any aspect of the substantive issues in the Parties' proceedings in the absence of the other panelists.

Disclosure of information

28. The Parties shall maintain the confidentiality of the hearings of the Panels, their deliberations and preliminary report, as well as the written submissions and communications addressed to the Panel, in accordance with the following procedures:

(a) a Party may at any time make its submissions public;

(b) to the extent it deems strictly necessary to protect the privacy of individuals or to legitimate commercial interests of particular enterprises, whether public or private, or to avoid fundamental confidentiality concerns, a Party may designate as confidential specific information contained in its submissions or in submissions to a Panel hearing;

(c) a Party shall treat as confidential any information submitted by the other Party to the Panel, which has been designated

by that Party as confidential pursuant to subparagraph (b); and

(d) each Party shall take such reasonable measures as may be necessary to ensure that experts, interpreters, translators, stenographers (personnel designated to take notes) and other persons involved in the Panel proceedings safeguard the confidentiality of the proceedings.

Remuneration and Payment of Expenses

29. The chairperson of the Panel shall be remunerated for each full day of performance of his or her duties on the Panel, in accordance with the WTO Scale of Payment for non- governmental arbitrators in a WTO dispute; or at a value agreed by the Parties.

30. Each Party shall bear the remuneration and expenses of the panelist designated by it, including any panelist designated by the other Party pursuant to the procedure set out in Article 21.7 in the event that the Party has not designated its panelist.

31. Each panelist shall keep a record and submit a final account to the Parties of his or her time and expenses, as well as those of any assistant. The chairperson of the Panel shall keep a record and submit a final account to the Parties of all overhead expenses.

Written Questions

32. During the process, the Panel may at any time put questions in writing to one or both Parties. The Parties shall receive a copy of the questions posed by the Panel.

33. Each Party shall also provide a written copy of its response to the questions posed by the Panel to the other Party. The Parties shall have the opportunity to comment in writing on the other Party's response within five days from the date of delivery.

Role of the Experts

34. At the request of a Party, or on its own initiative, the Panel may seek information and technical advice from any appropriate person or body, subject to paragraphs 35 and 36 and any additional terms and conditions that the Parties may agree. The requirements set out in Article 21.8 shall apply to experts or bodies, as appropriate.

35. Before the Panel seeks information or technical advice, the Panel:

(a) notify the Parties of its intention to seek information or technical advice pursuant to paragraph 34 and provide them with an adequate period of time to submit comments; and

(b) provide the Parties with a copy of any information or technical advice it has received pursuant to paragraph 34 and provide them with an adequate period to submit their comments.

36. When the Panel takes into consideration the information or technical advice it has received pursuant to paragraph 34 in preparing its report, it shall also take into consideration any comments or observations submitted by the disputing Parties with respect to such information or technical advice.

Language

37. Unless otherwise agreed by the Parties, the proceedings of the Panel shall be conducted in Spanish. The foregoing applies to oral and written submissions.

38. The initial and final reports of the Panel will be issued in Spanish.

Chapter 22. TRANSPARENCY

Article 22.1. PUBLICATION

1. Each Party shall ensure, to the extent permitted by its law, that its laws, regulations, procedures and administrative rulings of general application relating to any matter covered by this Agreement are promptly published, to the extent practicable, or otherwise made available for the information of interested persons and of the other Party.

2. To the extent possible, each Party:

(a) publish in advance any measure, referred to in paragraph 1, which it intends to adopt; and

(b) give interested persons and the other Party a reasonable opportunity to comment on the proposed measures.

Article 22.2. NOTIFICATION AND PROVISION OF INFORMATION

1. Each Party shall notify the other Party, to the extent practicable, of any existing or proposed measures that the Party believes could materially affect the operation of this Agreement, or otherwise materially affect the interests of the other Party under this Agreement.

2. A Party shall, upon request of the other Party, provide information and promptly respond to its questions concerning any measure in force or proposed, whether or not the other Party has been previously notified of such measure.

3. Any notification or provision of information referred to in this Article shall be made without prejudice to whether or not the measure is compatible with this Agreement.

Article 22.3. ADMINISTRATIVE PROCEDURES

In order to administer in a consistent, impartial and reasonable manner all measures of general application affecting matters covered by this Agreement, each Party shall ensure that, in its administrative procedures applying the measures referred to in Article 22.1 with respect to particular persons, goods or services of the other Party in specific cases:

(a) whenever possible, persons of the other Party who are directly affected by a proceeding shall, in accordance with domestic provisions, be given reasonable notice of the institution of the proceeding, including a description of its nature, a statement of the legal basis under which the proceeding is instituted, and a general description of all issues in dispute;

(b) when time, the nature of the proceeding and the public interest permit, such persons are given a reasonable opportunity to present facts and arguments in support of their positions prior to any final administrative action; and

(c) its procedures are in accordance with the laws of that Party.

Article 22.4. REVIEW AND CHALLENGE

1. Each Party shall establish or maintain courts or tribunals or procedures of a judicial or administrative nature for the purpose of the prompt review and, where warranted, correction of final administrative actions relating to matters covered by this Agreement. Such tribunals shall be impartial and not connected with the administrative enforcement agency or authority, and shall have no substantial interest in the outcome of the matter.

2. Each Party shall ensure that, before such courts or in such proceedings, the parties have the right to:

(a) a reasonable opportunity to support or defend their respective positions; and

(b) a decision based on the evidence and submissions or, in cases where required by law, on the record compiled by the administrative authority.

3. Each Party shall ensure, subject to challenge or further review as provided in its law, that such rulings are implemented by, and govern the practice of, the agency or authority with respect to the administrative action that is the subject of the decision.

Article 22.5. SPECIFIC RULES

The provisions of this Chapter are without prejudice to the specific rules established in other Chapters of this Agreement.

Article 22.6. DEFINITION

For the purposes of this Chapter:

administrative ruling of general application means an administrative ruling or interpretation that applies to all persons and facts generally within its scope and that establishes a standard of

conduct, but does not include:

(a) a determination or ruling made in an administrative proceeding that applies to particular persons, goods or services of the other Party, in a specific case; or

(b) a resolution that decides with respect to a particular act or practice.

Chapter 23. ADMINISTRATION OF THE AGREEMENT

Article 23.1. FREE TRADE COMMISSION

1. The Parties establish the Free Trade Commission, composed of representatives of each Party, which shall be chaired by both the Minister of Commerce, Industry and Tourism of the Republic of Colombia and the Minister of Commerce and Industries of the Republic of Panama, or their successors. The Ministers may be represented by persons designated by them.

2. The Commission shall have the following functions:

(a) supervise the implementation of this Agreement;

(b) to review the general operation of this Agreement;

(c) supervise the work of the Committees, Subcommittees and Working Groups, established in accordance with this Agreement, which are listed in Annex 23-A;

(d) consider any other matter that may affect the operation of this Agreement.

3. The Commission may:

(a) to establish new Committees, Subcommittees and Working Groups and to adopt the necessary measures for their operation;

(b) delegate responsibilities to Committees, Subcommittees and Working Groups;

(c) modify:

(i) the deadlines set forth in Annex 2-B (Tariff Elimination), in order to accelerate tariff elimination or tariff elimination;

(ii) the Schedule of goods of a Party to Annex 2-B (Tariff Elimination) for the purpose of incorporating one or more goods excluded from such Schedules;

(iii) the rules of origin established in Annex 3-A (Specific Rules of Origin);

(iv) the Uniform Regulations, Annexes 3-B (Certificates of Origin), 3-C (Instructions for Completing the Certificate of Origin), 3-D (Third Country Goods) and 4-A (Technical Cooperation and Mutual Administrative Assistance in Customs Matters);

(v) the list of entities referred to in Annex 12-A (Government Procurement);

(vi) the Model Rules of Procedure set forth in Annex 21-B and the Code of Conduct referred to in Article 21.8 (d);

(d) seek the advice of non-governmental individuals or groups, when it deems it appropriate;

(e) issue interpretations of the provisions of this Agreement;

(f) analyze any proposed amendments to this Agreement and make the respective recommendation to the Parties;

(g) examine the impacts of the benefits of this Agreement on small and medium-sized enterprises; and

(h) if agreed by the Parties, take any other action in the exercise of its functions.

4. The modifications referred to in subparagraph 3(c) shall be subject to compliance with the domestic legal procedures of each Party.

5. The Commission shall establish its own rules of procedure and its decisions shall be adopted by consensus of the Parties.

6. The Commission shall meet at least once a year at an ordinary meeting, or at the written request of any of the Parties. Unless otherwise agreed by the Parties, the regular meetings of the Commission shall be chaired successively by each Party and shall be held alternately in the territory of each Party or by any available technological means.

7. Each Party shall handle any confidential information exchanged at the sessions, within the framework of the Commission, on the same basis as the Party providing the information.

Article 23.2. AGREEMENT COORDINATORS

1. Each Party shall designate an Agreement Coordinator in accordance with Annex 23-B and notify the other Party within 60 days of the entry into force of this Agreement.

2. The Agreement Coordinators, jointly, shall:

(a) recommend to the Commission the creation of the bodies referred to in Art. 23.1.3 (a) that they deem necessary;

(b) coordinate preparations for the Commission's meetings;

(c) to follow up on the decisions adopted by the Commission, as appropriate; (d) act as a point of contact, receive notifications and information within its competence and facilitate communication between the Parties on any matter covered by this Agreement; (e) consider any other matters that may affect the operation of this Agreement as directed by the Commission.

3. Each Party may request in writing, at any time, that a meeting of the Coordinators be held to discuss specific issues. Such meeting shall be held within 30 days of receipt of the request.

Annex 23-A. COMMITTEES, SUBCOMMITTEES, WORKING GROUPS, AND CONTACT POINTS COMMITTEES:

(a) Committee on Trade in Goods (Art. 2.16);

(b) Committee on Rules and Procedures of Origin, Trade Facilitation, Technical Cooperation and Mutual Assistance in Customs Matters (Art. 4.13);

(c) Committee on Sanitary and Phytosanitary Measures (Art. 5.9);

(d) Committee on Technical Barriers to Trade (Art. 6.10);

(e) Intellectual Property Committee (Art. 8.11);

(f) Joint Committee on Environmental Matters (Art. 9.7);

(g) Joint Labor Affairs Committee (Art. 9.7);

(h) Public Contracting Committee (Art. 12.17);

(i) Financial Services Committee (Art. 16. 14).

SUBCOMMITTEE:

(a) Agricultural Subcommittee (Art. 2.15)

WORKING GROUPS:

(a) Sanitary and Phytosanitary Measures: Ad hoc Working Group (Art. 5.5);

(b) Sanitary and Phytosanitary Measures: Ad hoc Working Group (Art. 5.7) (c) Temporary Entry of Business Persons: Working Group (Art. 20.5).

CONTACT POINTS:

(a) Chapter Sanitary and Phytosanitary Measures: Point of Contact (Annex 5- B);

(b) Chapter Technical Barriers to Trade: Points of Contact (Annex 6-A);

(c) Environmental Chapter: National Contact Point (Art. 9.8);

(d) Labor Chapter: National Contact Point (Art.10.6);

(e) Chapter Cooperation and Trade Capacity Building: Contact Point (Art. 11.4);

(f) Chapter Customs Administration and Trade Facilitation: Contact Points for Annex 4-A (Article 14);

(g) Chapter Services and Maritime Transport: Points of Contact on Maritime Services (Art.17.11);

(h) Chapter Temporary Entry of Business Persons: Points of Contact (Art. 20.6).

Annex 23-B. AGREEMENT COORDINATORS

The Coordinating Bodies of each Party shall be:

(a) in the case of the Republic of Colombia, the agency designated by the Vice Minister of Foreign Trade;

(b) in the case of the Republic of Panama, the agency designated by the Office of International Trade Negotiations of the Ministry of Commerce and Industries;

or their successors.

Chapter 24. EXCEPTIONS

Article 24.1. GENERAL EXCEPTIONS

1. For the purposes of Chapter 2 (National Treatment and Market Access for Goods), Chapter 3 (Rules of Origin and Origin Procedures), Chapter 4 (Customs Administration and Trade Facilitation), Chapter 5 (Sanitary and Phytosanitary Measures) and Chapter 6 (Technical Barriers to Trade), Article XX of GATT 1994 and its interpretative notes are incorporated into this Agreement and form an integral part thereof mutatis mutandis. The Parties understand that the measures referred to in Article XX(b) of GATT 1994 include environmental measures necessary to protect human, animal or plant life or health, and that Article XX(g) of GATT 1994 applies to measures relating to the conservation of living or non-living exhaustible natural resources.

2. For the purposes of Chapter 14 (Investment), Chapter 15 (Cross-Border Trade in Services), Chapter 16 (Financial Services), Chapter 18 (Telecommunications), Chapter 19 (Electronic Commerce) and Chapter 20 (Temporary Entry of Business Persons), Article XIV of the GATS (including its footnotes) is incorporated into and made part of this Agreement mutatis mutandis. The Parties understand that the measures referred to in Article XIV(b) of the GATS include environmental measures necessary to protect human, animal or plant life or health.

3. The Parties understand that nothing in this Agreement shall be construed to prevent a Party from adopting or maintaining measures designed to preserve public order, provided that such measure is not applied in a manner that would constitute a means of arbitrary or unjustifiable discrimination.

Article 24.2. ESSENTIAL SAFETY

Nothing in this Agreement shall be construed to mean:

(a) oblige a Party to provide or give access to information the disclosure of which it considers contrary to its essential security interests; or

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

(i) to fissile materials or those used for their manufacture;

(ii) to the traffic in arms, ammunition and war material, and to all trade in other articles and material intended directly or indirectly to ensure the supply of the armed forces;

(iii) to those applied in time of war or in case of serious international tension; or

(c) prevent a Party from taking measures in fulfillment of its obligations under the Charter of the United Nations for the maintenance of international peace and security.

Article 24.3. TAXATION

1. Except as provided in this Article, nothing in this Agreement shall apply to taxation measures.

2. This Agreement shall only confer rights or impose obligations with respect to taxation measures by virtue of corresponding rights or obligations granted or imposed under Article II of GATT 1994 and, with respect to services, under Articles I and XIV(d), including their footnotes, of the GATS, where applicable.

3. Nothing in this Agreement shall affect the rights and obligations of the Parties arising under any tax treaty in force

between the Parties. In the event of any inconsistency between this Agreement and any such agreement, the agreement shall prevail to the extent of the inconsistency. In the case of a tax treaty between the Parties, the competent authorities under such treaty shall have sole responsibility for determining whether there is an inconsistency between this Agreement and such treaty.

Article 24.4. BALANCE OF PAYMENTS EXCEPTION

1. If a Party is experiencing, or is threatened with, serious balance of payments and external financial difficulties, or is threatened with such difficulties, it may adopt or maintain restrictive measures with respect to trade in goods and services and with respect to payments and capital movements, including those related to direct investment.

2. The Parties shall endeavor to avoid the application of the restrictive measures referred to in paragraph 1.

3. Restrictive measures adopted or maintained under this Article shall be non- discriminatory and of limited duration and shall not go beyond what is necessary to remedy the external balance of payments and financial situation. They shall be in accordance with the terms of the WTO Agreements and consistent with the Articles of Agreement of the International Monetary Fund, as appropriate.

4. The Party that maintains or has adopted restrictive measures, or any modification thereof, shall inform the other Party without delay and shall present, as soon as possible, a timetable for their elimination.

5. The Party applying restrictive measures shall initiate consultations without delay within the framework of Article 23.1 (Free Trade Commission). These consultations shall assess, the situation of balance of payments of that Party and the restrictions adopted or maintained under this Article, taking into account, inter alia, such factors as:

(a) the nature and extent of external financial and balance of payments difficulties;

(b) the external economic and trade environment of the Party subject to the consultations; and

(c) other possible corrective measures that may be used.

6. The consultations shall examine the conformity of any restrictive measures with paragraphs 3 and 4. Any statistical or other findings of fact presented by the International Monetary Fund on exchange, monetary reserves and balance of payments matters shall be accepted, and conclusions shall be based on the Fund's assessment of the external financial and balance of payments situation of the Party subject to the consultations.

Article 24.5. DISCLOSURE OF INFORMATION

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

Article 24.6. DEFINITIONS

For the purposes of this Chapter:

tax convention means a convention for the avoidance of double taxation or other international tax convention or arrangement; and

tax measures do not include a:

(a) a customs duty, as defined in Article 1.6 (Definitions of General Application); or

(b) the measures listed in subparagraphs (b) and (c) of the aforementioned definition of customs tariff.

Annex 24-A. COMPETENT AUTHORITIES

For the purposes of this Chapter:

competent authorities means:

(a) for the Republic of Colombia The Legal Advisory Office of the Ministry of Finance and Public Credit; and

(b) for the Republic of Panama The National Revenue Authority,

or their successors.

Chapter 25. FINAL PROVISIONS

Article 25.1. ANNEXES, APPENDICES AND FOOTNOTES

The Annexes, Appendices and footnotes to this Agreement are an integral part of this Agreement.

Article 25. AMENDMENTS

1. The Parties may agree on any amendment or addition to this Agreement.

2. When the amendment or addition is agreed and approved in accordance with the legal procedures of each Party, such amendment shall constitute an integral part of this Agreement and shall enter into force in accordance with Article 25.6, unless the Parties agree on a different time period.

Article 25.3. FUTURE NEGOTIATIONS

The parties agree that it is in their interest to deepen their trade relations through the development of this Agreement, For that purpose, they shall decide, on a mutually agreed basis, to initiate a process of negotiation within five years of the date of entry into force of this Agreement, and to this end shall decide on a mutually agreeable basis to initiate a process of negotiation within five years of the date of entry into force of this Agreement. entry into force of this Agreement to broaden and deepen market access conditions.

Article 25.4. AMENDMENT TO THE WTO AGREEMENT

If any provision of the WTO Agreement that the Parties have incorporated into this Agreement is amended, the Parties shall consult with a view to assessing the need to modify the provisions of this Agreement accordingly.

Article 25.5. RESERVATIONS

This Agreement shall not be subject to reservations.

Article 25.6. ENTRY INTO FORCE AND DURATION

This Agreement shall be of indefinite duration and shall enter into force 30 days after the date of receipt of the last written notice from the Parties certifying that all internal legal requirements have been complied with or such other period as the Parties may agree.

Article 25.7. TERMINATION

1. This Agreement may be terminated by either Party by written notice addressed to the other Party.

2. Termination shall take effect 180 days after receipt of the notice by the other Party, notwithstanding that the Parties may agree on a different date.

Article 25.8. PROVISIONAL APPLICATION

1. Notwithstanding the provisions of Article 25.6, the Republic of Colombia may provisionally apply this Agreement in accordance with its constitutional requirements, from the date of signature until the time of its entry into force, in accordance with Article 25.6. Provisional application shall also cease at such time as the Republic of Colombia notifies the Republic of Panama of its intention not to become a Party to this Agreement or of its intention to suspend provisional application.

2. The provisional application of this Agreement shall be notified to the other Party and shall commence as of the first day of the first month following such notification.

Article 25.9. TERMINATION OF THE PARTIAL SCOPE AGREEMENT

With respect to the "Partial Scope Agreement signed under Article 25 of the Treaty of Montevideo of 1980 between the Republic of Panama and the Republic of Colombia" signed on July 9, 1993, hereinafter referred to as the AAP.A25TM N°29, the Parties agree as follows:

1. The Parties understand that the entry into force of the present Agreement does not entail the termination of AAP.A25TM N° 29.

2. AAP.A25TM N° 29 shall continue to apply as long as the preferences contained in AAP.A25TM N° 29 are more favorable than those resulting from the application of the Tariff Elimination Program of this Agreement.

3. Importers may benefit from the preferences contained in AAP.A25TM N° 29 during the period in which said agreement continues to be applied.

4. The Parties may agree to terminate AAP.A25TM No. 29 when the preferences contained in such agreement are equal to or less favorable than those resulting from the application of the Tariff Elimination Program of this Agreement.

IN WITNESS WHEREOF, the undersigned, being duly authorized by their respective Governments, have signed this Agreement in two equally authentic copies.

DONE in the city of Panama, on the 20th day of September, 2013.

FOR THE GOVERNMENT THE REPUBLIC OF PANAMA

FOR THE GOVERNMENT OF OF THE REPUBLIC OF COLOMBIA

Annex I. EXPLANATORY NOTE

1. The Schedule of a Party to this Annex sets forth, in accordance with Articles 14.8 (Non-Conforming Measures) and 15.6 (Non-Conforming Measures), a Party's existing measures that are not subject to some or all of the obligations imposed by:

(a) Articles 14.3 (National Treatment) or 15.2 (National Treatment);

(b) Articles 14.4 (Most-Favored-Nation Treatment) or 15.3 (Most-Favored- Nation Treatment);

(c) Article 14.6 (Performance Requirements); (d) = Article 14.7 (Senior Executives and Boards of Directors); (e) Article 15.4 (Market Access); or (f) Article 15.5 (Local Presence). 2. Each tab of the List establishes the following elements: (a) Sector refers to the sector for which the record has been made;

(b) Type of Reservation specifies the obligation(s) referred to in paragraph 1 which, under Articles 14.8 (Non-Conforming Measures) and 14.9 (Non- Conforming Measures), are not covered by the obligation(s) referred to in paragraph 1.

15.6 (Nonconforming Measures), do not apply to nonconforming aspects of the law, regulation, or other measure, as provided in paragraph 3;

(c) Measures identifies the laws, regulations or other measures for which the record has been made. A measure cited in the Measures element:

(i) means the measure as amended, continued or renewed, as of the date of entry into force of this Agreement; and

(ii) includes any action subordinate to, adopted or maintained under the authority of and consistent with such action; and

(d) Description sets out the liberalization commitments, if any, at the date of entry into force of this Agreement and the remaining non-conforming aspects of the existing measures on which the record has been made.

3. In interpreting a fiche of the List, all elements of the fiche shall be considered. A fiche shall be interpreted in the light of the relevant obligations of the Chapters in respect of which the fiche has been made. To the extent that:

(a) the Measures element is qualified by a liberalization commitment of the Description element, the Measures element so

qualified shall prevail over any other element; and

(b) the Measures element is not qualified, the Measures element shall prevail over any other element, except where any discrepancy between the Measures element and the other elements considered as a whole is so substantial and material that it would be unreasonable to conclude that the Measures element should prevail, in which case, the other elements shall prevail to the extent of the discrepancy.

4. Pursuant to Articles 14.8 (Nonconforming Measures) and 15.6 (Nonconforming Measures), the Articles of this Agreement specified in the Type of Reservation clement of a tab do not apply to the law, regulation or other measure identified in the Measures element of that tab.

5. Where a Party maintains a measure requiring a service supplier to be a national, permanent resident or resident in its territory as a condition for the supply of a service in its territory, a Schedule entry made for that measure in relation to Articles 15.2 (National Treatment), 15.3 (Most-Favored-Nation Treatment) or 15.5 (Local Presence) shall operate as a Schedule entry in relation to Articles 14.3 (National Treatment), 14.4 (Most- Favored-Nation Treatment) or 14.6 (Performance Requirements) with respect to such measure.

Annex I. COLOMBIA

1. Sector: All Sectors

Type of reservation: Local Presence (Article 15.5)

Measures: Code of Commerce, 1971, Articles 469, 471 and 474.

Description: Cross Border Trade in Services

A legal person incorporated under the laws of another country and having its principal place of business in another country must be established as a branch or other legal form in Colombia to develop a concession obtained from the Colombian State.

2. Sector: All Sectors

Type of reservation: National Treatment (Article 9.04)

Measures: Decree 2080 of 2000, Articles 26 and 27.

Description: Investment

Foreign investors may make portfolio investments in securities in Colombia only through an Administrator.

3. Sector: All Sectors

Type of reservation: National Treatment (Article 14.3) Senior Executives and Boards of Directors (Article 14.7)

Measures: As set forth in the Description element, including Law 226 of 1995, Arts. 3 and 11.

Description: Investment

Colombia, in selling or disposing of its equity interests or the assets of an existing state enterprise or governmental entity, may prohibit or impose limitations on the ownership of such interests or assets, and on the ability of the owners of such interests or assets to control any resulting enterprise, by Panamanian or non-Party investors or their investments. With respect to such sale or other disposition, Colombia may adopt or maintain any measure relating to the nationality of senior executives or members of the board of directors.

Relevant existing legislation related to this non-conforming measure includes Law 226 of 1995. In that sense, if the Colombian State decides to sell all or part of its participation in an enterprise to a person other than another Colombian State enterprise or other Colombian governmental entity it shall first offer such participation on an exclusive basis and in accordance with the conditions set forth in Article 11 of Law 226 of 1995, to:

(a) cutrent employees, pensioners and former employees (other than former employees terminated with just cause) of the company and other companies owned or controlled by that company;

(b) associations of employees or former employees of the company;

(c) labor unions; (d) federations and confederations of workers' unions;

(e) employee funds;

(f) severance and pension funds; and (g) cooperative entities (1).

However, once such interest has been transferred or sold, Colombia does not reserve the right to control subsequent transfers or other sales of such interest.

For the purposes of this sheet:

(a) any measure maintained or adopted after the date of entry into force of this Agreement which, at the time of sale or other disposition, prohibits or imposes limitations on the ownership of equity interests or assets, or imposes nationality requirements described in this tab, shall be deemed to be an existing measure; and

(b) "State enterprise" means an enterprise owned or controlled through ownership rights by Colombia and includes an enterprise established after the date of entry into force of this Agreement solely for the purpose of selling or disposing of equity interests in, or the assets of, an existing State enterprise or governmental entity.

(1) For greater certainty, Law 454 of 1998 establishes the types of cooperative entities that exist in Colombia. These are "savings and credit cooperatives", "financial cooperatives" and "multi-active or integral cooperatives".

4. Sector: All Sectors

Type of reservation: Local Presence (Article 15.5)

Measures: Law 915 of 2004, Article 5

Description: Cross Border Trade in Services

Only a person with its principal place of business in the Free Port of San Andres, Providencia and Santa Catalina can provide services in this region.

For greater certainty, this measure does not affect the cross- border supply of services as defined in Article 15.11 (Definitions).

5. Sector: Accounting Services

Type of reservation: National Treatment (Article 15.2) Local Presence (Article 15.5).

Measures: Law 43 of 1990, Article 3 Paragraph 1. Resolution No. 160 of 2004, Article 2 paragraph, and Article 6

Description: Cross Border Trade in Services

Only persons registered with the Central Board of Accountants may practice as accountants. A foreigner must have been domiciled in Colombia uninterruptedly for at least three years prior to the application for registration and demonstrate accounting experience in the territory of Colombia for at least one year. This experience may be acquired simultaneously or subsequent to the public accounting studies.

For natural persons, the term "domiciled" means being a resident and having the intention to remain in Colombia.

6. Sector: Research and Development Services

Type of reservation: National Treatment (Article 15.2)

Measures: Decree 309 of 2000, Article 7

Description: Cross Border Trade in Services

Any foreign person planning to carry out scientific research on biological diversity in the territory of Colombia must involve at least one Colombian researcher in the research or in the analysis of its results.

For greater certainty, this measure does not require or prohibit foreign persons and Colombian researchers from reaching an agreement regarding rights with respect to scientific research or analysis.

7. Sector: Fisheries and Fisheries-Related Services

Type of reservation: National Treatment (Articles 14.3 and 15.2). Most-Favored-Nation Treatment (Article 14.4) Market

Access (Article 15.4)

Measures: Decree 2256 of 1991, Articles 27, 28 and 67 Agreement 005 of 2003, Section II and VII.

Description: Investment and Cross-Border Trade in Services

Only Colombian nationals may engage in artisanal fishing.

A foreign flag vessel may obtain a permit and engage in fishing and related activities in Colombian territorial waters only in association with a Colombian company holding a permit. In this case, the value of the permit and the fishing patent are higher for foreign flag vessels than for Colombian flag vessels.

If the flag of a foreign flag vessel corresponds to a country that is party to another bilateral agreement with Colombia, the terms of that other bilateral agreement will determine whether or not the requirement to associate with a Colombian company holding the permit applies.

8. Sector: Services Directly Related to the Exploration and Exploitation of Minerals and Hydrocarbons.

Type of reservation: Local Presence (Article 15.5)

Measures: Law 685 of 2001, Articles 19 and 20. Legislative Decree 1056 of 1953, Article 10 Commercial Code, 1971, Articles 471 and 474.

Description: Cross Border Trade in Services

In order to provide services directly related to the exploration and exploitation of minerals and hydrocarbons in Colombia, any legal person incorporated under the laws of another country must establish a branch, subsidiary or affiliate in Colombia.

For greater certainty, this tab does not apply to service providers involved in such services for less than one year.

9. Sector: Surveillance and Private Security Services

Type of reservation: National Treatment (Articles 14.3 and 15.2). Market Access (Article 15.4) Local Presence (Article 15.5)

Measures: Decree 356 of 1994, Articles 8, 12, 23 and 25.

Description: Investment and Cross-Border Trade in Services

Only a company organized under Colombian law as a limited liability company or as private security and surveillance cooperatives (1) may provide private security and surveillance services in Colombia. The partners or members of these companies must be Colombian nationals.

Companies incorporated prior to February 11, 1994 with foreign partners or capital may not increase the participation of foreign partners. Cooperatives incorporated prior to this date may retain their legal nature.

(1) Article 23 of Decree 356 of 1994 defines a "private security and surveillance cooperative" as a non-profit associative company in which the workers are simultaneously the contributors and managers of the company, created for the purpose of providing private security and surveillance services, and related services, on a paid basis.

10. Sector: Journalism

Type of reservation: Senior Executives and Boards of Directors (Article 14.7)

Measures: Law 29 of 1944, Article 13

Description: Investment

The director or general manager of any newspaper published in Colombia that deals with national politics must be a Colombian national.

11. Sector: Travel and Tourism Agents

Type of reservation: National Treatment (Article 15.2) Local Presence (Article 15.5).

Measures: Law 32 of 1990, Article 5 Decree 502 of 1997, Articles 1 to 7

Description: Cross Border Trade in Services

Foreigners must be domiciled in Colombia to provide travel and tourism agent services within the territory of Colombia.

For greater certainty, this sheet does not apply to services provided by tourist guides, nor does it affect the cross- border supply of services as defined in Article 15.11 (Definitions).

12. Sector: Notary and Registry Services

Type of reservation: National Treatment (Article 15.2) Market Access (Article 15.4)

Measures: Decree Law 960 of 1970, Articles 123, 124, 126, 127 and. 132 Decree Law 1250 of 1970, Article 60

Description: Cross Border Trade in Services

Only Colombian nationals may be Notaries and/or Registrars.

The establishment of new notary offices is subject to an economic needs test that considers the population of the area of interest, service needs and communication facilities, among other factors.

13. Sector: Public Utilities

Type of reservation: National Treatment (Article 14.3) Market Access (Article 15.4) Local Presence (Article 15.5)

Measures: Law 142 of 1994, Articles 1, 17, 18, 19 and 23 Code of Commerce, Articles 471 and 472.

Description: Investment and Cross-Border Trade in Services

A domiciliary public utilities company must be established under the regime of "Empresas de Servicios Publicos" or "E.S.P.", must be domiciled in Colombia and legally constituted under Colombian law as a joint stock company. The requirement to be organized as a joint stock company does not apply in the case of decentralized entities that take the form of an industrial and commercial enterprise of the State.

For the purposes of this entry, domiciliary public utilities comprise the provision of water, sewage, sanitation, electric power and fuel gas distribution services, basic public switched telephone services (TPBC) and their complementary activities. For basic public switched telephony services, complementary activities means public long distance telephony and mobile telephony in the rural sector, but does not include commercial mobile services.

In public bidding processes carried out under the same conditions for all participants, to grant concessions or licenses for the provision of domiciliary public services for organized local communities, the companies where these communities have a majority will be preferred over any other equal offer.

14. Sector: Electric Power

Type of reservation: Market Access (Article 15.4)

Measures: Law 143 of 1994, Article 74

Description: Cross Border Trade in Services

Only companies legally incorporated in Colombia prior to July 12, 1994 may engage in the business of commercialization and transmission of electric energy or engage in more than one of the following activities at the same time: generation, distribution and transmission of electric energy. For greater certainty, a company legally incorporated in Colombia may not carry out the activity of commercialization and transmission of electric energy.

15. Sector: Customs Services

Type of reservation: Local Presence (Article 15.5)

Measures: Decree 2685 of 1999, Articles 74 and 76.

Description: Cross Border Trade in Services

To perform customs brokerage activities, brokerage for postal and specialized courier services (2) (including express shipments), warehousing of goods, transportation of goods under customs control, international freight forwarder, and act as Permanent Customs Users or Highly Exporters, a person must be domiciled in Colombia or have a representative domiciled and legally responsible for its activities in Colombia.

(2) "Specialized courier service" means the type of postal service provided independently of the official national and international postal networks, which requires the application and adoption of special procedures for the reception, collection and personalized delivery of mail and other postal items, transported by surface or air, within and from the territory of Colombia.

16. Sector: Postal and Specialized Courier Services.

Type of reservation: Local Presence (Article 15.5)

Measures: Law 1369 of 2009, Article 4

Description: Cross Border Trade in Services

Only legal entities legally incorporated in Colombia may provide postal and specialized courier services (as defined in tab 15) in Colombia.

17. Sector: Telecommunications Services

Type of reservation: National Treatment (Article 15.2) Local Presence (Article 15.5).

Measures: Law 671 of 2001, Decree 1616 of 2003, Articles 13 and 16 Decree 2542 of 1997, Article 2, Decree 2926 of 2005, Article 2, Decree 2870 of 2007, Title II (Arts. 3 to 7)

Description: Cross Border Trade in Services

Only companies legally incorporated in Colombia may receive concessions for the provision of telecommunications services in Colombia.

Colombia may grant licenses for the provision of long distance basic public switched public telephony service on less favorable terms, only with respect to payment and duration, than those granted to Colombia Telecomunicaciones S.A. E.S.P. in accordance with the provisions of Article 2 of Decree 2542 of 1997, Articles 13 and 16 of Decree 1616 of 2003 and Decree 2926 of 2005.

18. Sector: Cinematography

Type of reserve: Performance Requirements (Article 14.6). National Treatment (Article 15.2)

Measures: Law 814 of 2003, Articles 5, 14, 15, 18 and 19.

Description: Investment and Cross-Border Trade in Services

The exhibition or distribution of foreign films is subject to the Film Development Fee which is established at eight point five percent (8.5%) of the monthly net income derived from such exhibition or distribution.

The fee charged to the exhibitor shall be reduced to two point twenty-five percent (2.25%) when the exhibition of foreign films is presented together with a national short film.

The Quota applied to a distributor will be decreased to five point five percent (5.5%) until 2013 provided that during the immediately preceding year, the percentage of Colombian feature film titles it distributed to theaters or other exhibitors equaled or exceeded the percentage goal established by the government.

19. Sector: Sound Broadcasting

Type of reservation: National Treatment (Articles 14.3 and 15.2) Market Access (Article 15.4) Local Presence (Article 15.5) Senior Executives and Boards of Directors (Article 14.7)

Measures: Law 80 of 1993, Article 35 Law 74 of 1966, Article 7 Decree 1447 of 1995, Articles 7, 9 and 18.

Description: Investment and Cross-Border Trade in Services

Concessions to provide radio broadcasting services may only be granted to Colombian nationals or to legal entities legally incorporated in Colombia. The number of concessions for the provision of radio broadcasting services is subject to an economic necessity test that applies criteria established by law.

Directors of news or journalistic programs must be Colombian nationals.

20. Sector: Television Broadcasting Audiovisual production services

Type of reservation: National Treatment (Articles 14.3 and 15.2). Performance Requirements (Article 14.6) Market Access (Article 15.4) Local Presence (Article 15.5)

Measures: Law 014 of 1991, Article 37, Law 680 of 2001, Articles 1 and 4, Law 335 of 1996, Articles 13 and 24, Law 182 of 1995, Article 37 numeral 3, Articles 47 and 47, and Agreement 002 of 1995, Article 10 Paragraph Agreement 023 of 1997, Article 8 Paragraph Agreement 024 of 1997, Articles 6 and 9 Agreement 020 of 1997, Articles 3 and 4

Description: Investment and Cross-Border Trade in Services

Only Colombian nationals or legal entities legally incorporated in Colombia may obtain concessions to provide broadcast television services.

To obtain a concession for a privately operated national channel providing free-to-air television services, a legal entity must be organized as a corporation.

The number of concessions for the provision of national and local for-profit broadcast television services is subject to an economic necessity test in accordance with the criteria established by law.

Foreign capital in any open television concession company is limited to forty percent (40%).

National television Providers (operators and concessionaires of slots) of national free-to-air television services must broadcast on each channel nationally produced programming as follows:

(a) a minimum of seventy percent (70%) between 19:00 hours and 22:30 hours;

(b) a minimum of fifty percent (50%) between 22:30 hours and 24:00 hours;

(c) a minimum of fifty percent (50%) between 10:00 a.m. and 7:00 p.m.; and

(d) a minimum of fifty percent (50%) for Saturdays, Sundays and holidays during the hours described in (a), (b) and (c).

Regional and local television

Regional television may only be provided by state-owned entities.

Regional and local free-to-air television service providers must broadcast on each channel a minimum of fifty percent (50%) of nationally produced programming.

21. Sector: Subscription television Audiovisual production services

Type of reservation: Performance Requirements (Article 14.6). Market Access (Article 15.4) Local Presence (Article 15.5)

Measures: Law 680 of 2001. Articles 4 and 11, Law 182 of 1995, Article 42, Agreement 014 of 1997, Articles 14, 16 and 30 Law 335 of 1996, Article 8, Agreement 032 of 1998, Articles 7 and 9

Description: Investment and Cross-Border Trade in Services

Only legal entities legally incorporated in Colombia may provide subscription television service. Such legal entities must make available to subscribers the reception, at no additional cost, of Colombian national, regional and municipal open television channels available in the authorized coverage area. The transmission of regional and municipal channels will be subject to the technical capacity of the subscription television operator.

Satellite television service providers are only obliged to include in their basic programming the transmission of public interest channels of the Colombian State. When rebroadcasting programming of an open television channel subject to domestic content quota, the subscription television service provider may not modify the content of the original signal.

Subscription television, not including satellite

The concessionaire of the subscription television service that transmits commercials other than those of origin must comply with the minimum percentages of national production programming to which the providers of national open television services are obliged as described in the entry of Open Television of tab 20. Colombia interprets Article 16 of Agreement 014 of 1997 as not requiring providers of subscription television services to comply with minimum percentages of nationally produced programming when commercials are inserted into programming outside the territory of Colombia. Colombia shall continue to apply this interpretation, subject to Article 15.6.1(c) (Nonconforming Measures).

There will be no restrictions on the number of subscription television concessions at the zonal, municipal and district levels

once the current concessions at these levels expire and in no case beyond October 31, 2011.

Cable television service providers must produce and broadcast in Colombia a minimum of one hour of such programming daily, between 6:00 p.m. and midnight.

22. Sector: Community Television

Type of reservation: Market Access (Article 15.4) Local Presence (Article 15.5)

Measures: Law 182 of 1995, Article 37 numeral 4. Agreement 006 of 1999, Articles 3 and 4

Description: Cross Border Trade in Services

Community television services may only be provided by communities organized and legally constituted in Colombia as foundations, cooperatives, associations or corporations governed by civil law.

For greater certainty, these services have restrictions regarding coverage area, number and type of channels; they may be offered to no more than 6,000 members or community members; and they must be offered under the modality of local access channels of closed networks.

23. Sector: Toxic waste processing, disposal and disposal services.

Type of reservation: National Treatment (Article 14.3)

Measures: Decree 2080 of 2000, Article 6

Description: Investment

Foreign investment is not allowed in activities related to the processing, disposal and elimination of toxic, hazardous or radioactive waste not produced in Colombia.

24. Sector: Transportation

Type of reservation: Local presence (Article 15.5)

Measures: Law 336 of 1996, Articles 9 and 10. Decree 149 of 1999, Article 5

Description: Cross Border Trade in Services

Suppliers of public transportation services within the Colombian territory must be companies legally incorporated and domiciled in Colombia.

Only foreign companies that have an agent or representative domiciled and legally responsible for their activities in Colombia may provide multimodal cargo transportation services within and from the territory of Colombia.

25. Sector: Maritime and Inland Waterway Transport

Type of reservation: Performance Requirements (Article 14.6) Senior Executives and Boards of Directors (Article 14.7) National Treatment (Article 15.2) Local Presence (Article 15.5)

Measures: Decree 804 of 2001, Articles 2 and 4 subsection 4 ,Code of Commerce of 1971, Article 1455, Decree Law 2324 of 1984, Articles 99, 101 and 124, Law 658 of 2001, Article 11, Decree 1597 of 1988, Article 23.

Description: Investment and Cross-Border Trade in Services

Only companies legally incorporated in Colombia using Colombian flag vessels may provide public maritime and river transport services between two points within Colombian territory (cabotage).

Every foreign flag vessel arriving at a Colombian port must have a representative domiciled and legally responsible for its activities in Colombia.

The public maritime and fluvial pilotage service in Colombian territorial waters shall be provided only by Colombian nationals.

In Colombian-registered vessels and foreign-flagged vessels (except fishing vessels) operating in Colombian jurisdictional waters for a term longer than six continuous or discontinuous months from the date of issuance of the respective permit, the captain, officers and at least eighty percent (80%) of the rest of the crew must be Colombian nationals.

26. Sector: Port Services

Type of reservation: National Treatment (Article 15.2) Market Access (Article 15.4) Local Presence (Article 15.5)

Measures: Law 1 of 1991, Articles 5.20 and 6. Decree 1423 of 1989, Article 38

Description: Cross Border Trade in Services

The holders of a concession to provide port services must be legally constituted in Colombia as a corporation, whose corporate purpose is the construction, maintenance and administration of ports.

Only Colombian flag vessels may provide port services in Colombian jurisdictional maritime areas. However, in exceptional cases, the General Maritime Directorate may authorize the rendering of such services by foreign flag vessels if there are no Colombian flag vessels capable of rendering the service. The authorization will be given fora term of six 6 months, but may be extended up to a maximum total period of one year.

27. Sector: Air Services

Type of reservation: National Treatment (Article 14.3) Performance Requirements (Article 14.6)

Measures: Code of Commerce, 1971, Articles 1795, 1803 and 1804.

Description: Investment

Only Colombian nationals or legal entities legally constituted in Colombia may own and have real and effective control of any aircraft registered to provide commercial air services in Colombia.

Any air services company that has established an agency or branch in Colombia must employ Colombian workers in a proportion of not less than ninety percent (90%) for its operation in Colombia.

Annex I. PANAMA

1. Sector: Retail Trade

Type of Reservation: National Treatment (Article 14.3) Senior Executives and Boards of Directors (Article 14.7)

Measures: Article 293 of the 1972 Constitution Articles 5 and 10 of Law No. 5 of January 11, 2007 Article 12 of Executive Decree No. 26 of July 12, 2007

Description: Investment

1. Only the following persons may have a retail business in Panama:

(a) a Panamanian national by birth;

(b) anatural person who, at the date of the entry into force of the 1972 Constitution, was a naturalized Panamanian national, the spouse of a Panamanian national or a natural person who had a child with a Panamanian national;

(c) a natural person who has been a naturalized Panamanian national for at least 3 years;

(d) a foreign national or a foreign juridical person subject to the national legislation of a foreign country that had a legal retail trade business in Panama at the date of entry into force of the 1972 Constitution; and

(e) a juridical person, organized under the national legislation of Panama or of any other country, if the ownership of such person corresponds to a natural person included in subparagraphs (a), (b), (c) or (d), as provided in paragraph 5 of Article 293 of the 1972 Constitution.

2. However, a foreign national not authorized to engage in the retail trade business may participate in those companies that sell products manufactured by such companies.

2. Sector: Real Estate

Type of Reservation: National Treatment (Article 14.3)

Measures: Article 290 and 291 of the 1972 Constitution.

Description: Investment

1. No foreign government, foreign official or foreign state enterprise may own real property in Panama, except for those properties used as embassies.

2. A foreign national, or a foreign company incorporated under the laws of Panama and owned in whole or in part by foreign nationals, may not own real property within 10 kilometers of the borders of Panama.

3. Sector: Utilities

Type of Reservation: National Treatment (Article 14.3)

Measures: Article 285 of the 1972 Constitution.

Description: Investment

The majority of the capital of a private company participating in public utilities operating in Panama must be owned by a Panamanian person, except when permitted by national legislation.

4. Sector: All Sectors

Type of Reservation: National Treatment (Article 15.2) Senior Executives and Boards of Directors (Article 14.7)

Measures: Article 332 Oo the 1972 Constitution Articles 13, 14 and 86 of Law No. 19 of June 11, 2001. of 1997

Description: Investment and Cross-Border Trade in Services

1. Preference shall be given to Panamanian nationals over foreign nationals to fill contractual positions in the Panama Canal Authority. A foreign national may be hired instead of a Panamanian national, provided the position is difficult to fill and all means have been exhausted to hire a qualified Panamanian national, and the Panama Canal Authority Administrator has given his authorization. If the only applicants for a position in the Panama Canal Authority are foreign nationals, preference shall be given to a foreign national with a Panamanian spouse or a foreign national who has lived in Panama for 10 consecutive years.

2. Only a Panamanian national may be Director of the Panama Canal Authority.

5. Sector: Artistic Activities

Type of Reservation: National Treatment (Article 15.2)

Measures: Article 1 of Law No. 10 of January 8, 1974 Article 1 of Executive Decree No. 38 of August 12, 1985.

Description: Cross Border Trade in Services

1. Every employer that hires a foreign orchestra or musical group must hire a Panamanian orchestra or musical group to perform in each of the locations where the foreign orchestra or musical group performs. This obligation will be maintained throughout the duration of the contract of the foreign orchestra or musical group. This Panamanian orchestra or musical group shall receive at least the amount of B/.1,000.00 per performance. Each member of the group must receive an amount not less than B/. 60.00.

2. A Panamanian artist performing alongside a foreign artist must be contracted under equal conditions and with the same professional considerations. This applies, but is not limited to, promotions, publicity and advertisements related to the event, regardless of the medium used.

3. The hiring of a foreign artist for promotions, or the donation or charitable exchange of services or works of a foreign artist will be approved only if it does not adversely affect or displace a Panamanian artist. In any case, the hiring must be subject to an expert evaluation to determine the value of the service and work provided for the purpose of paying union dues and fees.

6. Sector: Communications

Type of Reservation: National Treatment (Articles 14.3 and 15.2). Most-Favored-Nation Treatment (Article 15.3) Senior Executives and Boards of Directors (Article 14.7)

Measures: Article 285 of the 1972 Constitution, Article 14 and 25 of Law No. 24 of June 30, 1999 Articles 152 and 161 of Executive Decree No. 189 of August 13, 1999.

Description: Investment and Cross-Border Trade in Services

1. A concession to operate a public radio or television station in Panama may be awarded to a natural person or a company. In the case of a natural person, the concessionaire must be a Panamanian national. In the case of a company, at least 65% of the shares of the concessionaire must be owned by Panamanian nationals.

2. Each of the senior executives and directors of a company operating a public radio or television station must be a Panamanian national.

3. Under no circumstances may a foreign government or foreign state enterprise supply, by itself or through a third party, public radio or television services or have a controlling interest, directly or indirectly, in an enterprise providing such services.

4. The concessionaire of a public radio or television service may not broadcast any type of advertising originating within Panama that contains an advertisement made by an advertiser that does not have a license issued by the National Authority of Public Services. Such license may only be obtained by a Panamanian national or by a national of another country that has granted reciprocal rights to Panamanian nationals.

7. Sector: Communications

Type of Reservation: National Treatment (Article 14.3)

Measures: Article 21 of Law No. 31 of February 8, 1996.

Description: Investment

An enterprise under the ownership or control, directly or indirectly, of a foreign government, or in which a foreign government is a partner, may not supply telecommunications services in the territory of Panama.

8. Sector: Education

Type of Reservation: National Treatment (Article 15.2)

Measures: Article 100 of the 1972 Constitution

Description: Cross Border Trade in Services

Only a Panamanian national may teach Panamanian history and civic education in the territory of Panama.

9. Sector: Electric Power

Type of Reservation: Market Access (Article 15.4)

Measures: Article 32 and 46 of Law No. 6 of February 3, 2002

Description: Cross Border Trade in Services

1. Electric power transmission services in the territory of Panama may be provided only by the Government of Panama.

2. Electricity distribution services in the territory of Panama will be provided by 3 companies for a period of 15 years, under concessions granted by the National Authority of Public Services. This period began on October 22, 1998.

10. Sector: Crude oil, hydrocarbons and natural gas.

Type of Reservation: Local Presence (Article 15.5) Performance Requirements (Article 14.6)

Measures: Article 21 and 71 of Law No. 8 of June 16, 2001. 1987

Description: Investment and Cross-Border Trade in Services

1. If the contractor is a foreign legal entity, it must establish or open a branch in the Republic of Panama. Contractors may request exemption from import taxes on machinery, equipment, spare parts and other items necessary to carry out the activities of their respective contracts. This exemption will be granted if these items ate of acceptable quality and competitive price, as determined by the Ministry of Commerce and Industries, and are not produced in Panama.

2. A contractor or subcontractor may procure goods or services abroad if:

(a) the good or service is not available in Panama; or

(b) the good or service available in Panama does not meet the specifications required by the industry, as determined by the

National Hydrocarbons Directorate of the Ministry of Commerce and Industries.

11. Sector: Mining Operation - Extraction of Non-Metallic and Metallic Minerals (except Precious Minerals), Precious Alluvial Minerals, Non-Precious Alluvial Minerals, Mineral Fuels (except hydrocarbons) and Reserve Minerals and Related Services.

Type of Reservation: National Treatment (Articles 14.3 and 15.2). Performance Requirements (Article 14.6)

Measures: Article 4 and 135 of Decree Law No. 23 August 22, 1963 Article 11 of Law No. 3 of January 28, 1988 Article 1 of Decree No. 30 of February 22, 2011

Description: Investment and Cross-Border Trade in Services

1. No foreign government, foreign state enterprise or legal person with direct or indirect participation of any foreign government may:

(a) to obtain a mining concession;

(b) to be a contractor, directly or indirectly, of a mining operation;

(c) operating or benefiting from a mining concession; or

(d) to acquire, possess or retain, for use in mining operations in Panama, equipment or material without prior and special authorization granted by a Decree of the President of the Republic signed by all members of the Cabinet.

2. Panama will give preference to Panamanian nationals for positions in all phases of mining operations, in accordance with the Labor Code.

3. The holder of a mining concession and the contractor engaged in mining operations may employ a foreign national as an executive, scientific or technical expert if:

(a) itis necessary to employ foreign nationals for the efficient development of mining operations; and

(b) foreign nationals constitute less than 25% of the number of people employed, and the wages foreign nationals receive represent less than 25% of total wages:

(i) for the holder of a mining concession who engages in mining operations covered by concessions for extraction, beneficiation or transport, and

(ii) for a contractor performing mining operations.

4. The National Directorate of Mineral Resources shall establish the terms and conditions that shall govern the hiring of foreign persons in the mining industry sector.

5. The Government of Panama undertakes not to initiate, promote or approve the exploration or exploitation of Cerro Colorado mines or any other deposits within the jurisdiction of the Ngdbe Bugle Comarca and other comarcas.

12. Sector: Exploration and Mining of Non-Metallic Minerals used as Construction, Ceramic, Refractory and Metallurgical Materials.

Type of Reservation: National Treatment (Article 14.3)

Measures: Article 3 of Law No. 109 of October 8, 1973 Article 7 of Law No. 32 of February 9, 1996.

Description: Investment

1. Only a Panamanian national or a Panamanian company may obtain, directly or indirectly, a contract for the exploration and exploitation of limestone, sand, quarry stone, tuff, clay, gravel, rubble, feldspar, gypsum and other non-metallic minerals.

2. They may not directly or indirectly obtain, operate or benefit from a contract referred to in paragraph 1:

(a) a foreign government or foreign state- owned enterprise; or

(b) a legal person that has direct or indirect participation of a foreign government, unless the Executive Body decides otherwise upon request of the legal person concerned.

13. Sector: Fishing

Type of Reservation: National Treatment (Article 14.3) Performance Requirements (Article 14.6) Local Presence (Article 15.5)

Measures: Article 286 of Law No. 8 (Fiscal Code of the Republic of Panama) of January 27, 1956 Law No. 20 of August 11, 1994. Articles 5 and 6 of Decree Law No. 17 of July 9, 1959. Article 1 of Executive Decree No. 116 of November 26, 1980. Article 3 of Executive Decree No. 124 of November 8, 1990. Articles 4 and 7 of Executive Decree No. 38 of June 15, 1992. Article 1 of Executive Decree No. 71 of October 20, 1992. Administrative Resolution 003 of January 7, 2004. Article 3 of Executive Decree No. 239 of July 15, 2010.

Description: Investment and Cross-Border Trade in Services

1. Only a person from Panama may sell fish caught in the territory of Panama to be consumed in Panama.

2. Only a vessel built in Panama may carry out commercial or industrial shrimp fishing activities in the territory of Panama.

3. A vessel with a capacity of less than 150 tons may fish tuna in the territory of Panama, if it is owned by a Panamanian person.

4. Only a vessel owned by a Panamanian person may obtain an artisanal inshore fishing license.

5. Only a Panamanian flag vessel that is at least 75% owned by a Panamanian person and that engages in international tuna trade in the territory of Panama may obtain a license for tuna fishing at a preferential rate.

6. International tuna fishing vessels must use the services of shipping agencies legalized and domiciled in Panama to obtain a license to fish tuna in Panamanian jurisdictional waters.

14. Sector: Fishing Related Activities

Type of Reservation: Local Presence (Article 15.5)

Measures: Article 1 and 4 of Executive Decree No. 12 of 17. April 1991

Description: Cross Border Trade in Services

An industrial company in the sector of storage or sale of shrimp or other marine species must locate its facilities in the Fishing Port of Vacamonte, in the District of Arraijan, unless the facilities are located where fish farming operations are carried out.

15. Sector: Private Security Agencies

Type of Reservation: National Treatment (Articles 14.3 and 15.2). Senior Management and Boards of Directors (Article 14.7) Local Presence (Article 15.5) Market Access (Article 15.4)

Measures: Article 10 And 11 of Law 56 of May 27, 2011.

Description: Investment and Cross-Border Trade In Services

1. The administrators, attorneys-in-fact, directors and officers of private security services companies must be natural persons of Panamanian nationality and residents in the Republic of Panama.

2. For the provision of private security services, interested companies must incorporate as a Panamanian corporation.

3. Only Panamanian nationals may be part of the security and surveillance personnel of companies that provide private security services.

16. Sector: Advertising Services

Type of Reservation: National Treatment (Article 15.2)

Measures: Article 152 of Executive Decree No. 189 of August 13, 1999, as Amended by Article 1 of Executive Decree No. 641 of December 27, 2006. Article 1 of Executive Decree No. 273 of November 17, 1999

Description: Cross Border Trade in Services

The use of television and movie commercials produced in foreign countries whose voices have been dubbed by Panamanians holding a voice-over license shall be allowed only upon payment of a fee for the period of transmission, projection and use.

Exceptions are advertising spots originated or produced abroad, oriented to create awareness in the population on social issues, which do not involve or promote products or services with a lucrative interest. In any case, the guidelines must be disseminated in Spanish.

17. Sector: Maritime Transportation

Type of Reservation: National Treatment (Article 15.2)

Measures: Article 6 of Agreement No. 006-95 of May 31, 1995.

Description: Cross Border Trade In Services

Only a Panamanian national may be a trainee pilot.

18. Sector: Maritime Transportation

Type of Reservation: National Treatment (Article 15.2) Local Presence (Article 15.5)

Measures: Articles 4, 15 and 18 of Decree Law No. 8 of 6. February 1998

Description: Cross Border Trade in Services

1. In contracting service providers, the owner of a vessel registered in Panama engaged in international service shall give preference to Panamanian nationals, spouses of Panamanian nationals, or a parent of a Panamanian child residing in Panama.

2. A foreign seafarer placement agency operating in Panama shall appoint a Panamanian national residing in Panama and registered with the Commercial Registry to act as the company's representative in all its judicial, extrajudicial and administrative matters.

19. Sector: Transportation - Air Transportation Services

Type of Reservation: National Treatment (Article 14.3)

Measures: Article 79 of Law No. 21 of January 29, 2003 Regulated by Executive Decree No. 542 of November 24, 2005.

Description: Investment

1. Only a person of Panama whose base of operations is in Panama may hold an operating certificate to provide air transportation services in Panama.

2. To obtain the certificate referred to in paragraph 1, the Panamanian company must prove before the Civil Aeronautics Authority that the substantial ownership and effective control of the company corresponds to a Panamanian national. For example, at least 51% of the subscribed and paid-up capital of a company is represented by registered shares owned by a Panamanian national.

3. For internal transport, the percentage referred to in paragraph 2 shall be at least 60%.

4. During the validity of the certificate referred to in paragraph 1, the holder shall maintain the minimum percentage of ownership in the name of a Panamanian national, as specified in paragraphs 2 or 3.

20. Sector: Air Transport Services

Type of Reservation: National Treatment (Article 15.2)

Measures: Article 450 F Law No. 21 of January 29, 2003 as Amended by Article 13 of Law No. 89 of December 1, 2010.

Description: Cross Border Trade in Services

Only Panamanian nationals may provide services related to aircraft repair and maintenance. If there are not enough Panamanian nationals to provide such services, the Ministry of Labor and Social Development may authorize the temporary exercise by foreign personnel up to 15% of the total number of workers of the airlines that tequire it.

21. Sector: Publishing

Type of Reservation: National Treatment (Article 14.3) Senior Executives and Boards of Directors (Article 14.7)

Measures: Article 9 Of Law No. 67 of September 19, 1978.

Description: Investment

1. The following applies to a company that produces a printed publication that is part of the Panamanian media, such as a newspaper or magazine:

(a) a Panamanian national must own, directly or indirectly, 100% of the ownership of the company; and

(b) the company's managers, including its publishers, editors-in-chief, deputy directors and assistant managers must be Panamanian nationals.

22. Sector: Business Services - Professional Services

Type of Reservation: National Treatment (Articles 14.3 and 15.2). Senior Executives and Boards of Directors (Article 14.7)

Measures: Article 3 and 16 of Law No. 9 of April 18, 1984.

Description: Investment and Cross-Border Trade In Services

1. Only a Panamanian national with a certificate of competence issued by the Supreme Court of Justice may practice law in Panama.

2. Law firms may be established only by attorneys qualified to practice law in Panama.

3. Notwithstanding paragraphs 1 and 2, if permitted by the express terms of an international agreement, a lawyer who is a foreign national may provide advice on international law and the law of the jurisdiction in which such lawyer is licensed to practice. However, such foreign lawyer may not act in the territory of Panama before one of the bodies referred to in subparagraph 4(a).

4. For purposes of this reservation, the practice of law in Panama includes:

(a) legal representation before civil, criminal, labor, child protection, electoral, administrative or maritime courts;

(b) the provision of legal advice, verbal or written;

(c) drafting of legal documents and contracts; and

(d) any other activity that requires a license to practice law in Panama.

23. Sector: Services Provided to Businesses - Professional Services.

Type of Reservation: National Treatment (Article 15.2) Most-Favored-Nation Treatment (Article 15.3) Local Presence (Article 15.5)

Measures: Articles 4, 7, 9 and 10 of Law 57 of September 1,1978, on authorized public accountants. Article 3 of Law No. 7 of April 14, 1981, regarding economists. Articles 32, 33 and 34 of Resolution No. 168 of July 25, 1988, approving the Regulations of the Technical Council on Economics. Articles 9 to 11 of Law No. 67 of September 19,1978, on the profession of journalism. Article 4 of Law No. 21 of June 16, 2005, on Public Relations Specialists. Article 5 of Law 55 of December 3, 2002, which recognizes the practice of the profession of psychology. Article 55 of Law 51 of December 28, 2005, on the professional and technical scales. Articles 2 and 3 of Law No. 1 of January 3, 1996, on Sociology. Article 3 of Law No. 17 of July 23, 1981, on social workers. Article 3 of Law No. 20 of October 9, 1984, regulating the library science profession. Article 2141 of Act No. 59 of July 31, 1998, amending the name of Title XVII and Articles 2140, 2141, and 2142 of the Administrative Code, and revoking Article 13 of Act No. 33 of 1984 on Certified Public Translators. Book VIII, adopted by resolutions JD-012 of February 20, 2009 and JD-046 of November 25, 2010, on licenses for non-crew aeronautical personnel. Article 44 of Decree Law 1 of 2008, on the license of customs brokerage agent. Articles 3 and 4 of Decree-Law No. 6 of July 8, 1999, on real estate brokers. Article 198 of Law No. 23 of July 15, 1997, which approves the WTO Agreement; the Protocol of Accession of Panama to said Agreement, including its annexes and schedules of commitments, which adjusts national legislation to international standards and enacts other provisions on commodities brokers. Articles 2, 3 and 4 of Law No. 22 of January 30, 1961, related to the provision of professional agricultural services. Articles 4 and 16 of Cabinet Decree No. 362 of November 26, 1969, on nutritionists and dietitians. Article 5 of Law No. 34 of October 9, 1980, on speech and language therapists and audiologists or audiology technicians. Articles 1 and 8 of Law No. 3 of January 11, 1983, on Veterinarians. Article 1 of Cabinet Decree No. 196 of June 24, 1970, which establishes the requirements for obtaining a medical license to freely practice medicine and other related professions. Resolution No. 1 of January 26, 1987, by which the Technical Council of Health classifies acupuncture as a technique that may be practiced only by Panamanian medical and dental professionals. Articles 3 and 4 of Executive Decree No. 32 of February 17, 1975, on medical assistants. Article 1 of the Law No. 22 of February 9, 1956, on dentistry. Article 10 of Ministerial Decree No. 16 of January 22, 1969, which regulates

the careers of resident physicians, interns, specialists, and specialists dentists and creates the positions of General Practitioner and Medical Specialist. Article 3 of Resolution No. 1 of March 14, 1983, which approves the Regulations for Specialties in Dentistry. Articles 5 and 6 of Law No. 13 of May 15, 2006, on the practice of the profession of dental care technician. Articles 37, 108, 197 and 198 of Law No. 66 of November 10, 1947, which approves the Sanitary Code. Article 9 of Law No. 1 of January 6, 1954, concerning the profession of professional nurses, which gives stability to the profession and regulates the pension of retired nurses. Article 3 of Law No. 74 of September 19, 1978, on clinical laboratory personnel, modified by Article 1 of Law No. 8 of April 25, 1983. Article 4 of Law No. 48 of November 22, 1984, auxiliaries and support personnel working in clinical laboratories governed by the Ministry of Health and the Social Security Reserve Fund and Foundation and regulating the said profession. Articles 7, 13 and 15 of Law No. 47 of November 22, 1984, on physiotherapy or kinesiology. Article 2 of Decree-Law No. 8 of April 20, 1967, regarding chiropractors. Article 6 of Law No. 42 of October 29, 1980, on radiological medical technicians, amended by Article 5 of Law No. 53 of September 18, 2009. Article 6 of Law No. 13 of August 23, 1984, on specialists in medical records and health statistics employed by public health agencies, which regulates their salary scale, and establishes other provisions (medical records assistants and specialists in health statistics, medical records technicians and health statistics technicians). Resolution No. 1 of April 15, 1985, on orthopedic and nuclear medicine technicians. Resolution No. 2 of June 1, 1987, on neurophysiological technicians, encephalogram technicians, and electroneurography or evoked potential technicians. Article 6 of Law No. 36 of August 2, 2010, which recognizes the profession of occupational therapy. Article 2 of Resolution No. 10 of March 24, 1992, on Respiratory Therapy Technicians or Respiratory Inhalation Therapy Technician. Article 3 of Resolution No. 19 of November 12, 1991, on prosthetists and orthotists. Article 2 of Resolution No. 7 of December 15, 1992, which regulates the practice of histology and the professions of histology assistant and cytology assistant, and Articles 5, 6 and 7 of Law No. 27 of May 22, 2009, which regulates the histology profession. Article 2 of Resolution No. 50 of September 14, 1993, on Radiological Health Technicians. Article 2 of Resolution No. 1 of January 21, 1994, on Cardiovascular Perfusion Technicians Article 2 of Resolution No. 2 of January 25, 1994, on medical information technology technicians and assistants to technicians. Article 2 of Resolution No. 4 of June 10, 1996, on assistants to medical radiologic technologists. Article 3 of Resolution No. 5 of June 10, 1996, by which the Ministry of Health recognizes the profession of emergency medical technician. Article 3 of Resolution No. 1 of May 25, 1998, on specialists in emergency surgery Article 3 of Resolution No. 2 of May 25, 1998, on human genetics technicians. Article 35 of Law No. 24 of January 29, 1963, which creates the Board of Directors of the National College of Pharmacists and regulates pharmaceutical establishments. Articles 11 and 20 of Law No. 45 of August 7, 2001, on Chemicals and Petrochemicals. Article 5 of Law No. 4 of January 23, 1956, which creates the Technical Commission and regulates the professions of barber and cosmetologist, as amended by Article 2 of Law No. 51 of January 31, 1963. Articles 4 and 5 of Law No. 15 of January 22, 2003, on Orthopedic Technology and Traumatology. Article 5 of Resolution No. 3 of August 26, 2004, regarding medical physics. Article 17 of Law No. 19 of June 5, 2007, on Lifeguards in Aquatic Environments. Article 3 of Law No. 49 of December 5, 2007, on Community Developer. Article 5 of Law No. 31 of June 3, 2008, on Emergency Medical Technicians and Professionals. Article 3 of Law No. 28 of May 22, 2008, on Early Stimulation and Family Guidance. Article 5 of Law No. 53 of August 5, 2008, on Respiratory Therapists. Article 5 of Law No. 17 of February 12, 2009, on Biological Sciences. Article 4 of Law No. 24 of April 30, 2009, on Vector Control Technicians of the Ministry of Health. Article 5 of Law No. 52 of September 18, 2009, on gerontology technicians and graduates. Article 5 of Law No. 51 of July 14, 2003, on the profession of nuclear medicine technologist.

Description: Cross Border Trade in Services

The person practicing a profession listed in the Measures of this Reserve must be a Panamanian national.

24. Sector: Services Provided to Businesses

Subsector: Professional Services - Architects and Engineers

Type of Reservation: National Treatment (Article 15.2) Most-Favored-Nation Treatment (Article 15.3) Local Presence (Article 15.5)

Measures: Articles 1, 2, 3, 4, and 24 of Law 15 of January 26, 2001. Article 4 of Law 53 of February 4, 1963. Articles 1 and 3 of Decree 257 of September 3, 1965. Article 1 of Law No. 21 of June 20, 2007.

Description: Cross Border Trade in Services

1. Only the holder of a certificate of suitability issued by the Technical Board of Engineers and Architects may act as an engineer or architect. The Technical Board may grant such certificate to:

(a) a Panamanian national;

(b) a foreign national married to a Panamanian national or who is the parent of a Panamanian child. In the case of foreigners with a Panamanian spouse or children, it is required that they have obtained permanent residence in the

country; or

(c) a foreign national who is authorized to practice in a jurisdiction that permits Panamanian nationals to practice as engineers or architects under the same conditions.

2. The Technical Board may also authorize a company to hire an architect or engineer who is a foreign national for a period of up to 12 months if there are no qualified Panamanians to provide the service in question. In such a case, the firm must hire a qualified Panamanian national for the period of the contract, who will replace the foreign national upon termination of the contract.

3. Only a company registered with the Technical Board may provide engineering or architectural services in Panama. To register:

(a) the company must have its corporate domicile in Panama, unless an international agreement stipulates otherwise; and

(b) persons employed by the company who are responsible for supplying the services must be qualified to perform such services in Panama.

25. Sector: Telecommunications Services

Type of reservation: Market Access (Article 15.4)

Measures: Law No. 17 of July 9, 1991. Law No. 5 of February 9, 1995. Law No. 31 of February 8, 1996. Executive Decree No. 73 of April 9, 1997 Executive Decree No. 21 of 1996. JD-025 Regulation of December 12, 1996 JD-080 Regulation of April 10, 1997 Concession Contract No. 30-A of February 5, 1997. 1996 between the State and BSC (Bell South Panama, S.A.) Concession Contract No. 309 of October 24, 1997 between the State and Cable Wireless Panama, S.A. Executive Decree No. 58 of May 12, 2008 Concession Contract No. 10-2008 of May 27, 2008. of 2008 between the State and Digicel Panama, S.A. Concession Contract No. 11-2008 of May 27, 2008 between the State and Claro Panama, S.A.

Description: Cross Border Trade in Services

Cellular mobile telephone services will be provided exclusively by four operators that have received the concession from the State.

26. Sector: Telecommunications Services

Type of Reservation: Local Presence (Article 15.5)

Measures: Law No. 31 of February 8, 1996. Executive Decree No. 73 of April 9, 1997

Description: Cross Border Trade in Services

A telecommunication service provided directly to users in Panama may only be supplied by a person domiciled in Panama.

27. Sector: Commercial Services; Nightclubs, Bars, Pubs and Canteens.

Type of Reservation: Market Access (Article 15.4)

Measures: Law No. 5 of January 11, 2007. Executive Decree No. 26 of July 12, 2007

Description: Cross Border Trade in Services

1. No bar operating license shall be granted in any district in Panama when the number of bars existing in such district exceeds the ratio of one per one thousand inhabitants, according to the last official population census.

2. The limitation of the preceding paragraph also applies to establishments such as restaurants, cafeterias, barbecues, food service in hotels, tourist lodging establishments, when they come to have the sale of liquor as their main activity.

28. Sector: Community, Social and Personal Services

Type of Reservation: Market Access (Article 15.4) Measures: Article 297 of the 1972 Constitution

Description: Cross Border Trade in Services

Only the Panamanian State may operate games of chance or other gambling activities in Panama.

29. Sector:Communications Services

Type of Reservation: Market Access (Article 15.4)

Measures: Article 301 of the Fiscal Code of the Republic of Panama Approved Through Law No. 8 of January 27, 1956, as Amended by Law No. 20 of August 11, 1994.

Description: Cross Border Trade in Services

Only the Government of Panama may operate postal services in Panama.

30. Sector: Ports and Airports

Type of Reservation: Market Access (Article 15.4) Local Presence (Article 15.5)

Measures: Decree Law No. 7 of February 10, 1998 Law No. 23 of Jamary 29, 2003.

Description: Cross Border Trade in Services

The Executive Branch of the Government of Panama has discretion to determine the number of concessions for national ports and airports and may require the concessionaire to appoint a representative in Panama.

Annex II. EXPLANATORY NOTE

1. A Party's Schedule indicates the reservations taken by that Party, in accordance with Articles 14.8 (Nonconforming Measures) and 15.6 (Nonconforming Measures), with respect to sectors, subsectors, or activities for which it may maintain existing measures or adopt new or more restrictive measures that are inconsistent with the obligations imposed by:

(a) Articles 14.3 (National Treatment) or 15.2 (National Treatment);

(b) Articles 14.4 (Most-Favored-Nation Treatment) or 15.3 (Most-FavoredNation Treatment);

(c) Article 14.6 (Performance Requirements);

(d) Article 14.7 (Senior Executives and Boards of Directors);

(e) Article 15.4 (Market Access); or

(f) Article 15.5 (Local Presence).

2. Each tab of the List establishes the following elements:

(a) Sector refers to the sector for which the record has been made;

(b) Type of Reservation specifies the item(s) referred to in paragraph 1 that, by virtue of Articles 14.8 (Nonconforming Measures) and 15.6 (Nonconforming Measures), do not apply to the sectors, subsectors or activities listed in the schedule; and

(c) Description indicates the coverage of the sectors, subsectors or activities covered by the form;

3. Pursuant to Article 14.8 (Nonconforming Measures) and 15.6 (Nonconforming Measures), the Articles of this Agreement specified in the Type of Reservation element of a schedule do not apply to the sectors, subsectors and activities identified in the Description element of that schedule.

4. In the interpretation of a reservation all its elements will be considered. The Description element shall prevail over the other elements.

Annex II. COLOMBIA

1. Sector: Some Sectors.

Type of Reservation: Market Access (Article 15.4)

Description: Cross Border Trade in Services

Colombia reserves the right to adopt or maintain any measure that imposes limitations on:

(a) (a) investigation and security services;

(b) (b) research and development services;

(c) (c) the establishment of exclusive service areas for services related to the distribution of energy and fuel gas in order to guarantee the provision of universal service;

(d) (d) distribution services - wholesale and retail commercial services in sectors in which the Government establishes a monopoly, in accordance with Article 336 of the Political Constitution of Colombia, with revenues dedicated for public or social service. As of the date of signature of this Agreement, Colombia has established monopolies only with respect to liquor and gambling;

(e) (e) The requirement of a specific type of legal entity form for primary and secondary education services, and the requirement of a specific type of legal entity form for higher education services;

(f) (f) services related to the environment that are established or maintained for reasons of public interest;

(g) (g) health and social services and health-related professional services;

(h) (h) library, archives and museum services;

(i) (i) sports and other recreational services;

(j) (j) the number of concessions and the total number of operations for road passenger transport services, rail passenger and freight transport services, pipeline transport services, ancillary services in connection with all modes of transport and other transport services.

For greater certainty, no measure shall be inconsistent with Colombia's obligations under Article XVI of the GATS.

2. Sector: All sectors

Type of Reservation: National Treatment (Article 14.3)

Description: Investment

Colombia reserves the right to adopt or maintain measures related to the ownership of real estate by foreigners in the border regions, national coasts or insular territory of Colombia.

For the purposes of this entry:

(a) border region means an area two kilometers wide, parallel to the national boundary line;

(b) national coastline is an area two kilometers wide, parallel to the line of the highest tide; and

(c) insular territory means the islands, islets, cays, keys, morros and banks that are part of the territory of Colombia.

3. Sector: All Sectors

Type of Reservation: Most-Favored-Nation Treatment (Articles 14.4 and 15.3).

Description: Investment and Cross-Border Trade in Services

Colombia reserves the right to adopt or maintain any measure that grants different treatment to countries under any bilateral or multilateral international agreement in force or signed prior to the date of entry into force of this Agreement.

Colombia reserves the right to adopt or maintain any measure that grants different treatment to countries under any bilateral or multilateral international agreement in force entered into after the date of entry into force of this Agreement with respect to:

a) aviation;

b) fishing;

c) maritime affairs, including salvage.

4. Sector: Social Services

Type of Reservation: National Treatment (Article 14.3 and 15.2). Most-Favored-Nation Treatment (Articles 14.4 and 15.3) Performance Requirements (Article 14.6) Senior Executives and Boards of Directors (Article 14.7) Market Access (Article 15.4) Local Presence (Article 15.5)

Description: Investment and Cross-Border Trade in Services

Colombia reserves the right to adopt or maintain any measure with respect to the application and enforcement of laws and the provision of correctional services, and of the following services to the extent that they are social services that are established or maintained in the public interest: social rehabilitation, income insurance or security, social security services, social welfare, public education and training, health and child care.

For greater certainty, the comprehensive social security system in Colombia is currently comprised of the following mandatory systems: the General Pension System, the General Social Security Health System, the General Professional Risks System and the Unemployment and Unemployment Assistance System.

5. Sector: Minority and Ethnic Group Affairs

Type of Reservation: National Treatment (Article 14.3 and 15.2). Most-Favored-Nation Treatment (Articles 14.4 and 15.3) Performance Requirements (Article 14.6) Senior Executives and Boards of Directors (Article 14.7) Market Access (Article 15.4) Local Presence (Article 15.5)

Description: Investment and Cross-Border Trade in Services

Colombia reserves the right to adopt or maintain any measure that grants rights or preferences to socially or economically disadvantaged minorities and their ethnic groups, including with respect to communal lands owned by ethnic groups in accordance with Article 63 of the Political Constitution of Colombia. The ethnic groups in Colombia are: the indigenous and ROM (gypsy) peoples, the Afro-Colombian communities and the Raizal community of the Archipelago of San AndrÃ©s, Providencia and Santa Catalina.

6. Sector: Cultural Industries and Activities

Type of Reservation: National Treatment (Articles 14.3 and 15.2). Most-Favored-Nation Treatment (Articles 14.4 and 15.3)

Description: Investment and Cross-Border Trade in Services

For the purposes of this entry, the term "cultural industries and activities" means:

(a) publication, distribution, or sale of books, magazines, periodicals, or electronic or printed newspapers, excluding the printing or typesetting of any of the foregoing;

(b) production, distribution, sale or exhibition of film or video recordings;

(c) production, distribution, sale or exhibition of musical recordings in audio or video format;

(d) production and presentation of performing arts;

(e) production or exhibition of visual arts;

(f) production, distribution or sale of printed music, or machine-readable music;

(g) design, production, distribution and sale of handicrafts;

(h) broadcasting to the general public, as well as all radio, television and activities related to cable television, satellite television and broadcasting networks; or

(i) in the advertising sector, aspects related to the creation and design of advertising content.

Colombia reserves the right to adopt or maintain any measure granting preferential treatment to persons from any other country by means of any treaty between Colombia and such country, which contains specific commitments regarding cultural cooperation or co-production, with respect to cultural industries and activities.

For greater certainty, Articles 14.3 (National Treatment) and 14.4 (Most-Favored-Nation Treatment) and Chapter 15 (Cross-Border Trade in Services) do not apply to "government support " (1) for the promotion of cultural industries and activities.

Colombia may adopt or maintain any measure that grants to a person of the other Party treatment equivalent to that granted by that other Party to Colombian persons in the audiovisual, musical or publishing sectors.

(1) For the purposes of this fact sheet, "government support" means tax incentives, incentives for the reduction of mandatory contributions, grants provided by a government, loans provided by a government, and guarantees, autonomous estates or insurance provided by a government, regardless of whether a private entity is wholly or partially responsible for the administration of the "government support".

7. Sector: Jewelry design. Performing arts. Music. Visual arts. Audiovisuals Publishing

Type of Reservation: Performance Requirements (Article 14.6) National Treatment (Article 15.2)

Description: Investment and Cross-Border Trade in Services

Colombia reserves the right to adopt or maintain any measure conditioning the receipt or continued receipt of government support (2) for the development and production of jewelry design, performing arts, music, visual arts, audiovisual and publishing on the recipient achieving a given level or percentage of domestic creative content.

(2) As defined in the footnote to tab 6.

8. Sector: Craft Industries

Type of Reservation: Performance Requirements (Article 14.6) National Treatment (Article 15.2)

Description: Investment and Cross-Border Trade in Services

Colombia reserves the right to adopt or maintain any measure related to the design, distribution, retail sale or exhibition of handicrafts identified as Colombian handicrafts. For greater certainty, performance requirements should in all cases be consistent with the WTO Agreement on Trade-Related Investment Measures.

9. Sector: Audiovisual Advertising

Type of Reservation: Performance Requirements (Article 14.6) National Treatment (Article 15.2)

Description: Investment and Cross-Border Trade in Services

Cinematographic works

(a) Colombia reserves the right to adopt or maintain any measure requiring that a specified percentage (not to exceed fifteen percent (15%) of the total number of cinematographic works shown annually in movie theaters or exhibition halls in Colombia consist of Colombian cinematographic works. In order to establish such percentages, Colombia shall take into account the conditions of national film production, the existing exhibition infrastructure in the country and the attendance averages.

Cinematographic works on free-to-air television

(b) Colombia reserves the right to adopt or maintain any measure requiring that a specified percentage (not to exceed ten percent (10%) of the total number of cinematographic works shown annually on free television channels consist of Colombian cinematographic works. In order to establish such percentage, Colombia shall take into account the availability of national cinematographic works for free television. Such works shall count as part of the domestic content requirements that apply to the channel as described in paragraph 5 of tab 20 (Open Television) of Annex I.

Community television (3)

(c) Colombia reserves the right to adopt or maintain any measure requiring that a specific portion of the weekly television programming be broadcast in a specific time period (not to exceed fifty-six (56) hours per week) consists of national programming produced by the community television operator.

Multichannel commercial free-to-air television

(d) Colombia reserves the right to impose the minimum programming requirements listed in the Open Television entry on page 24 and 25, paragraph 5 of Annex I, on multichannel commercial open television, except that these requirements may not be imposed on more than two channels or twenty-five percent (25%) of the total number of channels (whichever is greater) made available by the same provider.

Advertising

(e) Colombia reserves the right to adopt or maintain any measure requiring that a specified percentage (not to exceed twenty percent (20%) of the total advertising orders contracted annually with media services companies established in Colombia, other than newspapers, journals and subscription services headquartered outside Colombia, be produced and created in Colombia. Any such measures shall not apply to:

(i) advertising of movie premieres in theaters or exhibition halls; and

(ii) any media where the programming or content originates outside Colombia or to the rebroadcasting or retransmission of such programming within Colombia.

(3) As defined in Agreement 006 of 1999.

10. Sector: Traditional Expressions

Type of Reservation: National Treatment (Articles 14.3 and 15.2).

Description: Investment and Cross-Border Trade in Services

Colombia reserves the right to adopt or maintain any measure that grants rights or preferences to local communities with respect to the support and development of expressions related to the intangible cultural heritage declared under Resolution No. 0168 of 2005.

11. Sector: Interactive Audio and/or Video Services

Type of Reservation: Performance Requirements (Article 14.6) National Treatment (Article 14.3)

Description: Investment and Cross-Border Trade in Services

Colombia reserves the right to adopt or maintain measures to ensure that, where the Government of Colombia finds that Colombian audiovisual content is not readily available to Colombian consumers, access to Colombian audiovisual content programming through interactive audio and/or video services is not unreasonably denied to Colombian consumers.

12. Sector: Professional Services

Type of Reservation: National Treatment (Article 15.2) Most-Favored-Nation Treatment (Article 15.3) Market Access (Article 15.4) Local Presence (Article 15.5)

Description: Cross Border Trade in Services

Colombia reserves the right to adopt or maintain any measure that allows a professional who is a national of the other Party to practice only to the extent that the Party where such professional practices offers treatment consistent with the obligations referred to in this tab to Colombian nationals in the processes and requirements for authorization, licensing or certification to practice such profession. Notwithstanding the foregoing, Colombia shall allow professionals who were practicing in its territory prior to the entry into force of this Agreement, in accordance with Colombian regulations, to continue to practice in accordance with existing laws.

For the purposes of this measure, the Party in which the professionals practice is the territory within which the professional obtained his or her professional license to practice and has practiced most of the time during the last twelve months.

This measure does not apply to a country that has a bilateral agreement in force with Colombia on the recognition of professional degrees.

13. Sector: Land and River Transportation

Type of Reservation: Most-Favored-Nation Treatment (Article 10.04).

Description: Cross Border Trade in Services

Colombia reserves the right to adopt or maintain any measure that grants different treatment to countries under any bilateral or multilateral international agreement signed after the date of entry into force of this Agreement on land and river transport services.

14. Sector: Sales and Marketing of Air Transportation Services.

Type of Reservation: National Treatment (Articles 14.3 and 15.2). Market Access (Article 15.4) Local Presence (Article 15.5)

Description: Investment and Cross-Border Trade in Services

Colombia reserves the right to adopt or maintain any measure on commissions and/or payments applied by carriers to travel agents and intermediaries in general.

15. Sector: All sectors

Type of Reservation: National Treatment (Article 14.3)

Description: Investment

Colombia reserves the right to adopt any measure for reasons of public order in accordance with Article 100 of the Political Constitution of Colombia (1991), provided that:

(a) be applied in accordance with the procedural requirements established in the Political Constitution of Colombia (1991) and the rules that regulate it, such as the requirements established in Articles 213, 214 and 215 of the Political Constitution of Colombia (1991) and in Law 137 of 1994;

(b) is not applied in an arbitrary and unjustified manner;

(d) does not constitute a disguised restriction on investment; and

(e) necessary and proportional to the objectives it seeks to achieve.

Annex II. PANAMA

1. Sector: Social Services

Type of Reservation: National Treatment (Articles 14.3 and 15.2). Most-Favored-Nation Treatment (Articles 14.4 and 15.3) Local Presence (Article 15.5) Performance Requirements (Article 14.6) Senior Executives and Boards of Directors (Article 14.7) Market Access (Article 15.4)

Description: Investment and Cross-Border Trade in Services

Panama reserves the right to adopt or maintain measures for the provision of law enforcement and prison services, as well as the following services, to the extent that they are social services that are established or maintained for reasons of public interest: pensions and unemployment insurance, social security or insurance, social security, social welfare, public education, public training, health care and child care.

2. Sector: Indigenous and Minority Populations

Type of Reservation: National Treatment (Articles 14.3 and 15.2). Most-Favored-Nation Treatment (Articles 14.4 and 15.3) Local Presence (Article 15.5) Performance Requirements (Article 14.6) Senior Executives and Boards of Directors (Article 14.7)

Description: Investment and Cross-Border Trade in Services

Panama reserves the right to adopt or maintain measures that deny foreign investors and their investments, or foreign service suppliers, a right or preference granted to socially or economically disadvantaged minorities and indigenous populations in its reserve areas.

3. Sector: Panama Canal Related Matters

Type of Reservation: National Treatment (Articles 14.3 and 10.03). Local Presence (Article 15.5) Performance Requirements (Article 14.6) Senior Executives and Boards of Directors (Article 14.7) Market Access (Article 15.4)

Description: Investment and Cross-Border Trade in Services

1. Panama reserves the right to adopt or maintain measures related to the management, administration, operation, maintenance, conservation, modernization, exploitation, development or ownership of the Panama Canal and reverted areas that restrict the rights of foreign investors and service providers, maintenance, conservation, modernization, exploitation, development or ownership of the Panama Canal and the reverted areas that restrict the rights of foreign investors and service providers.

2. The Panama Canal includes the water route itself, as well as its anchorages, berths and entrances; maritime, lake and river lands and waters; locks; auxiliary dikes; piers; and water control structures.

3. Reverted areas include lands, buildings and facilities and other assets that have reverted to the Republic of Panama in accordance with the Panama Canal Treaty of 1977 and its Annexes (Torrijos-Carter Treaty).

4. Sector: State-owned enterprises

Type of Reservation: National Treatment (Article 14.3) Local Presence (Article 15.5) Performance Requirements (Article 14.6) Senior Executives and Boards of Directors (Article 14.7)

Description: Investment and Cross-Border Trade in Services

Panama, when selling or disposing of equity interests or assets of an existing state enterprise or existing governmental entity, reserves the right to prohibit or impose limitations on:

(a) the provision of services;

(b) the ownership of such interest or property; and

(c) the technical, financial and experience capacity of the owners of such interests or assets to control the foreign participation in any resulting enterprise.

In connection with the sale or other form of disposition, Panama may adopt or maintain any measure relating to the nationality of senior executives or members of the Board of Directors.

5. Sector: Construction Services

Type of Reservation: National Treatment (Article 15.2) Local Presence (Article 15.5)

Description: Cross Border Trade in Services

Panama reserves the right to adopt or maintain residency requirements, registration or other local presence obligations, or to require a financial guarantee if and when necessary to ensure compliance with Panamanian law and private contractual obligations.

6. Sector: Fisheries and Fisheries-Related Services

Type of Reservation: National Treatment (Articles 14.3 and 15.2). Most-Favored-Nation Treatment (Articles 14.4 and 15.3)

Description: Investment and Cross-Border Trade in Services

Panama reserves the right to adopt or maintain a measure related to the requirements to invest, acquire, control and operate vessels engaged in fishing and related activities in Panamanian jurisdictional waters.

7. Sector: All Sectors

Type of Reservation: Most-Favored-Nation Treatment (Articles 14.4 and 15,3).

Description: Investment and Cross-Border Trade in Services

1. Panama reserves the right to adopt or maintain measures that grant differential treatment to countries under a bilateral or multilateral international agreement in force or signed prior to the date of entry into force of this Agreement.

2. Panama reserves the right to adopt or maintain measures that grant differential treatment to countries by virtue of a bilateral or multilateral international treaty in force or subscribed subsequent to the date of entry into force of this Agreement with respect to:

(a) aviation;

(b) fishing; or

(c) maritime affairs ; including salvage.

8. Sector: All Sectors

Type of Reservation: Market Access (Article 15.4)

Description: Cross Border Trade in Services

Panama reserves the right to adopt or maintain measures that are not inconsistent with Panama's obligations under Article XVI of the GATS.

Subject to the reservations in the list of Panama in Annex I tabs 9 (Electric Power), 25 and 26. (Telecommunications), 27 (Business Services) 28 (Community, Social and Personal Services) 29 (Communications Services) 30 (Ports and Airports).

9. Sector: Transportation Services

Type of Reservation: National Treatment (Articles 14.3 and 10.03). Local Presence (Article 10.06) Performance Requirements (Article 14.6) Senior Executives and Boards of Directors (Article 14.7) Market Access (Article 15.4)

Description: Investment and Cross-Border Trade in Services

1. Panama reserves the right to adopt or maintain measures restricting the supply of services and investment related to scheduled passenger transportation, other types of non-scheduled passenger transportation, and commercial freight vehicle rental services with operator, or bus terminal services.

2. Inland cabotage within Panama's borders is reserved for national carriers only.