

# **PACIFIC ALLIANCE-SINGAPORE FREE TRADE AGREEMENT**

## **PREAMBLE**

The Republic of Chile, the Republic of Colombia, the United Mexican States and the Republic of Peru, as parties to the Pacific Alliance Framework Agreement, and the Republic of Singapore, resolving to:

ACKNOWLEDGE the commitment of the Pacific Alliance to further the development of the objectives and principles established in the Pacific Alliance Framework Agreement, signed in Paranal, Antofagasta, Republic of Chile on 6 June 2012;

STRENGTHEN the ties of friendship and cooperation between them and their people;

ESTABLISH a comprehensive agreement that promotes economic integration to liberalise trade and investment, bring economic growth and social benefits, create new opportunities for workers and businesses, contribute to raising living standards, benefit consumers, reduce poverty and promote sustainable growth;

RECOGNISE their inherent right to regulate and resolve to preserve the flexibility of all Parties to the Pacific Alliance and Singapore to set legislative and regulatory priorities, safeguard public welfare, and protect legitimate public welfare objectives, such as public health, safety, the environment, the conservation of living or non-living exhaustible natural resources, the integrity and stability of the financial system;

SHARE a common aspiration to promote high standards of environmental and labour protection, and to uphold these in the context of sustainable development;

RECOGNISE that small and medium-sized enterprises (SMEs), including micro- enterprises, contribute significantly to economic growth, employment, and innovation, and seek to support the growth and development of SMEs by enhancing their ability to participate in and benefit from the opportunities created by this Agreement;

RECOGNISE that enhancing women's economic participation in international trade contributes significantly to sustainable development, and that the advancement of cooperation activities can improve women's access to and benefit from the opportunities created by this Agreement.

ESTABLISH a predictable legal and commercial framework for trade and investment through clear and mutually beneficial rules with the objective of stimulating the expansion and diversification of the trade of goods and services between all Parties to the Pacific Alliance and Singapore, as well as attracting investment to their territories;

REAFFIRM the objective of eliminating barriers to trade in order to facilitate the flow of trade of goods and services and investment between all Parties to the Pacific Alliance and Singapore;

FACILITATE international trade, by promoting efficient, transparent and predictable customs procedures that aim to reduce the cost of trade for their importers and exporters;

AVOID distortions in their reciprocal trade and promote fair competition;

PROMOTE transparency, good governance and the rule of law, and eliminate bribery and corruption in trade and investment;

BUILD on their respective rights and obligations under the Marrakesh Agreement Establishing the World Trade Organization;

CONSIDER that the Republic of Colombia and the Republic of Peru are Members of the Andean Community and that Decision 598 of the Andean Community requires Andean Community Member Countries negotiating trade agreements with third countries to preserve the Andean legal system in relations between the Andean Community Member Countries;

DEEPEN cooperation between all Parties to the Pacific Alliance and Singapore in order to support the implementation of this Agreement and enhance its benefits; and

RECOGNISE the Republic of Singapore as an Associated State to the Pacific Alliance,

HAVE AGREED AS FOLLOWS:

## **Chapter 1. INITIAL PROVISIONS**

### **Article 1.1. Establishment of a Free Trade Area**

All Parties to the Pacific Alliance and Singapore, consistent with Article XXIV of GATT 1994 and Article V of GATS, hereby establish a free trade area, in accordance with the provisions of this Agreement.

### **Article 1.2. Relationship to other International Agreements**

1. Recognising the intention of all Parties to the Pacific Alliance and Singapore for this Agreement to coexist with their existing international agreements, each Party to the Pacific Alliance and Singapore affirms:

(a) in relation to existing international agreements to which all Parties to the Pacific Alliance and Singapore are party, including the WTO Agreement, their existing rights and obligations with respect to any Party to the Pacific Alliance or Singapore, as the case may be; and

(b) in relation to existing international agreements to which at least one Party to the Pacific Alliance and Singapore are party, their existing rights and obligations with respect to the Party to the Pacific Alliance or Singapore, as the case may be.

2. Unless otherwise provided in this Agreement, if a Party considers that a provision of this Agreement is inconsistent (1) with a provision of another agreement to which at least one Party to the Pacific Alliance and Singapore are party, on request, the relevant Parties to the other agreement shall consult with a view to reaching a mutually satisfactory resolution. The aforementioned is without prejudice to a Party's rights and obligations under Chapter 23 (Dispute Settlement). (2)

(1) For the purposes of the application of this Agreement, all Parties to the Pacific Alliance and Singapore agree that the fact that an agreement provides more favourable treatment to the goods, services, investments or persons than what is provided under this Agreement does not constitute an inconsistency within the meaning of paragraph 2.

(2) For greater certainty, the consultations envisaged in this paragraph do not constitute a stage in the dispute resolution procedure established in Chapter 23 (Dispute Settlement).

### **Article 1.3. Scope**

This Agreement shall apply bilaterally between the Republic of Singapore and each Party to the Pacific Alliance. Unless otherwise provided, this Agreement shall not apply between the Republic of Chile, the Republic of Colombia, the United Mexican States and the Republic of Peru.

## **Chapter 2. GENERAL DEFINITIONS**

### **Article 2.1. General Definitions**

For the purposes of this Agreement, unless otherwise provided:

Anti-dumping Agreement means the Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994 set out in Annex 1A to the WTO Agreement;

central level of government means:

(a) for Chile, the national level of government;

(b) for Colombia, the national level of government;

(c) for Mexico, the federal level of government;

(d) for Peru, the national level of government; and

(e) for Singapore, the national level of government.

customs administration means the competent authority that is responsible under the laws and regulations of a Party for the administration of customs laws, regulations and, where applicable, policies, and has for each Party to the Pacific Alliance and Singapore the following meaning:

(a) for Chile: the National Customs Service (Servicio Nacional de Aduanas);

(b) for Colombia: the Customs and Taxes National Directorate (Dirección de Impuestos y Aduanas Nacionales DIAN);

(c) for Mexico: the Ministry of Finance and Public Credit (Secretaría de Hacienda y Crédito Público);

(d) for Peru: the National Superintendence of Customs and Tax Administration (Superintendencia Nacional de Aduanas y de Administración Tributaria - SUNAT); and

(e) for Singapore: the Singapore Customs,

or their respective successors.

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

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

(b) anti-dumping or countervailing duty; or

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

Customs Valuation Agreement means the Agreement on Implementation of Article VII of the General Agreement on Tariffs and Trade 1994, set out in Annex 1A to the WTO Agreement;

days means calendar days;

enterprise means any entity constituted or organised under applicable law, whether or not for profit, and whether privately or governmentally owned or controlled, including any corporation, trust, partnership, sole proprietorship, joint venture, association, or similar organisation;

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

Free Trade Commission means the Free Trade Commission established in accordance with Article 22.1 (Free Trade Commission);

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

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

goods means any merchandise, product, article or material;

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

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

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 implemented by the Parties in their respective laws and regulations;

heading means the first four digits in the tariff classification number under the Harmonized System (HS);

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

national means a "natural person who has the nationality of a Party" according to Article 2.2 or a permanent resident of a Party;

OECD means the Organisation for Economic Co-operation and Development;

originating means qualifying under the rules of origin set out in Chapter 4 (Rules of Origin and Origin Procedures);

Pacific Alliance Framework Agreement means the Agreement between the Republic of Colombia, the Republic of Chile, the United Mexican States and the Republic of Peru, done at Paranal, Antofagasta, Republic of Chile, on 6th June 2012;

Parties means a Party to the Pacific Alliance, of the one part, and the Republic of Singapore, of the other part, for which this Agreement is in force;

Parties to the Pacific Alliance means parties to the Pacific Alliance Framework Agreement; Party means any State for which this Agreement is in force;

Party to the Pacific Alliance means, individually, the Republic of Chile, the Republic of Colombia, the United Mexican States or the Republic of Peru, as party to the Pacific Alliance Framework Agreement;

person means a natural person or an enterprise;

person of a Party means a national or an enterprise of a Party;

preferential tariff treatment means the customs duty rate applicable to an originating good pursuant to each Party's Tariff Schedule set out in Annex 3-B (Elimination of Customs Duties);

regional level of government means:

(a) for Chile as a unitary Republic, the term regional level of government is not applicable;

(b) for Colombia as a unitary Republic, the term regional level of government is not applicable;

(c) for Mexico, a state of the United Mexican States;

(d) for Peru, regional government in accordance with the Political Constitution of Peru (Constitución Política del Perú) and other applicable legislation; and

(e) for Singapore, the term regional level of government is not applicable;

Safeguards Agreement means the Agreement on Safeguards, set out in Annex 1A to the WTO Agreement;

SCM Agreement means the Agreement on Subsidies and Countervailing Measures, set out in Annex 1A to the WTO Agreement;

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

SPS Agreement means the Agreement on the Application of Sanitary and Phytosanitary Measures, set out in Annex 1A to the WTO Agreement;

subheading means the first six digits in the tariff classification number under the Harmonized System (HS);

TBT Agreement means the Agreement on Technical Barriers to Trade, set out in Annex 1A of the WTO Agreement;

WTO means the World Trade Organization, and

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

## **Article 2.2. Party-Specific Definitions**

natural person who has the nationality of a Party means:

(a) for Chile, a Chilean as defined in the Political Constitution of the Republic of Chile (Constitución Política de la República de Chile);

(b) for Colombia, Colombians by birth or naturalization, in accordance with Article 96 of the Political Constitution of Colombia (Constitución Política de Colombia);

(c) for Mexico, a national or a citizen in accordance with Articles 30 and 34, respectively, of the Political Constitution of Mexico (Constitución Política de los Estados Unidos Mexicanos);

(d) for Peru, a natural person who has the nationality of Peru by birth, naturalisation or option in accordance with the

Political Constitution of Peru (Constitución Política del Perú) and other relevant domestic legislation; and

(e) for Singapore, a person who is a citizen of Singapore within the meaning of its Constitution and its domestic laws;

territory means:

(a) for Chile, the land, maritime and air space under its sovereignty, and the exclusive economic zone and the continental shelf within which it exercises sovereign rights and jurisdiction in accordance with international law and its domestic law;

(b) for Colombia, besides the continental territory, the Archipelago of San Andrés, Providencia, Santa Catalina and Malpelo are part of Colombia, in addition to the islands, islets, keys, headlands and banks that belong to it. Also part of Colombia is the subsoil, the territorial sea, the contiguous zone, the continental shelf, the exclusive economic zone, the airspace, the segment of the geostationary orbit, the electromagnetic spectrum and the space in which it operates, in accordance with its Constitution and International law;

(c) for Mexico:

(i) the states of the Federation and Mexico City;

(ii) the islands, including the reefs and keys, in the adjacent seas;

(iii) the islands of Guadalupe and of Revillagigedo, situated in the Pacific Ocean;

(iv) the continental shelf and the submarine shelf of such islands, keys and reefs;

(v) the waters of the territorial seas, with the extent and terms established by international law, and its interior maritime waters;

(vi) the space located above the national territory, with the extent and modalities in accordance with the rules established by international law, and

(vii) any areas beyond the territorial seas of Mexico over which Mexico may exercise rights on the seafloor and the sea subsoil, and on the natural resources they contain, in accordance with international law, including the United Nations Convention on the Law of the Sea, as well as its national legislation;

(d) for Peru, the mainland territory, the islands, the maritime areas and the air space above them, under sovereignty or sovereignty rights and jurisdiction of Peru, in accordance with the provisions of the Political Constitution of Peru (Constitución Política del Perú) and other relevant domestic law and international law; and

(e) for Singapore, its land territory, internal waters and territorial sea, including the airspace above them, as well as any maritime area situated beyond the territorial sea which has been or might in the future be designated under its national law, in accordance with international law, as an area within which Singapore may exercise rights with regards to the sea, the sea-bed, the subsoil and the natural resources.

## **Chapter 3. NATIONAL TREATMENT AND MARKET ACCESS FOR GOODS**

### **Section A. Definitions and Scope**

#### **Article 3.1. Definitions**

For the purposes of this Chapter:

advertising films and recordings means recorded visual media or audio materials, consisting essentially of images and/or sound, showing the nature or operation of goods or services offered for sale or lease by a person of a Party, provided that such materials are suitable for exhibition to prospective customers, but not for broadcast to the general public;

Agreement on Agriculture means the Agreement on Agriculture set out in Annex 1A to the WTO Agreement;

agricultural goods means those goods referred to in Article 2 of the Agreement on Agriculture;

commercial samples of negligible value means commercial or trade samples having a value, individually or in the aggregate as shipped, of not more than one U.S. dollar or the equivalent amount in the currency of a Party, or so marked, torn, perforated or otherwise treated that they are unsuitable for sale or use except as commercial samples;

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

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

- a) charge equivalent to an internal tax imposed consistently with Article III:2 of the GATT 1994;
- b) anti-dumping or countervailing duty; or
- c) fee or other charge in connection with the importation commensurate with the cost of services rendered.

duty-free means free of customs duty;

export subsidies means those referred in Article 1(e) of the Agreement on Agriculture, which is part of the WTO Agreement, including any amendment of that Article;

goods admitted for sports purposes means sports requisites for use in sports contests, demonstrations, or training in the territory of the Party into whose territory the goods are admitted;

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

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

Import Licensing Agreement means the Agreement on Import Licensing Procedures, set out in Annex 1A to the WTO Agreement;

performance requirement means a requirement that:

- (a) a given level or percentage of goods or services be exported;
  - (b) domestic goods or services of the Party granting a waiver of customs duties or an import licence be substituted for imported goods;
  - (c) a person benefiting from a waiver of customs duties or a requirement for an import licence purchase other goods or services in the territory of the Party that grants the waiver of customs duties or the import licence, or accord a preference to domestically produced goods;
  - (d) a person benefiting from a waiver of customs duties or a requirement for an import licence to produce goods or supply services in the territory of the Party that grants the waiver of customs duties or the import licence, with a given level or percentage of domestic content; or
  - (e) relates in any way the volume or value of imports to the volume or value of exports or to the amount of foreign exchange inflows;
- but does not include a requirement that an imported good be:
- (f) subsequently exported;
  - (g) used as a material in the production of another good that is subsequently exported;
  - (h) substituted by an identical or similar good used as a material in the production of another good that is subsequently exported; or
  - (i) substituted by an identical or similar good that is subsequently exported;

printed advertising materials means those goods classified in Chapter 49 of the Harmonized System (HS), including brochures, leaflets, pamphlets, trade catalogues, yearbooks published by trade associations, tourist promotional materials and posters, that are used to promote, publicise or advertise a good or service, are essentially intended to advertise a good or service, and are supplied free of charge.

## **Article 3.2. Scope**

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

## **Section B. National Treatment**

### **Article 3.3. National Treatment**

1. Each Party shall accord national treatment to the goods of the other Party in accordance with Article I of GATT 1994, including its interpretative notes. To this end, Article III of GATT 1994 and its interpretative notes are incorporated into and made part of this Agreement, mutatis mutandis.
2. For greater certainty, the treatment to be accorded by a Party under paragraph 1 means, with respect to a regional level of government, treatment no less favourable than the most favourable treatment accorded by that regional level of government to any like, directly competitive or substitutable goods, as the case may be, of the Party of which it forms a part.
3. Paragraphs 1 and 2 shall not apply to the measures set out in Annex 3-A.

## **Section C. Tariff Elimination**

### **Article 3.4. Elimination of Customs Duties**

1. Except as otherwise provided in this Agreement, no Party shall increase any existing customs duty, or adopt any new customs duty, on an originating good.
2. Except as otherwise provided in this Agreement, each Party shall progressively eliminate its customs duties on originating goods in accordance with its Tariff Elimination Schedule set out in Annex 3-B.
3. Each Party shall apply to an originating good the lesser of:
  - (a) the tariff rate established in its Tariff Elimination Schedule set out in Annex 3-B; or
  - (b) the Most-Favoured-Nation ("MFN") rate applicable at the time of the importation of the good.
4. On request of a Party, the Parties shall consult in accordance with this Chapter, to examine the possibility of accelerating or broadening the scope of the elimination of customs duties on an originating good as set out in their respective Tariff Elimination Schedules in Annex 3-B. Such agreements shall be adopted by decisions of the Free Trade Commission at meetings held pursuant to Articles 22.2(6) and 22.2(7) (Rules of Procedure of the Free Trade Commission).
5. An agreement pursuant to paragraph 4 shall supersede any duty rate or staging category determined pursuant to those Parties' Tariff Elimination Schedules in Annex 3-B for that good once approved by each Party to that agreement in accordance with its applicable legal procedures.
6. A Party may at any time unilaterally accelerate the elimination of customs duties set out in its Tariff Elimination Schedule set out in Annex 3-B. That Party shall inform the other Party as early as practicable before the new rate of customs duty takes effect.
7. For greater certainty, a Party may:
  - (a) increase a customs duty to the level established in its Tariff Elimination Schedule set out in Annex 3-B, following a unilateral reduction for the respective year; or
  - (b) increase a customs duty on an originating good as authorised by the Dispute Settlement Body of the WTO. Article 3.5: Customs Valuation

The Parties shall determine the customs value of imported goods in accordance with the Customs Valuation Agreement.

## **Section D. Non-Tariff Measures**

### **Article 3.6. Import and Export Restrictions**

1. Except as otherwise provided in this Agreement, no Party shall 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 any good destined for the territory of the other Party, except in accordance with Article XI of GATT 1994, and its interpretative notes. To this end, Article XI of GATT 1994 and its interpretative notes, are incorporated into and made part of this Agreement, mutatis mutandis.

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

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

(b) import licensing conditioned on the fulfilment of a performance requirement; or

(c) voluntary export restraints inconsistent with Article VI of GATT 1994, as implemented under Article 18 of the Subsidies Agreement and Article 8.1 of the Antidumping Agreement.

3. This Article shall not apply to the measures set out in Annex 3-A.

4. No Party shall require, as a condition for engaging in importation or for the importation of a good, a person of the other Party to establish or maintain a contractual or other relationship with a distributor in its territory.

5. For greater certainty, paragraph 4 does not prevent a Party from requiring the designation of a person for the purpose of facilitating communications between regulatory authorities of a Party and a person of the other Party.

6. For the purposes of paragraph 4, distributor means a person of a Party who is responsible for the commercial distribution, agency, concession or representation in the territory of that Party of goods of the other Party.

7. If a Party adopts or maintains a prohibition or restriction on the importation from or exportation to a non-Party of a good, no provision of this Agreement shall be construed to prevent that Party from:

(a) limiting or prohibiting the importation of the good of the non-Party from the territory of the other Party; or

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

8. If a Party adopts or maintains a prohibition or restriction on the importation of a good from a non-Party, the Parties, on the request of any Party, shall consult with a view to avoiding undue interference with or distortion of pricing, marketing, or distribution arrangement in the other Party.

### **Article 3.7. Non-Tariff Measures**

1. The Parties recognise the importance of ensuring:

(a) the transparency of non-tariff measures under this Chapter; and (b) that any such measures do not create an unnecessary or unjustified obstacle to trade between the Parties.

2. Recognising the potentially adverse effects of unnecessary and unjustified non-tariff measures, a Party may request ("requesting Party") ad hoc discussions with the other Party on a specific non-tariff measure arising under this Chapter that may adversely affect the requesting Party's interests in trade in goods with the other Party. The requesting Party shall provide the request in writing, identifying the measure and an indication of the provisions of this Chapter to which the concerns relate.

3. When a Party receives ("requested Party") a written request from the requesting Party for ad hoc discussions under paragraph 2, the Parties shall initiate discussion within 30 days of the request being received. If the requesting and requested Parties agree, ad hoc discussions may be initiated within a shorter timeframe.

4. The requesting Party may provide the other Parties with a copy of the request. Any other Party to the Pacific Alliance may participate in the ad hoc discussions only if both the requesting and requested Parties agree.

5. If the requested Party considers that the subject matter of the request should be addressed under a Chapter-specific consultation mechanism established or identified under another Chapter, it shall promptly notify the requesting Party and include in its notice the reasons it considers that the request should be addressed under the other Chapter. The requested and requesting Parties shall agree on the appropriate mechanism.

6. If the discussions under paragraph 3 do not result in a timely resolution of the matter, the requesting Party may refer the matter to the Trade in Goods Committee.

7. Ad hoc discussions under this Article shall be without prejudice to the rights of any Party under this Agreement, including with respect to raising any matter relevant to this Chapter through the Trade in Goods Committee.



### **Article 3.8. Import Licensing**

1. No Party shall adopt or maintain a measure that is inconsistent with the Import Licensing Agreement.
2. Promptly after this Agreement enters into force, each Party shall notify the other Party of its existing import licensing procedures, if any.
3. A Party shall be deemed to be in compliance with the obligations in paragraph 2 with respect to an existing import licensing procedure if:
  - (a) it has notified that procedure to the WTO Committee on Import Licensing provided for in Article 4 of the Import Licensing Agreement together with the information specified in Article 5.2 of that agreement; and
  - (b) in the most recent annual submission due before the date of entry into force of this Agreement for that Party to the WTO Committee on Import Licensing in response to the annual questionnaire on import licensing procedures described in Article 7.3 of the Import Licensing Agreement, it has provided, with respect to that procedure, the information requested in that questionnaire.
4. Each Party shall notify the other Party, of any new import licensing procedures and any modification it makes to its existing import licensing procedures, if possible, no later than 60 days before the new procedure or modification takes effect. In no case shall a Party provide the notification later than 60 days after the date of its publication.
5. A Party shall be deemed to be in compliance with this obligation if it notifies a new import licensing procedure or a modification to an existing import licensing procedure to the WTO Committee on Import Licensing in accordance with Articles 5.1, 5.2 or 5.3 of the Import Licensing Agreement.
6. A notification provided under paragraphs 2 and 4 of this Article shall include the information specified in Article 5.2 of the Import Licensing Agreement.
7. Before applying any new or modified import licensing procedure, a Party shall publish the new procedure or its modification on an official government website or in its official journal. The Party shall do so, if possible, at least 20 days before the new procedure or modification takes effect.
8. Each Party shall respond within 60 days to a reasonable enquiry from the other Party concerning its licensing rules and its procedures for the submission of an application for an import licence, including the eligibility of persons, firms and institutions to make an application, the administrative body or bodies to be approached and the list of products subject to the licensing requirement.
9. If a Party denies an import licence application with respect to a good of the other Party, it shall, on request of the applicant and within a reasonable period after receiving the request, provide the applicant with a written explanation of the reason for the denial.

### **Article 3.9. Administrative Fees and Formalities**

1. Each Party shall ensure, in accordance with paragraph 1 of Article VII of GATT 1994 and its interpretative notes, that all fees and charges of whatever character (other than customs duties, charges equivalent to an internal tax or other internal charge applied consistently with paragraph 2 of Article II of GATT 1994, and antidumping and countervailing duties) imposed on or in connection with importation or exportation are limited in amount to the approximate cost of services rendered and do not represent an indirect protection to domestic goods or taxation of imports or exports for fiscal purposes.
2. No Party shall require consular transactions, including related fees and charges, in connection with the importation of any good of the other Party.
3. Each Party shall make publicly available online a current list of the fees or charges it imposes in connection with importation or exportation.
4. Each Party shall periodically review its fees and charges, with a view to reducing their number and diversity if practicable.

### **Article 3.10. Export Duties, Taxes or other Charges**

Except as provided for in Annex 3-C, no Party shall adopt or maintain any duty, tax or other charge on the export of any good to the territory of the other Party, unless such duty, tax or charge is also adopted or maintained on that good when

destined for domestic consumption.

## **Section E. Special Customs Regimes**

### **Article 3.11. Waiver of Customs Duties**

1. No Party shall adopt any new waiver of a customs duty, or expand with respect to an existing recipient or extend to any new recipient the application of an existing waiver of a customs duty, that is conditioned, explicitly or implicitly, on the fulfilment of a performance requirement.
2. No Party shall, explicitly or implicitly, condition the continuation of any existing waiver of a customs duty on the fulfilment of a performance requirement.

### **Article 3.12. Temporary Admission of Goods**

1. Each Party shall grant duty-free temporary admission for the following goods admitted from the territory of the other Party, regardless of their origin:
  - (a) professional equipment, including equipment for the press or television, software, and broadcasting and cinematographic equipment, that is necessary for carrying out the business activity, trade or profession of a person who qualifies for temporary entry pursuant to the laws and regulations of the importing Party;
  - (b) goods intended for display or demonstration;
  - (c) commercial samples and advertising films and recordings; and
  - (d) goods admitted for sports purposes.
2. Each Party shall, at the request of the person concerned and for reasons its customs authority considers valid, extend the time-limit for duty-free temporary admission beyond the period initially fixed.
3. No Party shall condition the duty-free temporary admission of the goods referred to in paragraph 1, other than to require that those goods:
  - (a) be used solely by or under the personal supervision of a national of the other Party in the exercise of the business activity, trade, profession or sport of that national of the other Party;
  - (b) not be sold or leased while in its territory;
  - (c) be accompanied by a security in an amount no greater than the charges that would otherwise be owed on entry or final importation, releasable on exportation of the goods;
  - (d) be capable of identification when imported or exported;
  - (e) be exported on the departure of the national referred to in subparagraph (a), or within any other period reasonably related to the purpose of the temporary admission that the Party may establish or within one year, unless extended;
  - (f) be admitted in no greater quantity than is reasonable for their intended use; and (g) be otherwise admissible into the Party's territory under its laws and regulations.
4. If any condition that a Party imposes under paragraph 3 has not been fulfilled, the Party may apply the customs duty and any other charge that would normally be owed on the good, in addition to any other charges or penalties provided for under its laws and regulations.
5. Each Party shall adopt or maintain procedures providing for the expeditious release of goods admitted under this Article. To the extent possible, those procedures shall provide that when a good admitted under this Article accompanies a national of the other Party who is seeking temporary entry, the good shall be released simultaneously with the entry of that national.
6. Each Party shall permit a good temporarily admitted under this Article to be exported through a customs port other than the port through which it was admitted.
7. Each Party shall, in accordance with its laws and regulations, provide that the importer or other person responsible for a good admitted under this Article, shall not be liable for failure to export the good on presentation of satisfactory proof to the importing Party, that the good was destroyed within the period fixed for temporary admission, including any lawful

extension.

8. Except as otherwise provided in this Agreement:

(a) each Party shall allow a vehicle or container used in international traffic that enters its territory from the territory of the other Party to exit its territory on any route that is reasonably related to the economical and prompt departure of that vehicle or container;

(b) no Party shall require any security or impose any penalty or charge solely by reason of any difference between the customs port of entry and the customs port of departure of a vehicle or container;

(c) no Party shall condition the release of any obligation, including any security, that it imposes in respect of the entry of a vehicle or container into its territory on the exit of that vehicle or container through any particular customs port of departure; and

(d) no Party shall require that the vehicle or carrier bringing a container from the territory of the other Party into its territory be the same vehicle or carrier that takes that container to the territory of that other Party, or to the territory of any other Party to the Pacific Alliance.

9. For the purposes of paragraph 8, vehicle means a truck, a truck tractor, a tractor, a trailer or trailer unit, a locomotive, or a railway car or other railroad equipment.

### **Article 3.13. Goods Re-entered after Repair or Alteration**

1. No Party shall apply a customs duty to a good, regardless of its origin, that re-enters the Party's territory after that good has been temporarily exported from the Party's territory to the territory of the other Party for repair or alteration, regardless of whether that repair or alteration could have been performed in the territory of the Party from which the good was exported for repair or alteration.

2. No Party shall apply a customs duty to a good, regardless of its origin, admitted temporarily from the territory of the other Party for repair or alteration.

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

(a) destroys a good's essential characteristics or creates a new or commercially different good; or

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

### **Article 3.14. Duty-Free Entry of Commercial Samples of Negligible Value and Printed Advertising Materials**

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

(a) commercial samples of negligible value be imported solely for the solicitation of orders for goods or services provided from the territory of the other Party or a non-Party, or

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

## **Section F. Agriculture**

### **Article 3.15. Scope**

This Section shall apply to measures adopted or maintained by a Party relating to trade in agricultural goods.

### **Article 3.16. Export Competition**

1. The Parties reaffirm their commitments made in the 2015 Ministerial Decision on Export Competition, adopted in Nairobi, including the elimination of the export subsidy entitlements scheduled in the WTO for agricultural goods, as well as those commitments related to export credits, export credit guarantees or insurance programmes.

2. No Party shall adopt or maintain any export subsidy on any agricultural good destined for the territory of the other Party.

## **Section G. Trade In Goods Committee**

### **Article 3.17. Administration of this Chapter**

1. Matters relating to administration of this Chapter shall be considered by the Parties through the Trade in Goods Committee established under Article 22.5(a) (Establishment of Cross-Cutting Committees).

2. The Trade in Goods Committee shall have the following additional functions under this Chapter:

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

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

(c) reviewing the future amendments to the Harmonized System to ensure that each Party's obligations under this Agreement are not altered and consulting to resolve any conflicts;

(d) consulting on and endeavouring to resolve any differences that may arise between the Parties on matters related to the classification of goods under the Harmonized System and Annex 3-B;

(e) coordinating the exchange of information on trade in goods between the Parties;

(f) assessing matters related to agricultural goods; and

(g) undertaking any additional work that the Free Trade Commission may assign or another Cross-Cutting Committee may refer to it.

2. The Trade in Goods Committee shall consult, as appropriate, with other Committees established under this Agreement when addressing issues of relevance to those Committees.

## **Chapter 4. RULES OF ORIGIN AND ORIGIN PROCEDURES**

### **Section A. Rules of Origin**

#### **Article 4.1. Definitions**

For the purposes of this Chapter: aquaculture means the farming of aquatic organisms, including fish, molluscs, crustaceans, other aquatic invertebrates and aquatic plants, from seed stock such as eggs, fingerlings, fry, larvae, post-larvae and seedlings by the intervention in the rearing or growing processes to enhance production

such as regular stocking, feeding or protection from predators;

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

fungible goods or materials means goods or materials that are interchangeable for commercial purposes and whose properties are essentially identical;

Generally Accepted Accounting Principles means the principles recognised by consensus or with substantial authoritative support in the territory of a Party, with respect to the recording of revenues, expenses, costs, assets and liabilities; the disclosure of information; and the preparation of financial statements. These principles may encompass broad guidelines for general application as well as detailed standards, practices and procedures; indirect material means a good used in the production, testing or inspection of another good but not physically incorporated into that good, or a material used in the maintenance of buildings or the operation of equipment, associated with the production of a good, such as:

(a) fuel, energy, catalysts and solvents;

(b) equipment, devices and supplies used for testing or inspection of the good;

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

(d) tools, dies and moulds;

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

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

(g) any other material that is not incorporated into the good but the use of which in the production of the good can reasonably be demonstrated to be a part of that production;

material means a good or any material such as components, ingredients, raw materials, parts or component parts that are used in the production of another good;

packaging materials and containers for retail sale means materials and containers in which a good is packaged for retail sale;

packing materials and containers for shipment means materials and containers that are used to protect a good during transportation, but does not include the packaging materials and containers in which a good is packaged for retail sale;

production means methods for obtaining goods, including growing, cultivating, raising, harvesting, fishing, trapping, hunting, capturing, aquaculture, gathering, extracting, manufacturing, processing or assembling a good.

## **Article 4.2. Originating Goods**

Except as otherwise provided in this Chapter, each Party shall provide that a good is originating if it is:

(a) wholly obtained or produced entirely in the territory of one or more of the Parties in accordance with Article 4.3;

(b) produced entirely in the territory of one or more of the Parties, exclusively from originating materials; or

(c) produced entirely in the territory of one or more of the Parties, using non-originating materials, provided that the good satisfies the requirements set out in Annex 4-A,

and the good satisfies all other applicable requirements of this Chapter.

## **Article 4.3. Wholly Obtained or Produced Goods**

Each Party shall provide that the following goods shall be considered wholly obtained or produced entirely in the territory of one or more of the Parties:

(a) a plant, plant good or a fungi good grown, cultivated, harvested, picked or gathered there;

(b) alive animal born and raised there;

(c) a good obtained from a live animal there;

(d) a good obtained from hunting, fishing, aquaculture, trapping or gathering there;

(e) a mineral good or other naturally occurring substance extracted or taken from there;

(f) a good, other than a fish, crustacean, mollusc and other marine life taken by a Party or a person of a Party from the seabed or subsoil outside the territories of the Parties, provided that Party or the person of that Party has the right to exploit such seabed or subsoil in accordance with international law;

(g) fish, crustacean, mollusc and other marine life taken from the waters outside the territories of the Parties by vessels, provided that those vessels are registered, listed or recorded and entitled to fly the flag of that Party and that Party has the right to exploit such waters in accordance with international law;

(h) a good obtained or produced exclusively from a good referred to in subparagraph (g) on board of a factory ship, provided that the factory ship is registered, listed or recorded in a Party and entitled to fly the flag of such Party;

(i) waste and scrap derived from:

(i) production carried out there; or

(ii) used goods collected there;

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

and

(j) a good obtained or produced there exclusively from a good referred to in subparagraphs (a) through (i).

## **Article 4.4. Regional Value Content**

1. Each Party shall provide that a regional value content requirement specified in this Chapter, including related Annex 4-A, to determine whether a good is originating is calculated as follows:

(a) Build-down Method: Based on the Value of Non-Originating Materials

$$RVC = FOB - VNM / FOB \times 100$$

(b) Build-up Method: Based on the Value of Originating Materials

$$RVC = VOM/FOB \times 100$$

or

(c) Net Cost Method (for Automotive Goods Only)

$$RVC = NC - VNM / NC \times 100$$

where:

RVC is the regional value content of a good expressed as a percentage; FOB is the free on board value of the good;

VOM is the value of originating materials used in the production of the good in the territory of one or more of the Parties;

NC is the net cost of the good determined in accordance with Article 4.5; and

VNM is the value of non-originating materials, including materials of undetermined origin, used in the production of the good.

2. Each Party shall provide that all values considered for the calculation of regional value content are recorded and maintained in conformity with the Generally Accepted Accounting Principles applicable in the territory of a Party where the good is produced.

## **Article 4.5. Net Cost**

1. Each Party shall provide that for the purpose of the regional value content requirement specified in Article 4.4.1 (c), net cost means total cost minus sales promotion, marketing and after-sales service costs, shipping and packing costs, royalties and non-allowable interest costs that are included in the total cost, and shall be calculated in accordance with the following definitions.

2. Net cost of the good means the net cost that can be reasonably allocated to the good, using one of the following methods:

(a) calculating the total cost incurred with respect to all automotive goods produced by that producer, subtracting any sales promotion, marketing and after-sales service costs, royalties, shipping and packing costs, and non-allowable interest costs that are included in the total cost of all those goods, and then reasonably allocating the resulting net cost of those goods to the good;

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

(c) reasonably allocating each cost that forms part of the total cost incurred with respect to the good, so that the aggregate of these costs does not include any sales promotion, marketing and after-sales service costs, royalties, shipping and packing costs, and non-allowable interest costs, provided that the allocation of all those costs is consistent with the provisions regarding the reasonable allocation of costs set out in Generally Accepted Accounting Principles.

For the purpose of this paragraph, reasonably allocate means to apportion in an appropriate manner under Generally Accepted Accounting Principles.

3. 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, where:

(a) product costs are costs that are associated with the production of a good and include the value of materials, direct labour costs and direct overheads;

(b) period costs are costs, other than product costs, that are expensed in the period in which they are incurred, such as selling expenses and general and administrative expenses; and

(c) other costs are all costs recorded on the books of the producer that are not product costs or period costs, such as interest.

Total cost does not include profits that are earned by the producer, regardless of whether they are retained by the producer or paid out to other persons as dividends, or taxes paid on those profits, including capital gains taxes.

4. Costs of sales promotion, marketing and after-sales services of goods means the following costs:

(a) sales and marketing promotion; media advertising; advertising and market research; promotional and demonstration materials; displayed goods; sales promotion conferences, trade shows and trade conventions; banners; marketing exhibitions; free samples; sales, marketing and after-sales services literature such as product brochures, catalogs, technical literature, price lists, service manuals and sales aid information; establishment and protection of logos and trademarks; sponsorships; whole sale and retail restocking charges, and entertainment;

(b) sales and marketing incentives; consumer, retailer, or wholesaler rebates; and merchandise incentives;

(c) wages and salaries, sales commissions; bonuses; benefits such as medical, insurance and pension benefits; traveling and living expenses; and membership and professional fees for sales promotion, marketing and after-sales service personnel;

(d) recruiting and training of sales promotion, marketing and after-sale services personnel, and after-sales training of customers' employees if those costs are identified separately for sales promotion, marketing and after-sales services of goods on the financial statements or cost account of the producer;

(e) product liability insurance;

(f) office supplies for sales promotion, marketing and after-sales services of goods, if those costs are identified separately for sales promotion, marketing and after-sales services of goods on the financial statements or cost accounts of the producer;

(g) telephone, mail and other communications, if those costs are identified separately for sales promotion, marketing and after-sales services of goods on the financial statements or cost accounts of the producer;

(h) rents and depreciation of sales promotion, marketing and after-sales service offices, and distribution centres;

(i) property insurance premiums, taxes, cost of utilities and repair and maintenance of sales promotion, marketing and after-sales service office and distribution centres, if those costs are identified separately for sales promotion, marketing and after-sales services of goods on the financial statements or cost accounts of the producer; and

(j) payments by the producer to other persons for warranty repairs.

5. Shipping and packing costs means costs incurred to pack a good for shipment and to ship the good from the point of direct shipment to the buyer, excluding costs to prepare and package the good for retail sale.

6. Royalties mean payments of any kind, including payments under technical assistance or similar agreements, made as consideration for the use or right to use any copyright; literary, artistic or scientific work; patent; trademark; design; model; plan; secret formula or process, excluding those payments under technical assistance or similar agreements that can be related to specific services such as:

(a) personnel training, without regard to where that training is performed; or

(b) engineering, tooling, die-setting, software design and similar computer services, or other services,

if performed in the territory of one or more of the Parties.

7. Non-allowable interest costs mean interest costs incurred by a producer that exceed 700 basis points above the yield on debt obligations of comparable maturities issued by the central level of government of the Party in which the producer is located.

8. Each Party shall provide that, for the purposes of the Net Cost Method for motor vehicles of heading 87.01 through 87.06, the calculation may be averaged over the producer's fiscal year using any one of the following categories, on the basis of all motor vehicles in the category or only those motor vehicles in the category that are exported to the territory of the other Party:

- (a) the same model of line of motor vehicles in the same class of motor vehicles produced in the same plant in the territory of a Party;
- (b) the same class of motor vehicles produced in the same plant in the territory of a Party;
- (c) the same model line of motor vehicles produced in the territory of a Party; or
- (d) any other category as the Parties may decide.

9. For the purposes of paragraph 8:

(a) class of motor vehicles means any one of the following categories of motor vehicles:

(i) motor vehicles classified under subheading 8701.20, motor vehicles for the transport of 16 or more persons classified under subheading 8702.10 or 8702.90, and motor vehicles classified under subheading 8704.10, 8704.22, 8704.23, 8704.32 or 8704.90, or heading 87.05 or 87.06;

(ii) motor vehicles classified under subheading 8701.10 or subheadings 8701.30 through 8701.90;

(iii) motor vehicles for the transport of 15 or fewer persons classified under subheading 8702.10 or 8702.90, and motor vehicles classified under subheadings 8704.21 or 8704.31; or

(iv) motor vehicles classified under subheadings 8703.21 through 8703.90.

(b) model line of motor vehicles means a group of motor vehicles having the same platform or model name.

10. Each Party shall provide that, for the purposes of Net Cost Method, for automotive materials of heading 87.06 produced in the same plant, a calculation may be averaged:

(a) over the fiscal year of the motor vehicle producer to whom the good is sold;

(b) over any quarter or month; or

(c) over the fiscal year of the producer of the automotive material, provided that the good was produced during the fiscal year, quarter or month forming the basis for the calculation, in which:

(i) the average in subparagraph (a) is calculated separately for those goods sold to one or more motor vehicle producers; or

(ii) the average in subparagraph (a) or (b) is calculated separately for those goods that are exported to the territory of the other Party.

## **Article 4.6. Materials Used In Production**

1. Each Party shall provide that if a non-originating material undergoes further production such that it satisfies the requirements of this Chapter, the material is treated as originating when determining the originating status of the subsequently produced good, regardless of whether that material was produced by the producer of the good.

2. Each Party shall provide that if a non-originating material is used in the production of a good, the following may be counted as originating content for the purpose of determining whether the good meets a regional value content requirement:

(a) the value of processing of the non-originating materials undertaken in the territory of one or more of the Parties; and

(b) the value of any originating material used in the production of the non-originating material undertaken in the territory of one or more of the Parties.

## **Article 4.7. Value of Materials Used In Production**

Each Party shall provide that for the purposes of this Chapter, the value of a material is:

(a) for a material imported by the producer of the good, the value of the material at the time of importation, including the



costs incurred in the international shipment of the material;

(b) for a material acquired in the territory where the good is produced:

(i) the price paid or payable by the producer in the Party where the producer is located;

(ii) the value as determined for an imported material in subparagraph (a); or

(iii) the earliest ascertainable price paid or payable in the territory of the Party; or

(c) for a material that is self-produced:

(i) all the costs incurred in the production of the material, which includes general expenses; and

(ii) an amount equivalent to the profit added in the normal course of trade, or equal to the profit that is usually reflected in the sale of goods of the same class or kind as the self-produced material that is being valued.

(d) the values referred to in subparagraph (a) and (b) shall be determined in accordance with the Customs Valuation Agreement.

## **Article 4.8. Indirect Materials**

An indirect material shall be considered as originating without regard to where it is produced.

## **Article 4.9. Minimal Operations or Processes That Do Not Confer Origin**

Notwithstanding any provision in this Chapter, a good shall not be considered to have satisfied the requirements for an originating good under merely by reason of going through any of the following operations:

(a) operations to ensure preservation of the goods in good condition during transport and storage, such as drying, freezing, ventilation, chilling;

(b) sifting, classifying, washing, slitting, bending, coiling, uncoiling;

(c) cleaning, including the removal of dust, oxide, oil, paint or other coverings;

(d) painting and polishing operations;

(e) placing in bottles, cans, flasks, bags, cases, boxes, fixing on cards or boards and all other packaging operations;

(f) packaging, changes of packaging and unpacking operations and the breaking up and grouping of consignments;

(g) mere dilution with water or other substances that do not materially alter the characteristics of the goods; and

(h) the combination of two or more operations referred to in subparagraphs (a) through (g).

## **Article 4.10. Accumulation**

1. Materials originating in Singapore shall be considered as materials originating in a Party to the Pacific Alliance when incorporated into a good produced there and exported to Singapore, provided that those materials satisfy all applicable requirements of this Chapter.

2. Materials originating in a Party to the Pacific Alliance shall be considered as materials originating in Singapore when incorporated into a good produced there and exported to the same Party to the Pacific Alliance, provided that those materials satisfy all applicable requirements of this Chapter.

3. Materials originating in a Party to the Pacific Alliance shall be considered as materials originating in Singapore when further processed or incorporated into a good produced there and exported to another Party to the Pacific Alliance, provided that those materials satisfy all applicable requirements of this Chapter.

4. For paragraph 3, at the time of accumulation, those materials and the good shall be subject to a tariff rate of 0% according to the application of the respective tariff schedules under this Agreement.

5. Materials originating in a Party to the Pacific Alliance shall be considered as materials originating in another Party to the Pacific Alliance in accordance with all applicable provisions of the Additional Protocol to the Pacific Alliance Framework

Agreement and its Annex 4.2 Product Specific Rules of Origin ("PA's PSR") when further processed or incorporated into a good produced there and exported to Singapore.

6. Notwithstanding paragraph 5, the good exported to Singapore shall meet the provisions set out in Annex 4-A and other applicable provisions of this Chapter when claiming for preferential treatment in Singapore.

7. For paragraphs 5 and 6, at the time of accumulation, those materials and the good shall be subject to a tariff rate of 0% according to the application of the respective tariff schedules in the Additional Protocol to the Pacific Alliance Framework Agreement and in this Agreement.

8. If any other Party to the Pacific Alliance participates in the accumulation referred to in paragraph 5, its materials shall be subject to a tariff rate of 0% according to the application of the related tariff schedules in the Additional Protocol to the Pacific Alliance Framework Agreement.

9. Materials originating in Singapore shall be considered as materials originating in a Party to the Pacific Alliance when further processed or incorporated into a good produced there and exported to another Party to the Pacific Alliance.

10. Those materials referred to in paragraph 9 shall be considered originating if they meet the product specific rules of origin set out in Annex 4-A and all applicable provisions of this Agreement.

11. Notwithstanding paragraph 10, the good exported to a Party to the Pacific Alliance shall meet all applicable provisions of PA's PSRs when claiming for preferential treatment in the importing Party,

12. For paragraphs 9, 10 and 11, at the time of accumulation, those materials and the good shall be subject to a tariff rate of 0% according to the application of the respective tariff schedule in this Agreement and the Additional Protocol to the Pacific Alliance Framework Agreement.

13. If any other Party to the Pacific Alliance participates in the accumulation referred to in paragraph 9, its material shall be subject to a tariff rate of 0% according to the application of the related tariff schedules in the Additional Protocol to the Pacific Alliance Framework Agreement.

#### **Article 4.11. De Minimis**

1. A good that does not satisfy the applicable change in tariff classification requirement pursuant to Annex 4-A shall, nonetheless, be an originating good if:

(a) for a good, other than that provided for in Chapters 50 through 63 of the Harmonized System, the value of all non-originating materials used in the production of the good that did not undergo the required change in tariff classification does not exceed 10 per cent of the FOB value of the good; or

(b) for a good provided for in Chapters 50 through 63 of the Harmonized System, the total weight of all non-originating fibres and yarns of the component that determines the tariff classification of the good used in the production of the good that did not undergo the required change in tariff classification does not exceed 10 per cent of the total weight of the good, and the good satisfies all other applicable requirements of this Chapter.

2. If a good described in paragraph 1 is also subject to a regional value content requirement, the value of those non-originating materials shall be included in the value of non-originating materials for the applicable regional value content requirement.

#### **Article 4.12. Fungible Goods and Materials**

1. Each Party shall provide that a fungible good or material is treated as originating based on the:

(a) physical segregation of each fungible good or material; or

(b) use of any inventory management method recognised in the Generally Accepted Accounting Principles of the Party in which production is performed if the fungible good or material is commingled.

2. Once a particular inventory management method is selected under paragraph 1 (b), that method shall continue to be used for those fungible materials or goods throughout the fiscal year of the person that selected the inventory management method.

#### **Article 4.13. Accessories, Spare Parts, Tools, and Instructional or other Information**

## **Materials**

1. If a good is wholly obtained or produced in accordance with Article 4.2(a) or Article 4.2(b), or satisfies a process or change in tariff classification requirement set out in Annex 4-A, accessories, spare parts, tools, and instructional or other information materials are to be disregarded for qualification and to determine the origin.
2. If a good is subject to the regional value content requirement, the value of the accessories, spare parts, tools, and instructional or other information materials shall be taken into account as originating or non-originating materials, as the case may be, in calculating the regional value content of the good.
3. Each Party shall provide that a good's accessories, spare parts, tools, and instructional or other information materials, as described in paragraph 4, have the originating status of the good with which they are delivered.
4. For the purpose of this Article, accessories, spare parts, tools, and instructional or other information materials are covered when:
  - (a) the accessories, spare parts, tools, and instructional or other information materials are classified with, delivered with and not invoiced separately from the good; and
  - (b) the types, quantities and value of the accessories, spare parts, tools, and instructional or other information materials are customary for that good.

### **Article 4.14. Packaging Materials and Containers for Retail Sale**

1. Each Party shall provide that packaging materials and containers in which a good is packaged for retail sale, if classified with a good, are disregarded when determining whether the good meets the specified change in tariff classification requirement set out in Annex 4-A.
2. Each Party shall provide that packaging materials and containers in which a good is packaged for retail sale, if classified with a good, are taken into account as originating or non-originating, as the case may be, when determining whether the good meets the regional value content requirement set out in Annex 4-A.
3. Each Party shall provide that packaging materials and containers in which a good is packaged for retail sale, if classified with the good, are disregarded if the good is wholly obtained or produced in the territory of one or more Parties, in accordance with Article 4.2(a) or is exclusively produced from originating materials in accordance with Article 4.2(b).

### **Article 4.15. Packing Materials and Containers for Shipment**

- Packing materials and containers for shipment shall be disregarded in determining whether a good is originating. Article 4.16: Sets of Goods
1. Each Party shall provide that for a set classified as a result of the application of rule 3(a) or (b) of the General Rules for the Interpretation of the Harmonized System, the originating status of the set shall be determined in accordance with the product specific rule of origin that applies to the set.
  2. Each Party shall provide that for a set classified as a result of the application of rule 3(c) of the General Rules for the Interpretation of the Harmonized System, the set is originating only if each good in the set is originating and both the set and the goods meet the other applicable requirements of this Chapter.
  3. Notwithstanding paragraph 2, for a set classified as a result of the application of rule 3(c) of the General Rules for the Interpretation of the Harmonized System, the set is originating if the value of all the non-originating goods in the set does not exceed 12 per cent of the value of the set.
  4. For the purposes of paragraph 3, the value of the non-originating goods in the set and the value of the set shall be calculated in the same manner as the value of non-originating materials and the value of the good.

### **Article 4.17. Transit and Transshipment**

1. Each Party shall provide that an originating good retains its originating status if the good has been transported from the exporting Party to the importing Party without passing through the territory of one or more States that are not the exporting Party or the importing Party.
2. Each Party shall provide that if an originating good is transported through the territory of one or more States that are not the exporting Party or the importing Party, the good retains its originating status provided that the good:

(a) does not undergo any operation outside the territories of the exporting Party or the importing Party other than: unloading; reloading; splitting up; storing; labelling or marking required by the importing Party; or any other operation necessary to preserve it in good condition; and

(b) remains under customs control in the territory of one or more States that are not the exporting Party or the importing Party. Article 4.18: Consultations and Modifications All Parties to the Pacific Alliance shall notify Singapore on an annual basis of any changes to PA's PSRs. If PA's PSRs are modified, all Parties to the Pacific Alliance and Singapore shall hold consultations regarding the review of Annex 4-A one year after the entry into force of the aforementioned modification.

## **Section B. Origin Procedures**

### **Article 4.19. Certification of Origin**

1. Each Party shall provide that an importer may make a claim for preferential tariff treatment based on a certification of origin completed by an exporter or a producer, in accordance with Annex 4-B, for the purpose of certifying that a good being exported from the territory of a Party into the territory of the importing Party qualifies as an originating good.

2. Each Party shall provide that if a producer certifies the origin of a good, the certification of origin is completed on the basis of the producer having supporting documents that demonstrate that the good is originating.

3. A certification of origin completed by an exporter who is not the producer of the good shall be based on:

(a) supporting documents in its possession that demonstrate that the good qualifies as an originating good;

(b) its reasonable reliance on the producer's written representation, based on information in the producer's possession that the good qualifies as an originating good; or

(c) a completed certification of origin for the good, voluntarily provided to the exporter by the producer.

4. Nothing in paragraph 3 shall be construed to require a producer to provide a certification of origin to an exporter.

5. Each Party shall provide that the certification of origin for a good imported into its territory may be completed in English or Spanish. Each Party may nonetheless require the importer to submit a translation of the certification of origin into a language of the importing Party.

6. Each Party shall permit certification of origin to apply to:

(a) a single shipment of one or more goods into the Party's territory; or

(b) multiple shipments of identical goods into the Party's territory that occur within any period specified in the certification of origin, but not exceeding 12 months.

7. Each Party shall provide that the certification of origin shall be valid for one year from the date of its signature or for such longer period specified by the laws and regulations of the importing Party.

8. Each Party shall provide that a certification of origin:

(a) need not follow a prescribed format;

(b) be in writing, including digital format;

(c) specifies that the good is both originating and meets the requirements of this Chapter, and

(d) contains a set of minimum data requirements as set out in Annex 4-B. 9. Each Party shall allow the certification of origin to be completed and submitted in an electronic manner, including digital format, and shall accept the submission of the certification of origin with an electronic or digital signature.

### **Article 4.20. Non-Party Invoice**

A Party shall not reject a claim for preferential tariff treatment for the sole reason that the invoice was issued in a non-Party.

### **Article 4.21. Minor Errors or Discrepancies**

A Party shall not reject a certification of origin due to minor errors or discrepancies in the certification of origin that do not

create doubts concerning the correctness of the information contained in the import documentation. A difference between the tariff classification (HS code) of the good in the certification of origin and the import declaration would not constitute a minor error.

## **Article 4.22. Waiver of Certification of Origin**

The certification of origin shall not be required if:

- (a) the customs value of the imported good does not exceed US\$ 1,000 (United States dollars) or its equivalent in the currency of the importing Party or a higher amount as the importing Party may establish, provided that the importation does not form part of a series of importations carried out or planned with the purpose of evading compliance with the certification requirements set out in Article 4.19; or
- (b) it is a good for which the importing Party has waived the requirement for a certification of origin.

## **Article 4.23. Obligations Regarding Importations**

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

- (a) make a declaration that the good qualifies as an originating good;
- (b) have a valid certification of origin in its possession at the time the declaration referred to in subparagraph (a) is made;
- (c) provide, on the request of the importing Party, a copy of the certification of origin and such other documentation relating to the importation of the good in accordance with the laws and regulations of the importing Party;
- (d) if required by a Party to demonstrate that the requirements in Article 4.17 have been satisfied, provide relevant documents, such as transport documents, and in the case of storage, storage or customs documents; and
- (e) present a corrected declaration and pay any customs duty owing, if the importer has reason to believe that the certification of origin on which the declaration of importation was based contains incorrect information.

2. An importing Party shall not subject an importer to a penalty for making an invalid claim for preferential tariff treatment if the importer, on becoming aware that such claim is not valid and prior to discovery of the error by that Party, voluntarily corrects the claim and pays any applicable customs duty under the circumstances provided for under the Party's laws and regulations.

3. The importing Party may deny preferential tariff treatment to the good if the importer fails to comply with any applicable requirement under this Chapter. Article 4.24: Refund of Customs Duties

If a good would have qualified as an originating good when it was imported into the territory of a Party, but no claim for preferential tariff treatment was made at the time of importation, the importing Party shall permit the importer, within a period of at least one year, or for such longer period specified by the importing Party's laws and regulations, after the date of importation, to make a claim for preferential tariff treatment and request a refund of customs duties paid in excess, provided that the request is accompanied by:

- (a) a written statement that the good qualified as originating at the time of importation;
- (b) the certification of origin; and
- (c) any other documentation in connection with the importation of the good that the customs authority requests.

## **Article 4.25. Obligations Regarding Exportations**

1. Each Party shall provide that an exporter or a producer in its territory that completes a certification of origin shall submit a copy of that certification of origin to the exporting Party, on its request.

2. Each Party may provide that a false certification of origin or other false information provided by an exporter or a producer in its territory to support a claim that a good exported to the territory of the other Party is originating has the same legal consequences, with appropriate modifications, as those that would apply to an importer in its territory that makes a false statement or representation in connection with an importation.

3. Each Party shall provide that if an exporter or a producer in its territory has provided a certification of origin and has

reason to believe that it contains or is based on incorrect information, the exporter or the producer shall promptly notify, in writing, every person to whom the exporter or the producer provided the certification of origin of any change that could affect the accuracy or validity of the certification of origin.

4. A Party shall not impose penalties on an exporter or a producer in its territory that voluntarily provides, prior to the discovery of the error by that Party, written notification pursuant to paragraph 3 with respect to the making of an incorrect certification of origin.

## **Article 4.26. Records**

1. Each Party shall provide that an exporter or a producer in its territory that provides a certification of origin referred to in Article 4.19 shall maintain, for a period of no less than five years after the date the certification of origin was signed, all records necessary to demonstrate that the good for which the exporter or the producer provided the certification of origin was an originating good.

2. Such records may include documents related to:

(a) the purchase, cost, value, transport and shipping of the exported good;

(b) the purchase, cost and value of all materials, including indirect materials, used in the production of the exported good; and

(c) the production of the good in the form in which it was exported.

3. Each Party shall require an importer claiming preferential tariff treatment for a good imported into its territory to maintain documentation relating to the importation of the good, including a copy of the certification of origin, for a period of no less than five years after the date of importation of the good.

4. Each Party shall provide that an importer, exporter or producer in its territory may choose to maintain the documentation or records specified in paragraphs 1 to 3 in any medium that allows for prompt retrieval, including electronic, optical, magnetic or written form, in accordance with that Party's laws and regulations.

5. A Party may deny preferential tariff treatment to a good that is the subject of a verification of origin where the exporter, producer or importer of the good that is required to maintain records or documentation under this Article:

(a) fails to maintain records or documentation relevant to determining the origin of the good in accordance with the requirements of this Chapter; or

(b) denies access to such records or documentation.

## **Article 4.27. Verification of Origin**

1. For the purpose of determining whether a good imported into its territory is originating, the importing Party may conduct a verification of any claim for preferential tariff treatment by one or more of the following:

(a) a written request for information, including documentation from the importer of the good;

(b) a written request for information, including documentation from the exporter or producer of the good;

(c) a verification visit to the premises of the exporter or producer of the good in order to request information, including documentation, and to observe the production process and the facilities used in the production of the good; or

(d) any other procedure as may be mutually decided by the Parties.

2. If an importing Party conducts a verification, it shall accept information, including documentation, directly from the importer, exporter or producer.

3. If in response to a request for information by an importing Party under paragraph 1 (a), the importer does not provide information to the importing Party or the information provided is not sufficient to demonstrate that the good is originating, the importing Party shall request information from the exporter or producer under paragraph 1(b) or 1(c) before it may deny the claim for preferential tariff treatment. The importing Party shall complete the verification, including any additional request to the exporter or producer under paragraph 1 (b) or 1(c), within the time provided in paragraph 6(e).

4. Any request under paragraphs 1(a) through 1(c) shall:

- (a) be in English or in an official language of the Party of the person to whom the request is made;
  - (b) include the identity of the government authority issuing the request;
  - (c) state the reason for the request, including the specific issue the requesting Party seeks to resolve with the verification;
  - (d) include sufficient information to identify the good that is being verified;
  - (e) include a copy of relevant information submitted with the good, including if possible, the certification of origin; and
  - (f) in the case of a verification visit, request the written consent of the exporter or producer whose premises are going to be visited, and state the proposed date and location for the visit and its specific purpose.
5. If an importing Party has initiated a verification in accordance with paragraph 1 (b) or 1(c), it shall inform the importer of the initiation of the verification.
6. For a verification under paragraphs 1(a) through 1(c), the importing Party shall:
- (a) ensure that a written request for information and for documentation to be reviewed during a verification visit, is limited to information and documentation to determine whether the good is originating;
  - (b) describe the information or documentation in sufficient detail to allow the importer, exporter or producer to identify the information and documentation necessary to respond;
  - (c) allow the importer, exporter or producer at least 30 days from the date of receipt of the written request for information under paragraph 1 (a) or 1(b) to respond;
  - (d) allow the exporter or producer 30 days from the date of receipt of the written request for a visit under paragraph 1(c) to consent or refuse the visit request; and
  - (e) make a determination following a verification as expeditiously as possible within 90 days after it receives the information necessary to make the determination, including, if applicable, any information received under paragraph 9, and no later than 365 days after the first request for information or other action under paragraph 1. If permitted by its laws and regulations, a Party may extend the periods of 90 and 365-days in exceptional cases, such as where the technical information concerned is very complex.
7. If an importing Party makes a verification request under paragraph 1 (b), it shall inform the Party where the exporter or producer is located, in accordance with the importing Party's laws and regulations. In addition, on request of the importing Party, the Party where the exporter or producer is located may, as it deems appropriate and in accordance with its laws and regulations, assist with the verification. This assistance may include providing a contact point for the verification, collecting information from the exporter or producer on behalf of the importing Party, or other activities in order that the importing Party may make a determination as to whether the good is originating. The importing Party shall not deny a claim for preferential tariff treatment solely on the ground that the Party where the exporter or producer is located did not provide requested assistance.
8. If an importing Party initiates a verification under paragraph 1 (c), it shall, at the time of the request for the visit, inform the Party where the exporter or producer is located and provide the opportunity for the officials of the Party where the exporter or producer is located to accompany them during the visit.
9. Prior to issuing a written determination, the importing Party shall inform the importer and any exporter or producer that provided information directly to the importing Party, of the results of the verification and, if the importing Party intends to deny preferential tariff treatment, provide those persons a period of at least 30 days for the submission of additional information relating to the origin of the good.
10. The importing Party shall provide the exporter or producer that certified the good was originating and is the subject of a verification, with a written determination of whether the good is originating, including findings of facts and the legal basis for the determination.
11. During verification, the importing Party shall allow the release of the good, subject to payment of duties or provision of security as provided for under its laws and regulations. If as a result of the verification the importing Party determines that the good is an originating good, it shall grant preferential tariff treatment to the good and refund any excess duties paid or release any security provided, unless the security also covers other obligations.
12. If verifications of identical goods by a Party indicate a pattern of conduct by an importer, exporter or producer of false or unsupported representations relevant to a claim that a good imported into its territory qualifies as an originating good, the

Party may withhold preferential tariff treatment to identical goods imported, exported or produced by that person until that person demonstrates that the identical goods qualify as originating. For the purposes of this paragraph, "identical goods" means goods that are the same in all respects relevant to the particular rule of origin that qualifies the goods as originating.

13. For the purpose of a verification request, it is sufficient for a Party to rely on the contact information of an exporter, producer or importer in a Party provided in a certification of origin.

14. For purposes of this Article, any communication that requires response within a specified timeframe shall be sent by any means that can produce a confirmation of receipt. The timeframes referred to in this Article shall begin from the date of such receipt.

## **Article 4.28. Determinations of Origin**

1. Each Party shall grant a claim for preferential tariff treatment made in accordance with this Chapter for a good that arrives in its territory on or after the date of entry into force of this Agreement for that Party. In addition, if permitted by the importing Party, the importing Party shall grant a claim for preferential tariff treatment made in accordance with this Chapter for a good which is imported into its territory or released from customs control on or after the date of entry into force of this Agreement for that Party.

2. The importing Party may deny a claim for preferential tariff treatment if:

(a) it determines that the good does not qualify for preferential tariff treatment according to the applicable provisions of this Chapter;

(b) pursuant to a verification under Article 4.27, it has not received sufficient information to determine that the good qualifies as originating;

(c) the exporter, producer or importer fails to respond to a written request for information in accordance with Article 4.27;

(d) after receipt of a written notification for a verification visit, the exporter or producer does not provide its written consent for a verification visit in accordance with Article 4.27;

(e) the exporter, producer or importer of a good that is subject to a verification of origin fails to maintain records or documentation relevant to determining the origin of the good in accordance with the requirements of this Chapter or denies access to such records or documentation; or

(f) the exporter, producer or importer fails to comply with the requirements of this Chapter.

3. If an importing Party denies a claim for preferential tariff treatment, it shall issue a determination to the importer that includes the reasons for the determination.

## **Article 4.29. Penalties**

Each Party shall establish or maintain measures that allow for the imposition of criminal, civil or administrative penalties for violations of its laws and regulations relating to this Chapter.

## **Article 4.30. Confidentiality**

1. Each Party shall maintain, in accordance with its laws and regulations, the confidentiality of the information collected under this Chapter and shall protect that information from disclosure that could prejudice the competitive position of a person to whom the information relates. If the Party collecting information is required by its laws and regulations to disclose the information, that Party shall notify the person or Party who provided that information.

2. Each Party shall ensure that the information collected under this Chapter is not used for purposes other than the administration or enforcement of determinations of origin, except with the authorisation of the person or Party who provided the information.

3. Notwithstanding paragraph 2, a Party may allow information collected under this Chapter to be used in any administrative, quasi-judicial or judicial proceedings instituted for failure to comply with its related laws and regulations.

## **Article 4.31. Administration of this Chapter and Chapter 5**



1. Matters relating to administration of this Chapter and Chapter 5 (Customs Administration and Trade Facilitation) shall be considered by the Parties through the Trade in Goods Committee established under Article 22.5(a) (Establishment of Cross-Cutting Committees).

2. The Trade in Goods Committee shall have the following additional functions under this Chapter and Chapter 5 (Customs Administration and Trade Facilitation), as the case may be:

(a) consulting with a view to ensuring that this Chapter and Chapter 5 (Customs Administration and Trade Facilitation) are administered consistently and uniformly with the objectives of this Agreement;

(b) consulting to discuss possible amendments or modifications to this Chapter, its Annexes and its Appendices and Chapter 5 (Customs Administration and Trade Facilitation), taking into account developments in technology, production processes or other related matters;

(c) preparing updates to this Chapter that are necessary to reflect changes to the Harmonized System;

(d) resolving any discrepancy related to tariff classification. If the Committee does not reach a decision on this matter, it may make appropriate consultations to the World Customs Organization whose recommendation shall be taken into consideration by the Parties;

(e) consulting on the technical aspects of submission and the format of the electronic certification of origin; and

(f) endeavour to develop cooperation actions for accumulation, verification procedures and exchange of information to ensure the correct implementation of this Chapter, in particular for origin determination.

## **Article 4.32. Committee on Short Supply**

The Parties establish a Committee on Short Supply ("CSS"), which shall operate in accordance with the provisions in Annex 4-C.

## **Article 4.33. CSS Criteria**

1. Any Party may request a waiver for the use of non-originating materials classified under Chapters 50 through 60 of the Harmonized System (HS) used in the production of a good classified under Chapter 50 through 63 of the Harmonized System (HS). If a waiver is granted, such non-originating material shall be accepted as originating material in fulfilling the product specific rules of origin set out in Annex 4-A for such good. A waiver shall only be sought if the requested material cannot be supplied from any or all of the Parties due to any of the shortage situations stipulated in paragraph 18 of Annex 4-C.

2. For the purposes of paragraph 1, the CSS shall execute the procedure established in Annex 4-C. In the case there is supply of the requested material in the territory of the Parties, representatives of the CSS shall guarantee to the requesting Party that the shortage situations do not exist as stipulated in paragraph 18 of Annex 4-C (Committee on Short Supply), in accordance with the information provided in the investigation and the procedure provided in Annex 4-C.

3. If the requesting Party does not receive a response within the timeframe stipulated under Annex 4-C or there is no supply of the requested material, it shall be understood that there is a shortage situation in the territory of the Parties. The usage of the non-originating material shall start from the date of entry into force of the decision issued by the CSS in accordance with the procedure established in Annex 4-C.

# **Chapter 5. CUSTOMS ADMINISTRATION AND TRADE FACILITATION**

## **Article 5.1. Definitions**

For the purposes of this Chapter:

AEO means an Authorised Economic Operator;

TFA Agreement means the Trade Facilitation Agreement, set out in Annex 1A to the WTO Agreement;

WCO means the World Customs Organization; and

WCO SAFE Framework means Framework of Standards to Secure and Facilitate Global Trade.

## **Article 5.2. Scope**

This Chapter shall apply to customs procedures for goods traded between the Parties, in accordance with their laws and regulations.

## **Article 5.3. Objectives**

The objectives of this Chapter are to:

- (a) ensure predictability, consistency and transparency in the application of customs laws and regulations of the Parties;
- (b) promote efficient administration of customs procedures, and the expeditious release of goods;
- (c) simplify customs procedures of the Parties and harmonise them to the extent possible with relevant international standards;
- (d) promote co-operation between the customs administrations of the Parties; and
- (e) facilitate trade between the Parties, including through a strengthened environment for global and regional supply chains.

## **Article 5.4. Affirmation of the Trade Facilitation Agreement**

The Parties affirm their rights and obligations under the TFA Agreement. If a Party has not comprehensively implemented the TFA Agreement, that Party shall implement, to the extent possible, the remaining obligations in Section I of the TFA Agreement no later than the date of entry into force of this Agreement.

## **Article 5.5. Confidentiality**

1. If a Party provides information to the other Party in accordance with this Chapter and designates the information as confidential, the other Party shall keep the information confidential. The Party that provides the information may require the other Party to furnish written assurance that the information will be held in confidence, used only for the purposes specified in the other Party's request for information, and not disclosed without the specific permission of the Party that provided the information or the person that provided the information to that Party.
2. A Party may decline to provide information requested by the other Party if that Party has failed to act in accordance with paragraph 1.
3. Each Party shall adopt or maintain procedures for protecting from unauthorised disclosure confidential information submitted in accordance with the administration of the Party's customs laws and regulations, including information the disclosure of which could prejudice the competitive position of the person providing the information.

## **Article 5.6. Transparency**

1. Each Party shall make publicly available, including on the Internet:
  - (a) Its customs laws and regulations;
  - (b) its customs procedures and guidelines related to the importation, exportation and transit of goods, in a manner that is comprehensive, clear, and concise;
  - (c) any additional information a Party is required to publish under the TFA Agreement and Article X of the GATT 1994, as well as quasi-judicial decisions, where applicable, of general application; and
  - (d) if applicable, a description of the guarantee or security regime as referred to in Article 5.9, including the basis for determining the guarantee or security amount.
2. The information in paragraph 1 shall be made available free of charge and without registration requirements, and, to the extent possible, through a single website. To the extent possible, each Party shall make the information referred to in paragraph 1 available in English.
3. Each Party shall periodically review, and update as necessary, the publication of the information listed in paragraph 1.
4. Each Party shall designate or maintain one or more enquiry points to address enquiries from interested persons

concerning customs matters, and shall provide easily accessible points of contact on the internet for making such enquiries.

5. No Party shall require the payment of fee for answering general enquiries under paragraph 4. A Party may require payment of a fee with respect to enquiries requiring document search, duplication, and review in connection with requests under its laws and regulations providing public access to government records.

6. To the extent possible, each Party shall publish, including on the internet, any laws and regulations of general application governing customs matters that it proposes to adopt, and provide to interested persons the opportunity to provide comments prior to its adoption.

7. Each Party shall establish or maintain mechanisms for regular consultations between its customs administration and traders within its territory to provide an opportunity for the customs administration to consider the concerns or evolving needs of traders.

## **Article 5.7. Use of Customs Brokers**

1. Without prejudice to the important policy concerns of the Parties that currently maintain a role for customs brokers, from the entry into force of this Agreement, Parties shall not introduce the mandatory use of customs brokers.

2. Each Party shall publish its measures on the use of customs brokers. Any subsequent modifications thereof shall be notified and published promptly.

3. With regard to the licensing of customs brokers, Parties shall apply rules that are transparent and objective.

## **Article 5.8. Consistency In Tariff Classification and Customs Valuation**

1. Each Party shall adopt or maintain measures that promote consistency throughout its territory in the tariff classification and customs valuation of goods. This includes taking into account relevant jurisprudence and measures such as training of customs officials and traders, providing internal guidance, or issuing internal policy documents that serve to guide customs officials.

2. If an inconsistency in the tariff classification or customs valuation of a good is discovered, the Party shall seek to resolve the inconsistency.

## **Article 5.9. Release of Goods**

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

2. Pursuant to paragraph 1, each Party shall adopt or maintain procedures that:

(a) provide for the release of goods within a period no longer than that required to ensure compliance with its requirements, and, to the extent possible, within 24 hours of arrival of the goods; (1)

(b) provide for the electronic submission and processing of customs information in advance of the arrival of the goods in order to expedite the release of goods from customs control upon arrival;

(c) allow, to the extent possible, goods to be released at the point of arrival, without temporary transfer to warehouses or other facilities;

(d) allow an importer to obtain the release of goods prior to the final determination of customs duties, taxes and fees by the importing Party's customs administration when these are not determined prior to or promptly upon arrival, provided that the good is otherwise eligible for release and any security required by the importing Party has been provided; and

(e) provide, in cases of delay in the release of goods, and upon written request by the importer, that the importing Party shall, to the extent possible, communicate the reasons for the delay.

3. A Party that requires a guarantee under paragraph 2(d) shall, in accordance with its laws and regulations, allow for guarantees that serve as security against multiple importations.

4. Each Party shall ensure, to the extent possible, that its competent authorities and agencies responsible for border controls and procedures dealing with the exportation, importation and transit of goods, cooperate with one another and coordinate their activities in order to facilitate trade.

(1) Notwithstanding paragraph 2(a), if a Party's laws and regulations as at the date of signature of this Agreement provide for a different period for the release of goods, that different period shall apply, provided that it does not exceed 48 hours to the extent possible.

## **Article 5.10. Post-clearance Audit**

1. Each Party shall adopt or maintain post-clearance audit to expedite the release of goods and to ensure and promote compliance with customs and other related laws and regulations.
2. Each Party shall select a person or a shipment for post-clearance audit in a risk-based manner, which may include appropriate selectivity criteria.
3. Each Party shall conduct post-clearance audits in a transparent manner. Where the person is involved in the audit process and conclusive results have been achieved, the Party shall, without delay, notify the person whose record is audited of the results, the person's rights and obligations, and the reasons for the results.

## **Article 5.11. Record Keeping**

Each Party shall provide a finite period with respect to record-keeping obligations in its laws or regulations.

## **Article 5.12. Automation**

Each Party shall endeavour to use information technology that facilitates the release of goods. In doing so, each Party shall:

- (a) adopt or maintain procedures allowing for a customs declaration and related documentation to be submitted in electronic format;
- (b) adopt or maintain procedures to allow for the electronic payment of duties, taxes, fees and charges;
- (c) endeavour to apply international standards;
- (d) make electronic systems accessible to traders;
- (e) employ electronic or automated systems for risk analysis and targeting; and
- (f) work towards developing a set of common data elements and processes in accordance with the WCO Customs Data Model and related WCO recommendations and guidelines or, where appropriate, other relevant international approaches.

## **Article 5.13. Risk Management**

1. Each Party shall adopt or maintain a risk management system for assessment and targeting that enables its customs administration and, to the extent possible, other agencies responsible for border controls, to focus inspection activities on high-risk goods and facilitate the release and movement of low-risk goods.
2. When applying risk management, each Party shall examine the imported goods on the basis of appropriate selectivity criteria with the assistance of non-intrusive inspection instruments, as appropriate, in order to reduce the physical examination of goods entering its territory.
3. Each Party shall periodically review and update, as appropriate, its risk management system.

## **Article 5.14. Express Shipments**

1. Each Party shall adopt or maintain expedited customs procedures for express shipments, while maintaining appropriate customs control and selection. These procedures shall:
  - (a) provide for a separate and expedited customs procedure;
  - (b) provide for information required to release an express shipment to be submitted and processed before the shipment arrives;
  - (c) allow a single submission of information covering all goods contained in an express shipment, such as a manifest, through, if possible, electronic means. For greater certainty, additional documents may be required as a condition for

release;

(d) to the extent possible, provide for the release of certain goods with a minimum of documentation;

(e) provide for express shipments to be released, under normal circumstances, within four hours after submission of the necessary customs documents to the extent possible, provided that the shipment has arrived and all requirements have been met (2); and

(f) provide that, under normal circumstances, no customs duties will be assessed on express shipments valued at or below an amount set under the Party's laws and regulations. (3)

2. If a Party has an existing procedure that provides for the treatment in paragraphs 1(b) through (e), this Article does not require that Party to introduce a separate expedited customs procedure.

(2) Notwithstanding paragraph 1(e), if a Party's laws and regulations as at the date of signature of this Agreement provide for a different period for the release of goods, that different period shall apply, provided it does not exceed six hours under normal circumstances.

(3) Notwithstanding paragraph 1(f), a Party may assess customs duties, or may require formal documents for the entry of restricted goods.

## **Article 5.15. Perishable Goods**

1. With a view to preventing avoidable loss or deterioration of perishable goods, and provided that all regulatory requirements have been met, each Party shall provide for the release of perishable goods:

(a) under normal circumstances within the shortest possible time; and

(b) in exceptional circumstances where it would be appropriate to do so, outside the business hours of customs and other relevant authorities.

2. Each Party shall give appropriate priority to perishable goods when scheduling any examinations that may be required.

3. Each Party shall either arrange or allow an importer to arrange for the proper storage of perishable goods pending their release. The Party may require that any storage facilities arranged by the importer to be approved or designated by its relevant authorities. The movement of the goods to those storage facilities, including authorisations for the operator moving the goods, may be subject to the approval, where required, of the relevant authorities. The Party shall, where practicable and consistent with its laws and regulations, upon the request of the importer, provide for any procedures necessary for release to take place at those storage facilities.

4. In cases of significant delay in the release of perishable goods, and upon written request, the importing Party shall, to the extent practicable, provide an explanation on the reasons for the delay.

## **Article 5.16. Authorised Economic Operator**

1. Each Party shall adopt or maintain AEO programmes in accordance with the WCO SAFE Framework.

2. Each Party shall afford to the other Party the possibility of negotiating mutual recognition of AEO programmes in order to enhance the trade facilitation measures provided to AEO members.

## **Article 5.17. Single Window**

1. The Parties shall endeavour to establish or maintain a single window, enabling traders to submit documentation or data requirements for importation, exportation, or transit of goods through a single entry point to the participating authorities or agencies. After the examination by the participating authorities or agencies of the documentation or data, the results shall be notified to the trader through the single window in a timely manner.

2. If documentation or data requirements have already been received through the single window, the same documentation or data requirements, to the extent possible, shall not be requested by participating authorities or agencies except in urgent circumstances and other limited exceptions which are made public.

3. The Parties shall use information technology to support the single window.

4. With a view towards facilitating trade, the Parties shall explore opportunities to work towards single window interoperability.

## **Article 5.18. Review and Appeal**

1. Each Party shall ensure that any person to whom it issues an administrative determination (4) on customs matters has access, without undue delay, to:

(a) administrative review or appeal of the determination independent (5) of the employee or office that issued the determination; and

(b) a quasi-judicial or judicial review or appeal of such administrative determination;

2. Each Party shall provide a person, to whom it issues an administrative determination, with the reasons for the administrative determination and access to information on how to request a review or appeal.

3. With a view to promoting paperless processes, each Party, in accordance with its laws, regulations or procedures, shall endeavour to allow a request for administrative review or appeal to be conducted by the customs administration through electronic means.

4. Each Party shall ensure that an authority conducting a review under paragraph 1 notifies the person in writing of its determination of the review, and the reasons for the determination.

5. With a view to ensuring predictability and consistent application of its customs laws and regulations, each Party is encouraged to apply determinations of administrative, quasi-judicial and judicial authorities under paragraph 1 to the practices of its customs administration throughout its territory.

(4) For the purposes of this Article, a determination, if made by Peru or Colombia, means an administrative act.

(5) The level of administrative review may include any authority supervising the customs administration.

## **Article 5.19. Penalties**

1. Each Party shall adopt or maintain measures that allow for the imposition of penalties by a Party's customs administration for a breach of its customs laws and regulations, including those governing tariff classification, customs valuation, country of origin and claims for preferential treatment under this Agreement.

2. Each Party shall ensure that the measures under paragraph 1 are administered in a transparent and uniform manner throughout its territory.

3. Each Party shall ensure that a penalty imposed by its customs administration for a breach of its customs laws or regulations is imposed only on the person responsible under its laws or regulations for the breach.

4. Each Party shall ensure that any penalty imposed by its customs administration for a breach of its customs laws or regulations shall depend on the facts and circumstances of the case, including any previous breaches by the person receiving the penalty, and shall be commensurate with the degree and severity of the breach.

5. Each Party shall adopt or maintain measures to avoid conflicts of interest in the assessment and collection of penalties and duties. A portion of the remuneration of a government official shall not be calculated as a fixed portion or percentage of any penalties or duties assessed or collected.

6. Each Party shall ensure that when its customs administration imposes a penalty for a breach of its customs laws or regulations, it provides an explanation in writing to the person on whom the penalty is imposed, specifying the nature of the breach, including the specific law or regulation concerned, and the procedure used for determining the penalty amount.

7. Each Party shall provide in its laws, regulations or procedures, or otherwise give effect to, a fixed and finite period within which its customs administration may initiate proceedings (6) to impose a penalty relating to a breach of a customs law, regulation or procedural requirement.

8. Notwithstanding paragraph 7, a customs administration may impose, outside of the fixed and finite period, a penalty where this is in lieu of judicial or administrative tribunal proceedings.

9. If a person voluntarily discloses to a Party's customs administration the circumstances of a breach of a customs law, regulation or procedural requirement prior to the discovery of the breach by the customs administration, the Party's customs administration shall, if appropriate, consider this fact as a potential mitigating factor when a penalty is established for that person.

(6) For greater certainty, for the purposes of this Chapter, "proceedings" means administrative measures by the customs administration and does not include judicial proceedings.

## **Article 5.20. Advance Rulings**

1. Each Party shall issue, prior to the importation of goods into its territory, a written advance ruling at the written request of an importer in its territory, or an exporter or producer in the territory of the other Party or a representative (7) thereof ("applicant"), with regard to:

- (a) tariff classification;
- (b) whether a good qualifies as originating in accordance with Chapter 4 (Rules of Origin and Origin Procedures);
- (c) the application of customs valuation method or criteria, for a particular case in accordance with the Customs Valuation Agreement; and
- (d) such other matters as the Parties may decide.

2. Each Party shall adopt or maintain uniform procedures throughout its territory for the issuance of an advance ruling. Under these procedures a Party:

- (a) shall provide a detailed description of the information required to process the advance ruling request;
- (b) may request additional information, including a sample of the good, from the applicant necessary for the processing of the advance ruling request; and
- (c) shall provide a detailed rationale for the decision.

3. Each Party shall issue an advance ruling as expeditiously as possible and in no case later than 120 days after it has received all necessary information from the applicant. In issuing an advance ruling, the Party shall take into account the facts and circumstances that the applicant has provided.

4. Advance rulings shall take effect on the date of issuance, or on a later date specified in the ruling and shall remain in effect for at least three years, provided that the laws, regulations, facts and circumstances on which the ruling is based remain unchanged and the advance ruling has not been modified or revoked.

5. After issuing an advance ruling, the Party may modify or revoke the advance ruling, in the following cases:

- (a) if there is a change in the laws, regulations, facts or circumstances on which the ruling was based;
- (b) if the ruling was based on inaccurate or false information;
- (c) if the ruling was in error; or
- (d) to comply with an administrative, judicial or quasi-judicial decision.

6. A Party may apply a modification or revocation in accordance with paragraph 5 after it provides notice of the modification or revocation and the reasons for it.

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

8. A Party may decline to issue an advance ruling if the facts and circumstances forming the basis of the advance ruling are the subject of administrative, judicial or quasi-judicial review. A Party that declines to issue an advance ruling shall promptly notify the applicant in writing, setting out the relevant facts and circumstances and the basis for its decision to decline to issue the advance ruling.

9. Each Party shall endeavour to make publicly available online any information on advance rulings which it considers to be of significant interest to other interested parties, subject to any confidentiality requirements in its laws and regulations.

10. No Party shall require that an applicant have registration in its territory in order to request an advance ruling.

(7) If an importer, exporter or producer submits a request for an advance ruling through a duly authorised representative, it shall be done in accordance with the laws and regulations of the importing Party.

## **Article 5.21. Standards of Conduct**

1. Each Party shall administer its customs procedures with professionalism and integrity.
2. Each Party shall adopt or maintain measures to deter its customs officials from engaging in any action that would result in, or that reasonably creates the appearance of, use of their public service position for private gain, including any monetary benefit.
3. Each Party shall provide a mechanism for the submission of a complaint regarding perceived improper or corrupt behaviour of a customs official in its territory. Each Party shall take appropriate action in response to a complaint in a timely manner and in accordance with its laws, regulations, or procedures.

## **Article 5.22. Customs Cooperation**

1. With a view to facilitating the effective operation of this Agreement, each Party shall:

(a) encourage cooperation with the other Party regarding significant customs issues that affect goods traded between the Parties; and

(b) endeavour to provide each Party with advance notice of any significant administrative change, modification of laws or regulations, or similar measure related to its laws or regulations that governs importations or exportations, that is likely to substantially affect the operation of this Agreement.

2. Each Party shall, in accordance with its laws and regulations, cooperate with the other Party through information sharing and other activities as appropriate, to achieve compliance with their respective laws and regulations that pertain to:

(a) the implementation and operation of the provisions of this Agreement governing importations or exportations, including claims for preferential tariff treatment, procedures for making claims for preferential tariff treatment and verification procedures;

(b) the implementation, application and operation of the Customs Valuation Agreement;

(c) restrictions or prohibitions on imports or exports;

(d) investigation and prevention of customs offences, including duty evasion and smuggling; and

(e) other customs matters as the Parties may decide.

3. If a Party has a reasonable suspicion of unlawful activity related to its laws or regulations governing importations, it may request that the other Party provide specific confidential information that is normally collected in connection with the importation of goods.

4. If a Party makes a request under paragraph 3, it shall:

(a) be in writing;

(b) specify the purpose for which the information is sought; and

(c) identify the requested information with sufficient specificity for the other Party to locate and provide the information.

5. The Party from which the information is requested under paragraph 3 shall, subject to its laws and regulations and any relevant international agreements to which it is a party, provide a written response containing the requested information.

6. For the purposes of paragraph 3, a reasonable suspicion of unlawful activity means a suspicion based on relevant factual information obtained from public or private sources comprising one or more of the following:

(a) historical evidence of non-compliance with laws or regulations that govern importations by an importer or exporter;

(b) historical evidence of non-compliance with laws or regulations that govern importations by a manufacturer, producer or



other person involved in the movement of goods from the territory of a Party to the territory of the other Party;

(c) historical evidence of non-compliance with laws or regulations that govern importations by some or all of the persons involved in the movement of goods within a specific product sector from the territory of a Party to the territory of the other Party; or

(d) other information that the requesting Party and the Party from which the information is requested agree is sufficient in the context of a particular request.

7. Each Party shall endeavour to provide the other Party with any other information that would assist that Party to determine whether imports from, or exports to, that Party are in compliance with the receiving Party's laws or regulations that govern importations, in particular those related to unlawful activities, including smuggling and similar infractions.

8. In order to facilitate trade between the Parties, a Party receiving a request shall endeavour to provide the Party that made the request with technical advice and assistance for the purpose of:

(a) developing and implementing improved best practices and risk management techniques;

(b) facilitating the implementation of international supply chain standards;

(c) simplifying and enhancing procedures for clearing goods through customs in a timely and efficient manner;

(d) developing the technical skill of customs personnel; and

(e) enhancing the use of technologies that can lead to improved compliance with the requesting Party's laws or regulations that govern importations.

9. The Parties shall endeavour to establish or maintain channels of communication for customs cooperation, including by establishing contact points in order to facilitate the rapid and secure exchange of information and improve coordination on importation issues.

## **Article 5.23. Administration of this Chapter**

1. Matters relating to administration of this Chapter shall be considered by the Parties through the Trade in Goods Committee established under Article 22.5(a) (Establishment of Cross-Cutting Committees)

2. The Trade in Goods Committee shall have additional functions under this Chapter as set out in Article 4.31 (Administration of this Chapter and Chapter 5).

# **Chapter 6. SANITARY AND PHYTOSANITARY MEASURES**

## **Article 6.1. Definitions**

1. The definitions in Annex A of the SPS Agreement are incorporated into this Chapter and shall form part of this Chapter, *mutatis mutandis*.

2. In addition, for the purposes of this Chapter:

competent authority means a government body of each Party responsible for measures and matters referred to in this Chapter;

emergency measure means a sanitary or phytosanitary measure that is applied by an importing Party to the other Party to address an urgent problem of human, animal or plant life or health protection that arises or threatens to arise in the Party applying the measure.

## **Article 6.2. Objectives**

The objectives of this Chapter are to:

(a) protect human, animal or plant life or health in the territories of the Parties while facilitating trade;

(b) enhance transparency in, and the understanding of, the application of each Party's sanitary and phytosanitary measures;

- (c) ensure that the Parties' sanitary and phytosanitary measures do not create unjustified barriers to trade;
- (d) strengthen communication, consultation and cooperation between the Parties; and
- (e) enhance the implementation of and build on the SPS Agreement.

### **Article 6.3. Scope**

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

### **Article 6.4. General Provisions**

1. The Parties affirm their rights and obligations Under the SPS Agreement.
2. Nothing in this Agreement shall limit the rights and obligations that each Party has under the SPS Agreement.
3. Each Party shall take into account the relevant guidance of the Committee on Sanitary and Phytosanitary Measures established under Article 12 of the SPS Agreement ("WTO SPS Committee") and international standards, guidelines and recommendations.

### **Article 6.5. Equivalence**

1. The Parties acknowledge that recognition of the equivalence of sanitary and phytosanitary measures is an important means to facilitate trade. Further to Article 4 of the SPS Agreement, the Parties shall apply equivalence to a group of measures or on a systems-wide basis, to the extent feasible and appropriate.
2. On request of the exporting Party, the importing Party shall explain the objective and rationale of its sanitary or phytosanitary measure and clearly identify the risk the sanitary or phytosanitary measure is intended to address.
3. When an importing Party receives a request for an equivalence assessment and determines that the information provided by the exporting Party is sufficient, it shall initiate the equivalence assessment within a reasonable period of time.
4. The importing Party shall recognise the equivalence of a sanitary or phytosanitary measure if the exporting Party objectively demonstrates to the importing Party that the exporting Party's measure:
  - (a) achieves the same level of protection as the importing Party's measure; or
  - (b) has the same effect in achieving the objective as the importing Party's measure. (1)
5. When the equivalence assessment results in the recognition of equivalence, the importing Party shall communicate this to the exporting Party in writing and shall apply this recognition to trade from the exporting Party within a reasonable period of time.
6. If an equivalence determination does not result in recognition by the importing Party, the importing Party shall provide the exporting Party with the rationale for its decision within a reasonable period of time.

(1) Neither Mexico nor Singapore shall have recourse to dispute settlement under Chapter 23 (Dispute Settlement) for this subparagraph between them.

### **Article 6.6. Risk Analysis**

1. Recognising the Parties' rights and obligations under the relevant provisions of the SPS Agreement, nothing in this Chapter shall be construed to prevent a Party from:
  - (a) establishing the level of protection, it determines to be appropriate;
  - (b) establishing or maintaining an approval procedure that requires a risk analysis to be conducted before the Party grants a product access to its market; or
  - (c) adopting or maintaining a sanitary or phytosanitary measure on a provisional basis.

2. Each Party shall ensure that its sanitary and phytosanitary measures either conform to the relevant international standards, guidelines or recommendations or, if its sanitary and phytosanitary measures do not conform to international standards, guidelines or recommendations, that they are based on documented and objective scientific evidence as appropriate to the circumstances, of the risk to human, animal, or plant life or health, while recognising the Parties' obligations regarding assessment of risk under Article 5 of the SPS Agreement.

3. When conducting its risk analysis, each Party shall:

(a) conduct its risk analysis in a manner that is documented and that provides interested persons and the other Party an opportunity to comment, in a manner to be determined by that Party; (2)

(b) ensure that each risk assessment it conducts is appropriate to the circumstances of the risk at issue and takes into account reasonably available and relevant scientific data, including qualitative and quantitative information;

(c) ensure that its sanitary and phytosanitary measures do not arbitrarily or unjustifiably discriminate where identical or similar conditions prevail in its own territory and that of the other Party;

(d) consider risk management options that are not more trade restrictive (3) than required, including the facilitation of trade by not taking any measure, to achieve the level of protection that the Party has determined to be appropriate; and

(e) select a risk management option that is not more trade restrictive than required to achieve the sanitary or phytosanitary objective, taking into account technical and economic feasibility.

4. If an importing Party requires a risk analysis to evaluate a request from an exporting Party to authorise importation of a good of that exporting Party, the importing Party shall provide, on request of the exporting Party, an explanation of the information required for the risk assessment. On receipt of the required information from the exporting Party, the importing Party shall endeavour to facilitate the evaluation of the request for authorisation by scheduling work on this request in accordance with the procedures, policies, resources, and laws and regulations of the importing Party.

5. On request of the exporting Party, the importing Party shall inform the exporting Party of the progress of a specific risk analysis request, and of any delay that may occur during the process.

6. An exporting Party may submit scientific evidence and mitigation proposals, to support the importing Party's risk assessment procedure.

7. If the importing Party, as a result of a risk analysis, adopts a sanitary or phytosanitary measure that allows trade to commence or resume, the importing Party shall implement the measure within a reasonable period of time.

8. Without prejudice to Article 6.12, no Party shall stop the importation of a good of the other Party solely for the reason that the importing Party is undertaking a review of its sanitary or phytosanitary measure, if the importing Party permitted the importation of that good of the other Party when the review was initiated.

(2) For greater certainty, this subparagraph applies only to a risk analysis for a sanitary or phytosanitary measure that constitutes a sanitary or phytosanitary regulation for the purposes of Annex B of the SPS Agreement.

(3) For the purposes of subparagraphs (d) and (e), a risk management option is not more trade-restrictive than required unless there is another option reasonably available, taking into account technical and economic feasibility, that achieves the appropriate level of sanitary or phytosanitary protection and is significantly less restrictive to trade.

## **Article 6.7. Adaptation to Regional Conditions, Including Pest- or Disease-Free Areas and Areas of Low Pest or Disease Prevalence**

1. The Parties recognise that adaptation to regional conditions, including regionalization, zoning and compartmentalisation, is an important means to facilitate trade.

2. The Parties may work cooperatively on the recognition of pest- or disease-free areas, and areas of low pest or disease prevalence with the objective of acquiring confidence in the procedures followed by each Party for the recognition of pest- or disease-free areas and areas of low pest or disease prevalence.

3. If an importing Party receives a request for a determination of regional conditions and determines that the information provided by the exporting Party is sufficient, it shall initiate an assessment within a reasonable period of time.

4. When an importing Party commences an assessment of a request for a determination of regional conditions under paragraph 3, the Party shall promptly, on request of the exporting Party, explain its process for making the determination of regional conditions.
5. When an importing Party adopts an SPS measure that recognises specific regional conditions of an exporting Party, the importing Party shall communicate that measure to the exporting Party in writing and implement it within a reasonable period of time.
6. The importing and exporting Parties involved in a particular determination may also decide in advance the risk management measures that will apply to trade between them in the event of a change in the status.
7. If the evaluation of the evidence provided by the exporting Party does not result in a recognition of pest-or disease-free areas, or areas of low pest and disease prevalence, the importing Party shall provide the exporting Party with the rationale for its determination.
8. If there is an incident that results in the importing Party modifying or revoking the determination recognising regional conditions, on request of the exporting Party, the Parties involved shall cooperate to assess whether the determination can be reinstated.

## **Article 6.8. Transparency (4)**

1. A Party shall notify a proposed sanitary or phytosanitary measure that may have an effect on the trade of the other Party, including any that conforms to international standards, guidelines or recommendations, by using the WTO SPS notification submission system.
2. Unless urgent problems of human, animal or plant life or health protection arise or threaten to arise, or the measure is of a trade facilitating nature, a Party shall normally allow at least 60 days for interested persons and the other Party to provide written comments on the proposed measure after it makes the notification under paragraph 1. If feasible and appropriate, the Party should allow more than 60 days.
3. A Party that proposes to adopt a sanitary or phytosanitary measure shall discuss with the other Party, on request and if appropriate and feasible, any scientific or trade concern that the other Party may raise regarding the proposed measure and the availability of alternative, less trade-restrictive approaches for achieving the objective of the measure.
4. If feasible and appropriate, a Party should provide an interval of more than six months between the date it publishes the final sanitary or phytosanitary measure and the date on which the measure takes effect, unless the measure is intended to address urgent problem of human, animal or plant life or health, or the measure is of a trade facilitating nature.
5. Each Party shall publish, by electronic means, a notice of a final sanitary or phytosanitary measure in an official journal or website.
6. An exporting Party shall inform the importing Party through the contact points referred to in Article 6.17 in a timely and appropriate manner:
  - (a) if it has knowledge of a significant sanitary or phytosanitary risk related to the export of a good from its territory;
  - (b) of urgent situations where a change in animal or plant health status in the territory of the exporting Party may affect current trade;
  - (c) of significant changes in the status of a regionalised pest or disease;
  - (d) of new scientific findings of importance which affect the regulatory response with respect to food safety, pests or diseases; and
  - (e) of significant changes in food safety, pest or disease management, control or eradication policies or practices that may affect current trade.

(4) For greater certainty, this Article applies only to a sanitary or phytosanitary measure that constitutes a sanitary or phytosanitary regulation for the purposes of Annex B of the SPS Agreement.

## **Article 6.9. Information Exchange**

1. The Parties recognise that the exchange of information is an important means of enhancing the management of sanitary and phytosanitary measures and facilitating trade.
2. A Party may request information from the other Party on a matter arising under this Chapter. A Party that receives a request for information shall endeavour to provide available information to the requesting Party within a reasonable period of time and, if possible, by electronic means.

## **Article 6.10. Import Checks**

1. Each Party shall ensure that its import programmes are based on the risks associated with importations, and the import checks are carried out without undue delay. (5)
2. An importing Party shall provide to the other Party, on request, information regarding the analytical methods, quality controls, sampling procedures and facilities that the importing Party uses to test a good. The importing Party shall maintain physical or electronic documentation regarding the identification, collection, sampling, transportation and storage of the test sample, and the analytical methods used on the test sample.
3. An importing Party shall ensure that its final decision in response to a finding of non-conformity with the importing Party's sanitary or phytosanitary measure, is limited to what is reasonable and necessary and is rationally related to the available science.
4. If an importing Party prohibits or restricts the importation of a good of the other Party on the basis of an adverse result of an import check, the importing Party shall provide a notification about the adverse result to at least one of the following: the importer or its agent; the exporter; the manufacturer; or the exporting Party.
5. When an importing Party provides a notification pursuant to paragraph 4, it shall:
  - (a) include:
    - (i) the reason for the prohibition or restriction;
    - (ii) the legal basis or authorisation for the action; and
    - (iii) information on the status of the affected goods and, if appropriate, on their disposition;
  - (b) do so in a manner that is consistent with its laws, regulations and requirements as soon as possible, after the date of the decision to prohibit or restrict, unless the good is seized by a customs administration; and
  - (c) if the notification has not already been provided through another channel, transmit the notification by electronic means, if practicable.
6. An importing Party that prohibits or restricts the importation of a good of the other Party on the basis of an adverse result of an import check shall provide an opportunity for a review of the decision and consider any relevant information submitted to assist in the review. The review request and information should be submitted to the importing Party within a reasonable period of time. (6)
7. If an importing Party determines that there is a significant, sustained or recurring pattern of non-conformity with a sanitary or phytosanitary measure, the importing Party shall notify the exporting Party of the non-conformity.

(5) For greater certainty, nothing in this Article prohibits a Party from performing import checks to obtain information to assess risk or to determine the need for, develop or periodically review a risk-based import programme.

(6) For greater certainty, nothing in this Article prevents an importing Party from disposing of goods which are found to have an infectious pathogen or pest that, if urgent action is not taken, can spread and cause damage to human, animal or plant life or health in the Party's territory.

## **Article 6.11. Audits (7)**

1. To determine an exporting Party's ability to provide the required assurances and meet the sanitary and phytosanitary measures of the importing Party, the importing Party shall have the right, subject to this Article, to audit the exporting Party's competent authorities and associated or designated inspection systems. That audit may include an assessment of

the competent authorities' control programmes, including, if appropriate, reviews of the inspection, audit programmes and on-site inspection of facilities or establishments.

2. Prior to the commencement of an audit, the importing Party and exporting Party involved shall discuss the rationale and decide the objectives and scope of the audit, the criteria or requirements against which the exporting Party will be assessed, and the itinerary and procedures for conducting the audit.

3. The importing Party shall provide the exporting Party the opportunity to comment on the findings of the audit and take any such comments into account before the importing Party makes its conclusions and takes any action. The importing Party shall provide a report setting out its conclusions in writing within a reasonable period of time.

4. Without prejudice to Article 6.12, the Parties shall not interrupt the trade of a good of the other Party solely due to a delay of the importing Party in carrying out an audit, where the importation of the good of that Party is permitted when the audit is initiated.

5. An audit shall be systems-based and designed to check the effectiveness of the regulatory controls of the competent authorities of the exporting Party.

(7) For greater certainty, nothing in this Article prevents an importing Party from performing an inspection of a facility for the purposes of determining if the facility conforms with the importing Party's sanitary or phytosanitary requirements or conforms with sanitary or phytosanitary requirements that the importing Party has determined to be equivalent to its sanitary or phytosanitary requirements.

## **Article 6.12. Emergency Measures**

If a Party adopts an emergency measure that is necessary for the protection of human, animal or plant life or health, the Party shall promptly notify the other Party of that measure through the competent authorities and the relevant contact point referred to in Article 6.17. The Party that adopts the emergency measure shall take into consideration any information provided by the other Party in response to the notification.

## **Article 6.13. Certification**

1. The Parties recognise that assurances with respect to sanitary or phytosanitary requirements may be provided through means other than certificates and that different systems may be capable of meeting the same sanitary or phytosanitary objective. (8)

2. If an importing Party requires certification for trade in a good, the Party shall ensure that the certification requirement is applied, in meeting the Party's sanitary or phytosanitary objectives, only to the extent necessary to protect human, animal or plant life or health.

3. An importing Party shall limit attestations and information it requires on the certificates to essential information that is related to the sanitary or phytosanitary objectives of the importing Party.

4. An importing Party should provide to the other Party, on request, the rationale for any attestations or information that the importing Party requires to be included on a certificate.

5. The Parties may agree to work cooperatively to develop model certificates to accompany specific goods traded between the Parties.

6. The Parties shall promote the implementation of electronic certification and other technologies to facilitate trade.

(8) For greater certainty, nothing in this article prohibits a Party from requiring certification where it is necessary for the protection of human, animal or plant life or health.

## **Article 6.14. Cooperation**

1. The Parties shall cooperate to facilitate the implementation of this Chapter.

2. The Parties shall explore opportunities for further cooperation, collaboration and information exchange between the Parties on sanitary and phytosanitary matters of mutual interest, consistent with this Chapter. Those opportunities may include trade facilitation initiatives, and cooperation in multilateral fora on sanitary and phytosanitary matters.

3. The Parties may cooperate and jointly identify work on sanitary and phytosanitary matters with the goal of eliminating unnecessary obstacles to trade between the Parties.

4. Further to Article 3 of the SPS Agreement, the Parties are encouraged to promote cooperation in the development and application of international standards, guidelines and recommendations.

### **Article 6.15. Cooperative Technical Consultations**

1. A Party, at any time, may request cooperative technical consultations with the other Party to resolve trade concerns related to the application of sanitary and phytosanitary measures.

2. Where a Party receives a written request from the other Party for technical consultations under this Chapter, the Parties shall initiate consultations within 30 days of the request being received, or as otherwise agreed, with the aim of resolving the matter.

3. The consulting Parties shall ensure the appropriate involvement of relevant trade and regulatory agencies in meetings held pursuant to this Article.

4. The consultations may be held in person, via videoconference, teleconference, or any other means as agreed by the Parties concerned.

### **Article 6.16. Administration of this Chapter**

1. Matters relating to administration of this Chapter shall be considered by the Parties through the Trade in Goods Committee established under Article 22.5(a) (Establishment of Cross-Cutting Committees).

2. The Trade in Goods Committee shall have the following additional functions under this Chapter:

(a) providing a forum to improve the Parties' understanding of sanitary and phytosanitary issues that relate to the implementation of the SPS Agreement and this Chapter;

(b) providing a forum to enhance mutual understanding of each Party's sanitary and phytosanitary measures and the regulatory processes that relate to those measures;

(c) exchanging information on the implementation of this Chapter;

(d) discussing mechanisms to facilitate the exchange of information regarding the import requirements for specific products and communicate the status on the applications for its authorisation;

(e) to initiate discussions on the making of a notification pursuant to Article 6.10.4; and

(f) determining the appropriate means to undertake specific tasks related to the functions of the Committee;

3. The Trade in Goods Committee may also have the following additional functions under this Chapter:

(a) identify and develop technical assistance and cooperation projects between the Parties on sanitary and phytosanitary measures;

(b) serve as a forum for a Party to share information on a sanitary or phytosanitary issue that has arisen between it and the other Party, provided that the Parties between which the issue has arisen have first attempted to address the issue through discussions between themselves; and

(c) consult on matters and positions for the meetings of the WTO SPS Committee, and meetings held under the auspices of the Codex Alimentarius Commission, the World Organisation for Animal Health and the International Plant Protection Convention.

### **Article 6.17. Competent Authorities and Contact Points**

Each Party shall provide the other Party with a written description of the sanitary and phytosanitary responsibilities of its competent authorities and shall designate and notify its contact points for matters arising under this Chapter 60 days after the entry into force of this Agreement. Each Party shall promptly notify the other Party of any change to its competent authorities and contact points.

# Chapter 7. TECHNICAL BARRIERS TO TRADE

## Article 7.1. Objectives

The objectives of this Chapter are to:

- (a) increase and facilitate trade among the Parties through furthering the implementation of the TBT Agreement;
- (b) deepen cooperation between the Parties in areas relating to technical barriers to trade;
- (c) ensure that standards, technical regulations and conformity assessment procedures do not create unnecessary technical barriers to trade.

## Article 7.2. Scope of Application

1. The provisions of this Chapter apply to the preparation, adoption and application of all standards, technical regulations and conformity assessment procedures of the Parties (1), of central level of government bodies and local government bodies that may affect trade in goods between the Parties.
2. The provisions of this Chapter are not applicable to sanitary and phytosanitary measures which shall be covered by Chapter 6 (Sanitary and Phytosanitary Measures).
3. The procurement specifications developed by government bodies for the production or consumption requirements of those bodies, shall not be subject to the provisions of this Chapter and shall be covered by Chapter 14 (Government Procurement).

(1) Any reference made in this Chapter to standards, technical regulations and conformity assessment procedures, includes those related to metrology.

## Article 7.3. Incorporation of the TBT Agreement

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

## Article 7.4. International Standards, Guides and Recommendations

1. The Parties recognise the important role that international standards, guides and recommendations can play in supporting greater regulatory alignment, good regulatory practice and reducing unnecessary barriers to trade.
2. In this respect, and further to Articles 2.4 and 5.4 and Annex 3 of the TBT Agreement, to determine whether an international standard, guide or recommendation within the meaning of Articles 2 and 5 and Annex 3 of the TBT Agreement exists, each Party shall apply the Decisions and Recommendations adopted by the WIO Committee on Technical Barriers to Trade Since 1 January 1995 (G/TBT/II/Rev.13), as may be revised, issued by the WTO Committee on Technical Barriers to Trade.

## Article 7.5. Cooperation and Trade Facilitation

1. The Parties shall seek to identify, develop and promote trade facilitation initiatives related to standards, technical regulations, and conformity assessment procedures. Such initiatives may include:
  - (a) enhancing knowledge and understanding of the Parties' respective systems with the aim of facilitating market access;
  - (b) promoting the compatibility or equivalence of technical regulations and conformity assessment procedures;
  - (c) promoting alignment or harmonisation with international standards; or (d) recognising and accepting the results of conformity assessment procedures.
2. The Parties recognise the existence of a wide range of mechanisms to support greater regulatory alignment and eliminate unnecessary technical barriers to trade in the region, including:
  - (a) encouraging regulatory dialogue and cooperation, through means such as:



- (i) exchanging information on regulatory approaches and practices;
  - (ii) promoting the use of good regulatory practices to improve the efficiency and effectiveness of standards, technical regulations and conformity assessment procedures;
  - (iii) providing technical advice, assistance and cooperation, on mutually agreed terms and conditions, to:
    - (A) improve practices related to the development, implementation and review of technical regulations, standards and conformity assessment procedures;
    - (B) improve competency and support the implementation of this Chapter; or
  - (b) encouraging greater use of international standards, guides and recommendations as a basis for technical regulations and conformity assessment procedures.
3. With respect to paragraphs 1 and 2, the Parties recognise that the choice of the appropriate initiatives or mechanisms in a given regulatory context depends on a variety of factors, such as the product and sector involved, the volume and direction of trade, the relationship between the Parties' respective regulators, the legitimate objectives pursued and the risks of non-fulfilment of those objectives.
4. The Parties shall strengthen collaboration on mechanisms to facilitate the acceptance of the results of the conformity assessment procedures, to support greater regulatory alignment and eliminate unnecessary technical barriers to trade.
5. The Parties shall encourage cooperation between their respective organisations responsible for technical regulation, standardisation, conformity assessment, accreditation and metrology, whether they are governmental or non-governmental, with a view to addressing diverse issues covered by this Chapter.
6. When a Party detains at the point of entry a good originating in the territory of the other Party, due to non-fulfilment of a technical regulation, it must notify the importer, or when applicable, its agent, as soon as possible the reasons for the detention.
7. Upon request, a Party shall provide, to the extent possible, information on the standards used in a specific technical regulation.
8. Parties shall endeavour, to the extent possible, to cooperate in areas of mutual interest in international standardisation forums. This cooperation may include the exchange of positions.

## **Article 7.6. Technical Regulations**

A Party that has prepared a technical regulation that it considers to be equivalent to a technical regulation of the other Party may request that the other Party recognise the technical regulation as equivalent. The Party shall make the request in writing and set out detailed reasons why the technical regulation should be considered equivalent, including reasons with respect to product scope. If a Party does not agree that the technical regulation is equivalent it shall provide to the other Party, upon request, the reasons for its decision.

## **Article 7.7. Conformity Assessment**

1. Each Party recognises that there is a wide range of mechanisms to facilitate the acceptance of the results of the conformity assessment procedures carried out in the territory of the other Party, which may include:
- (a) voluntary arrangements between the conformity assessment bodies in the territory of the Parties;
  - (b) agreements on the mutual recognition of the results of conformity assessment procedures performed by bodies located in its territory and the other Party's territory with respect to specific technical regulations;
  - (c) use of accreditation to qualify conformity assessment bodies, particularly international systems of accreditation;
  - (d) recognition of regional and international mutual recognition arrangements between or among accreditation bodies or conformity assessment bodies.
  - (e) government approval or designation of conformity assessment bodies;
  - (f) unilateral recognition of the results of conformity assessment bodies located in the territory of the other Party; and
  - (g) acceptance by the importing Party of a supplier's declaration of conformity.

2. The Parties shall strengthen the exchange of information in relation to these and similar mechanisms, in order to facilitate the acceptance of the results of the conformity assessment procedures. Parties recognise that the choice of the appropriate mechanisms in a given regulatory context depends on a variety of factors, such as the product and sector involved, the volume and direction of trade, the relationship between the Parties' respective regulators, the legitimate objectives pursued and the risks of non-fulfilment of those objectives.

3. If a Party does not accept the results of the conformity assessment procedures carried out in the other Party's territory, it shall, upon the other Party's request, explain the reasons for its decision.

4. Each Party shall accord to conformity assessment bodies located in the territory of the other Party treatment no less favourable than that it accords to conformity assessment bodies located in its own territory or in the territory of any other Party to the Pacific Alliance. In order to ensure that it accords such treatment, each Party shall apply the same or equivalent procedures, criteria and other conditions to accredit, approve, license or otherwise recognise conformity assessment bodies located in the territory of the other Party that it may apply to conformity assessment bodies in its own territory.

5. Paragraph 4 shall not preclude a Party from undertaking conformity assessment in relation to a specific product solely within specified government bodies located in its own territory or in the other Party's territory, in a manner consistent with its obligations under the TBT Agreement.

6. If a Party refuses to accredit, approve, license or otherwise recognise a body located in the territory of the other Party that assesses the conformity of a specific technical regulation, it shall, upon request, explain the reasons for its refusal.

7. Further to Article 5.2.5 of the TBT Agreement, each Party shall limit any conformity assessment fee imposed by the Party to the approximate cost of the services rendered to do the assessment.

8. Each Party shall give positive consideration to negotiating mutual recognition agreements for the results of its respective conformity assessment procedures carried out by bodies in the territory of the other Party. If either of the Parties refuses to begin these negotiations it shall, upon request, explain the reasons for its decision.

9. Further to Article 6.1 of the TBT Agreement, with the aim of building mutual confidence in the results of the conformity assessment procedures, the Parties may request information on conformity assessment bodies including aspects of technical competence, such as testing methods.

## **Article 7.8. Transparency**

1. The Parties shall notify each other electronically, through the enquiry point established by each Party in accordance with Article 10 of the TBT Agreement, of proposals for new technical regulations and conformity assessment procedures, and amendments to existing technical regulations and conformity assessment procedures, as well as those adopted to address urgent problems on the terms established by the TBT Agreement, at the same time that they send the notification to the WTO Central Registry of Notifications. This notification shall include an electronic link to the notified document, or a copy of that document.

2. Each Party shall notify even those proposals for new technical regulations and conformity assessment procedures and amendments to existing technical regulations and conformity assessment procedures that are in accordance with the technical content of relevant international standards and that may have a significant effect on trade of the other Party.

3. Each Party shall respond in writing to the comments received from the other Party during the consultation period stipulated in the notification, no later than the date of publication of the final version of the technical regulation or conformity assessment procedure.

4. Each Party shall publish or make available to the public or the other Party, by printed or electronic means and no later than the date of publication of the final version of the technical regulation or conformity assessment procedure its responses or a summary of its responses to significant or substantive issues presented in the comments received from the other Party during the consultation period stipulated in the notification.

5. Each Party shall publish preferably by electronic means, in a single official journal or website all proposals for new technical regulations and conformity assessment procedures and proposals for amendments to existing technical regulations and conformity assessment procedures, and all new final technical regulations and conformity assessment procedures and final amendments to existing technical regulations and conformity assessment procedures, of central government bodies, that a Party is required to notify or publish under the TBT Agreement or this Chapter, and that may have a significant effect on trade. (2)

6. Each Party shall endeavour to notify final versions of technical regulations and conformity assessment procedures as an

addendum to the original notification at the same time they are adopted and made available to the public on a government website.

7. Each Party shall allow, in accordance with its own internal procedures, interested persons of the other Party to participate in the development of its standards, technical regulations and conformity assessment procedures, on terms no less favourable than those granted to its own nationals. (3)

8. Each Party shall recommend to non-governmental standardisation bodies recognised by that Party in its territory that they observe paragraph 7 with respect to consultation processes for the development of standards or voluntary conformity assessment procedures.

9. Each Party shall normally allow a period of at least 60 days, from the date it submits a notification under this Article, in order to enable the other Party or interested person from the other Party to make written comments on the proposed technical regulations and conformity assessment procedures, except when urgent problems of safety, health, environmental protection or national security arise or threaten to arise. Each Party shall positively consider reasonable requests of the other Party to extend the comment period.

10. Subject to the conditions specified in Articles 2.12 and 5.9 of the TBT Agreement, regarding the reasonable interval between the publication of the technical regulations and conformity assessment procedures and their entry into force, the Parties shall interpret the expression "reasonable interval" as meaning, normally, a period of no less than six months, except when this would be ineffective to fulfil the legitimate objectives pursued.

11. In the case of the existence of yearly or half-yearly work programmes related to technical regulations, each Party shall, if it deems appropriate, endeavour to disclose to the public this information through printed or electronic publications.

(2) For greater certainty, a Party may comply with this obligation by ensuring that the proposed and final measures in this paragraph are published on, or otherwise accessible through, the WTO's official website.

(3) A Party satisfies this obligation by, for example, providing interested persons a reasonable opportunity to provide comments on the measure it proposes to develop and taking those comments into account in the development of the measure.

## **Article 7.9. Administration of this Chapter**

1. Matters relating to administration of this Chapter shall be considered by the Parties through the Trade in Goods Committee established under Article 22.5(a) (Establishment of Cross-Cutting Committees).

2. The Trade in Goods Committee shall have the following additional functions under this Chapter:

(a) discussing any issue that a Party raises under this Chapter related to the preparation, adoption or application of standards, technical regulations or conformity assessment procedures;

(b) encouraging cooperation between the Parties in matters that are relating to this Chapter, including the development, review or modification of technical regulations, standards and conformity assessment procedures;

(c) facilitating, as appropriate, regulatory cooperation between the Parties and sectoral cooperation between governmental and non-governmental bodies in the field of standards, technical regulations and conformity assessment procedures in the Parties' territories;

(d) exchanging information on the work carried out in non-governmental, regional and multilateral forums and cooperation programmes involved in activities related to standards, technical regulations and conformity assessment procedures;

(e) reviewing this Chapter in the light of any developments within the WTO's Committee on Technical Barriers to Trade and developing recommendations for amendments to this Chapter, if necessary;

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

(g) establishing roundtables, special sessions or workshops with experts in order to cover topics of mutual interest in the field of regulatory cooperation;

(h) carrying out any other action that the Parties consider necessary to help in the implementation of this Chapter and the TBT Agreement; and

(i) giving positive consideration to any request made by a Party to deepen cooperation in accordance with this Chapter. Requests may include proposals for specific sectoral initiatives or other initiatives, such as annexes.

3. To determine what activities the Trade in Goods Committee will undertake under this Chapter, the Trade in Goods Committee shall consider work that is being undertaken in other fora, with a view to ensuring that any activities undertaken by the Trade in Goods Committee do not unnecessarily duplicate that work.

## **Article 7.10. Information Exchange**

Any information or explanation requested by a Party, under the provisions of this Chapter, must be provided by the Party receiving the request, in writing or by electronic means, within a 60- day period following the initial request. The Party receiving the request shall endeavour to respond every request within a 30-day period following the submission. The responding Party may extend the period of time for answering, by providing such notice to the inquiring Party, prior to the end of the 60-day period.

## **Article 7.11. Implementation Annexes**

The Parties may negotiate annexes to deepen the disciplines of this Chapter. The annexes resulting from such negotiation shall constitute an integral part of this Agreement.

## **Article 7.12. Technical Discussions**

1. Each Party shall give prompt and positive consideration to any request by the other Party to hold technical discussions on specific trade concerns, related to the implementation of this Chapter.

2. Unless the Parties agree otherwise, the discussions and any information exchanged in the course of the discussions shall be confidential and without prejudice to the rights and obligations of the Parties under this Agreement, the WTO Agreement or any other agreement to which both Parties are party.

3. When the Parties have concluded the technical discussions under paragraph 1, such technical discussions, by consent of the Parties shall constitute the consultations referred in the Article 23.6 (Consultations).

# **Chapter 8. INVESTMENT**

## **Section A.**

### **Article 8.1. Definitions**

For the purposes of this Chapter:

Centre means the International Centre for Settlement of Investment Disputes (ICSID) established by the ICSID Convention;

claimant means an investor of a Party that is party to an investment dispute with the other Party. If that investor is a natural person who is a permanent resident of a Party and a national of the other Party, that natural person may not submit a claim to arbitration against that latter party;

covered investment means, with respect to a Party, an investment in its territory of an investor of the other Party in existence as of the date of entry into force of this Agreement or established, acquired or expanded thereafter;

disputing parties means the claimant and the respondent;

disputing party means either the claimant or the respondent;

enterprise means an enterprise as defined in Article 2.1 (General Definitions), and a branch of an enterprise;

enterprise of a Party means an enterprise constituted or organised under the law of a Party, or a branch located in the territory of a Party and carrying out business activities there; (1)

financial institution means any financial intermediary or other enterprise that is authorised to do business and 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 persons of the other Party;

freely usable currency means "freely usable currency" as determined by the International Monetary Fund under its Articles of Agreement,

ICSID Additional Facility Rules means the Rules Governing the Additional Facility for the Administration of Proceedings by the Secretariat of the International Centre for Settlement of Investment Disputes;

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;

investment means every asset that an investor owns or controls, directly or indirectly, that has the characteristics of an investment, including such characteristics as the commitment of capital or other resources, the expectation of gain or profit, or the assumption of risk. Forms that an investment may take include:

(a) an enterprise;

(b) shares, stock and other forms of equity participation in an enterprise;

(c) bonds, debentures, other debt instruments and loans (2) (3) of an enterprise but does not include debt instruments issued by a Party or a state enterprise, or loans issued to a Party or to a state enterprise, regardless of the original maturity of such debt instruments or loans as the case may be;

(d) futures, options and other derivatives;

(e) turnkey, construction, management, production, concession, revenue-sharing and other similar contracts;

(f) intellectual property rights;

(g) licences, authorisations, permits and similar rights conferred pursuant to the Party's law, (4) and

(h) other tangible or intangible, movable or immovable property, and related property rights, such as leases, mortgages, liens and pledges;

but investment does not include an order or judgement entered in a judicial or administrative action;

investor of a non-Party means, with respect to a Party, an investor who attempts to make (5), is making or has already made an investment in the territory of that Party, and that is not an investor of either Party;

investor of a Party means a Party or a national or an enterprise of a Party, that attempts to make, is making, or has made an investment in the territory of the other Party. A natural person with dual nationality shall be deemed to be exclusively a national of the State of his or her dominant and effective nationality;

New York Convention means the Convention on the Recognition and Enforcement of Foreign Arbitral Awards, done at New York on June 10, 1958;

non-disputing Party means a Party that is not a party to an investment dispute;

protected information means confidential business information or information that is privileged or otherwise protected from disclosure under a Party's laws, including classified government information;

respondent means the Party that is a party to an investment dispute; Secretary-General means the Secretary-General of ICSID;

Third party funding means any funding that is provided by a person or enterprise who is not a disputing party in order to finance part or all of the cost of the proceedings including through a donation or a grant, or in return for a share or other interest in the proceeds or potential proceeds of the proceedings to which the disputing party may become entitled, including such remuneration that may be dependent on the outcome of the dispute.

TRIPS Agreement means the Agreement on Trade-Related Aspects of Intellectual Property Rights, set out in the WTO Agreement (6), and

UNCITRAL Arbitration Rules means the Arbitration Rules of the United Nations Commission on International Trade Law.

(1) For greater certainty, the inclusion of a "branch" in the definitions of "enterprise" and "enterprise of a Party" is without prejudice to a Party's ability to treat a branch under its laws as an entity that has no independent legal existence and is not separately organised.

(2) Some forms of debt, such as bonds, debentures and long-term notes, are more likely to have the characteristics of an investment, while other forms of debt, such as claims to payment that are immediately due and result from the sale of goods and services, are less likely to have such characteristics.

(3) A loan issued by one Party to the other Party is not an investment.

(4) Whether a particular type of licence, authorisation, permit or similar instrument (including a concession to the extent that it has the nature of such an instrument) has the characteristics of an investment depends on such factors as the nature and extent of the rights that the holder has under the Party's law. Among such instruments that do not have the characteristics of an investment are those that do not create any rights protected under the Party's law. For greater certainty, the foregoing is without prejudice to whether any asset associated with such instruments has the characteristics of an investment.

(5) For greater certainty, the Parties understand that, for the purposes of the definitions of "investor of a non-Party" and "investor of a Party", an investor "attempts to make" an investment when that investor has taken concrete action or actions to make an investment, such as channelling resources or capital in order to set up a business, or applying for a permit or licence.

(6) For greater certainty, TRIPS Agreement includes any waiver in force between the Parties of any provision of the TRIPS Agreement granted by WTO Members in accordance with the WTO Agreement.

## **Article 8.2. Scope**

1. This Chapter shall apply to measures adopted or maintained by a Party relating to:

- (a) investors of the other Party;
- (b) covered investments; and
- (c) with respect to Article 8.9, all investments in the territory of that Party.

2. A Party's obligations under this Chapter shall apply to measures adopted or maintained by:

- (a) the central, regional or local governments or authorities of that Party; and
- (b) any person, including a state enterprise or any other body, when it exercises any governmental authority delegated to it by central, regional or local governments or authorities of that Party. (7)

3. This Chapter does not apply to measures adopted or maintained by a Party relating to investors of the other Party, and investments of such investors, in financial institutions in the Party's territory.

4. For greater certainty, this Chapter shall not bind a Party in relation to an act or fact that took place or a situation that ceased to exist before the date of entry into force of this Agreement for that Party.

(7) For greater certainty, governmental authority is delegated under the Party's law, including through a legislative grant or a government order, directive or other action transferring or authorising the exercise of governmental authority.

## **Article 8.3. Right to Regulate**

1. The Parties reaffirm their right to regulate within their respective territories to achieve legitimate policy objectives.

2. Nothing in this Chapter shall be construed to prevent a Party from adopting, maintaining or enforcing any measure, otherwise consistent with this Chapter, that it considers appropriate to ensure that investment activity in its territory is undertaken in a manner sensitive to environmental, health or other regulatory objectives.

## **Article 8.4. Relation to other Chapters**

1. In the event of any inconsistency between this Chapter and another Chapter of this Agreement, the other Chapter shall prevail to the extent of the inconsistency.
2. A requirement of a Party that a service supplier of the other Party post a bond or other form of financial security as a condition for the cross-border supply of a service does not of itself make this Chapter applicable to measures adopted or maintained by the Party relating to such cross-border supply of the service. This Chapter shall apply to measures adopted or maintained by the Party relating to the posted bond or financial security, to the extent that the bond or financial security is a covered investment.

## **Article 8.5. National Treatment**

1. Each Party shall accord to investors of the other Party treatment no less favourable than that it accords, in like circumstances, to its own investors with respect to the establishment, acquisition, expansion, management, conduct, operation and sale or other disposition of investments in its territory.
2. Each Party shall accord to covered investments treatment no less favourable than that it accords, in like circumstances, to investments in its territory of its own investors with respect to the establishment, acquisition, expansion, management, conduct, operation and sale or other disposition of investments.
3. For greater certainty, the treatment accorded by a Party under paragraphs 1 and 2 means, with respect to a regional level of government, treatment no less favourable than the most favourable treatment accorded, in like circumstances, by that regional level of government to investors, and to investments of investors, of the Party of which it forms a part.
4. For greater certainty, whether treatment is accorded in "like circumstances" under this Article depends on the totality of the circumstances, including whether the relevant treatment distinguishes between investors or investments on the basis of legitimate public welfare objectives.

## **Article 8.6. Most-Favoured-Nation Treatment**

1. Each Party shall accord to investors of the other Party treatment no less favourable than that it accords, in like circumstances, to investors of any non-Party, with respect to the establishment, acquisition, expansion, management, conduct, operation and sale or other disposition of investments in its territory.
2. Each Party shall accord to covered investments treatment no less favourable than it accords, in like circumstances, to investments in its territory of investors of any non-Party, with respect to the establishment, acquisition, expansion, management, conduct, operation and sale or other disposition of investments.
3. For greater certainty, the treatment referred to in this Article does not encompass international dispute resolution procedures or mechanisms such as those provided in Section B. Substantive obligations in other international investment treaties and other trade agreements do not in themselves constitute "treatment" and thus cannot give rise to a breach of this Article, absent measures adopted by a Party.
4. For greater certainty, the treatment accorded by a Party under this Article means, with respect to a regional level of government other than at the federal level, treatment no less favourable than the most favourable treatment accorded, in like circumstances, by that regional level of government to investors and to investments of such investors of any non-Party.
5. For greater certainty, whether treatment is accorded in "like circumstances" under this Article depends on the totality of the circumstances, including whether the relevant treatment distinguishes between investors or investments on the basis of legitimate public welfare objectives.

## **Article 8.7. Minimum Standard of Treatment (8)**

1. Each Party shall accord to covered investments treatment in accordance with applicable customary international law principles, including fair and equitable treatment and full protection and security.
2. For greater certainty, paragraph 1 prescribes the customary international law minimum standard of treatment of aliens as the standard of treatment to be afforded 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 which is required by that standard, and do not create additional substantive rights. The obligation in paragraph 1 to provide:
  - (a) "fair and equitable treatment" includes the obligation not to deny justice in criminal, civil or administrative adjudicatory proceedings, in accordance with the principle of due process embodied in the principal legal systems of the world; and

(b) "full protection and security" requires each Party to provide the level of police protection required under customary international law.

3. A determination that there has been a breach of another provision of this Agreement or another international agreement does not establish that there has been a breach of this Article.

4. For greater certainty, the mere fact that a Party takes or fails to take an action that may be inconsistent with an investor's expectations does not constitute a breach of this Article, even if there is loss or damage to the covered investment as a result.

5. For greater certainty, the mere fact that a subsidy or grant has not been issued, renewed or maintained, or has been modified or reduced, by a Party, does not constitute a breach of this Article, even if there is loss or damage to the covered investment as a result.

6. For greater certainty, the fact that a measure breaches domestic law does not, in and of itself, establish a breach of this Article.

(8) Article 8.7 shall be interpreted in accordance with Annex 8-A.

## **Article 8.8. Treatment In Case of Armed Conflict or Civil Strife**

1. Notwithstanding Article 8.11.5(b), each Party shall accord to investors of the other Party and to covered investments non-discriminatory treatment with respect to measures it adopts or maintains relating to losses suffered by investments in its territory owing to armed conflict or civil strife.

2. Notwithstanding paragraph 1, if an investor of a Party, in a situation referred to in paragraph 1, suffers a loss in the territory of the other Party resulting from:

(a) requisitioning of its covered investment or part thereof by the latter's forces or authorities; or

(b) destruction of its covered investment or part thereof by the latter's forces or authorities, which was not required by the necessity of the situation,

the latter Party shall provide the investor restitution, compensation or both, as appropriate, for that loss.

3. Paragraph 1 shall not apply to existing measures relating to subsidies or grants that would be inconsistent with Article 8.5 but for Article 8.11.5(b).

## **Article 8.9. Performance Requirements**

1. No Party shall, in connection with the establishment, acquisition, expansion, management, conduct, operation or sale or other disposition of an investment of an investor of a Party or of a non-Party in its territory, impose or enforce any requirement, or enforce any commitment or undertaking (9):

(a) to export a given level or percentage of goods or services;

(b) to achieve a given level or percentage of domestic content;

(c) to purchase, use or accord a preference to goods produced in its territory, or to purchase goods from persons in its territory;

(9) For greater certainty, a condition for the receipt or continued receipt of an advantage referred to in paragraph 3 does not constitute a "requirement" or a "commitment or undertaking" for the purposes of paragraph 1.

(d) to 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 the investment;

(e) to restrict sales of goods or services in its territory that the investment produces or supplies by relating those sales in any way to the volume or value of its exports or foreign exchange earnings;

(f) to transfer a particular technology, a production process or other proprietary knowledge to a person in its territory; or



(g) to supply exclusively from the territory of the Party the goods that the investment produces or the services that it supplies to a specific regional market or to the world market.

2. For greater certainty, a measure that requires an investment to use a technology to meet health, safety or environmental requirements shall not be construed to be inconsistent with paragraph 1. For greater certainty, Articles 8.5 and 8.6 apply to such a measure.

3. No Party shall condition the receipt or continued receipt of an advantage, in connection with the establishment, acquisition, expansion, management, conduct, operation or sale or other disposition of an investment, of an investor of a Party or of a non-Party in its territory, on compliance with any requirement:

(a) to achieve a given level or percentage of domestic content;

(b) to purchase, use or accord a preference to goods produced in its territory, or to purchase goods from persons in its territory;

(c) to 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 the investment; or

(d) to restrict sales of goods or services in its territory that the investment produces or supplies by relating those sales in any way to the volume or value of its exports or foreign exchange earnings.

4. Nothing in paragraph 3 shall be construed to prevent a Party from conditioning the receipt or continued receipt of an advantage, in connection with an investment of an investor of a Party or of a non-Party in its territory, on compliance with a requirement to locate production, supply a service, train or employ workers, construct or expand particular facilities, or carry out research and development, in its territory.

5. Paragraph 1(f) shall not apply:

(a) if a Party authorises use of an intellectual property right in accordance with Article 31 (10) of the TRIPS Agreement or to measures requiring the disclosure of propriety 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 undertaking is enforced by a court, administrative tribunal or competition authority to remedy a practice determined after a judicial or administrative process to be anticompetitive under the Party's competition laws. (11)

6. Provided that such measures are not applied in an arbitrary or unjustifiable manner and do not constitute a disguised restriction on international trade or investment, nothing in paragraphs 1(b), 1(c), 1(f), 3(a) and 3(b) shall be construed to prevent a Party from adopting or maintaining measures, including those of an environmental nature:

(a) necessary to secure compliance with laws and regulations that are not inconsistent with this Agreement;

(b) necessary for protecting human, animal or plant life or health; or

(c) related to the conservation of living or non-living exhaustible natural resources.

7. Paragraphs 1(a), 1(b), 1(c), 3(a) and 3(b) shall not apply to qualification requirements for goods or services with respect to export promotion and foreign aid programmes.

8. Paragraphs 1(b), 1(c), 1(f), 1(g), 3(a) and 3(b) shall not apply to government procurement.

9. Paragraphs 3(a) and 3(b) shall not apply to requirements imposed by an importing Party relating to the content of goods necessary to qualify for preferential tariffs or preferential quotas.

10. 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 an investment of an investor of a Party or of a non-Party in its territory, from imposing or enforcing a requirement, or enforcing a commitment or undertaking, to employ or train workers in its territory provided that the employment or training does not require the transfer of a particular technology, production process or other proprietary knowledge to a person in its territory.

11. For greater certainty, paragraphs 1 and 3 shall not apply to any commitment, undertaking or requirement other than those set out in those paragraphs.

12. This Article does not preclude enforcement of any commitment, undertaking or requirement between private parties, if a Party did not impose or require the commitment, undertaking or requirement.

(10) The reference to "Article 31" includes footnote 7 of Article 31. Additionally, the reference to "Article 31" includes any amendment to the TRIPS Agreement for the implementation of paragraph 6 of the Doha Declaration on the TRIPS Agreement and Public Health (WT/MIN (01)/DEC/2).

(11) The Parties recognise that a patent does not necessarily confer market power.

## **Article 8.10. Senior Management and Boards of Directors**

1. No Party shall require that an enterprise of that Party that is a covered investment appoint to a senior management position a natural person of any particular nationality.

2. A Party may require that a majority of the board of directors, or any committee thereof, of an enterprise of that Party that is a covered investment, be of a particular nationality, or resident in the territory of the Party, provided that the requirement does not materially impair the ability of the investor to exercise control over its investment.

## **Article 8.11. Non-Conforming Measures**

1. Articles 8.5, 8.6, 8.9 and 8.10 shall not apply to:

(a) any existing non-conforming measure that is maintained by a Party at:

(i) the central level of government, as set out by that Party in its Schedule to Annex I;

(ii) a regional level of government, as set out by that Party in its Schedule to Annex I; or

(iii) a local level of government;

(b) the continuation or prompt renewal of any non-conforming measure referred to in subparagraph (a); or

(c) an amendment to any non-conforming measure referred to in subparagraph (a) to the extent that the amendment does not decrease the conformity of the measure, as it existed immediately before the amendment, with Articles 8.5, 8.6, 8.9 and 8.10.

2. Articles 8.5, 8.6, 8.9 and 8.10 shall not apply to any measure that a Party adopts or maintains with respect to sectors, subsectors or activities, as set out by that Party in its Schedule to Annex II.

3. No Party shall, under any measure adopted after the date of entry into force of this Agreement and covered by its Schedule to Annex II, require an investor of the other Party, by reason of its nationality, to sell or otherwise dispose of an investment existing at the time the measure becomes effective.

4. Articles 8.5 and 8.6 shall not apply to any measure that constitutes an exception or derogation from the Party's obligations provided in the TRIPS Agreement, as specifically provided for in the TRIPS Agreement.

5. Articles 8.5, 8.6 and 8.10 shall not apply to:

(a) government procurement; or

(b) subsidies or grants provided by a Party, including government-supported loans, guarantees and insurance.

6. For greater certainty, any amendments or modifications to a Party's Schedules to Annex I or Annex II, pursuant to this Article, shall be made in accordance with Article 25.4 (Amendments).

## **Article 8.12. Transfers (12)**

1. Each Party shall permit all transfers relating to a covered investment to be made freely and without delay into and out of its territory. Such transfers include:

(a) contributions to capital; (13)

(b) profits, dividends, interest, capital gains, royalty payments, management fees, technical assistance fees and other fees;

(c) proceeds from the sale of all or any part of the covered investment, or from the partial or complete liquidation of the covered investment;

(d) payments made under a contract, including a loan agreement;

(e) payments made pursuant to Article 8.8 and Article 8.13; and (f) payments arising out of a dispute.

2. Each Party shall permit returns in kind relating to a covered investment to be made as authorised or specified in a written agreement between the Party and a covered investment or an investor of the other Party.

3. Each Party shall permit transfers relating to a covered investment to be made in a freely usable currency at the market rate of exchange prevailing at the time of transfer.

4. Notwithstanding paragraphs 1, 2 and 3, a Party may prevent or delay a transfer through the equitable, non-discriminatory and good faith application of its laws and regulations relating to:

(a) bankruptcy, insolvency or protection of the rights of creditors;

(b) ensuring compliance with orders or judgements in judicial or administrative proceedings;

(c) issuing, trading, or dealing in securities, futures, options or derivatives;

(d) criminal or penal offences; or

(e) financial reporting or record keeping of transfers when necessary to assist law enforcement or financial regulatory authorities.

6. Notwithstanding paragraph 2, a Party may restrict transfers of returns in kind in circumstances where it could otherwise restrict such transfers under this Agreement, including as set out in paragraph 4.

7. For greater certainty, this Article does not preclude the equitable, non-discriminatory and good faith application of a Party's laws relating to its social security, public retirement or compulsory savings programs.

(12) For greater certainty, this Article is subject to Annex 8-B.

(13) For greater certainty, contributions to capital include the initial contribution.

## **Article 8.13. Expropriation and Compensation (14) (15)**

1. No Party shall expropriate or nationalise a covered investment either directly or indirectly through measures equivalent to expropriation or nationalisation ("expropriation"), except:

(a) for a public purpose; (16)

(b) in a non-discriminatory manner;

(c) on payment of prompt, adequate and effective compensation in accordance to paragraphs 2, 3 and 4; and

(d) in accordance with due process of law.

2. Compensation referred to in paragraph 1(c) shall:

(a) be paid without delay;

(b) be equivalent to the fair market value of the expropriated investment immediately before the expropriation took place (the date of expropriation);

(c) not reflect any change in value occurring because the intended expropriation had become known before the date of expropriation; and

(d) be fully realisable and freely transferable.

3. If the fair market value is denominated in a freely usable currency, the compensation referred to in paragraph 1(c) shall be no less than the fair market value on the date of expropriation, plus interest at a commercially reasonable rate for that

currency, accrued from the date of expropriation until the date of payment.

4. If the fair market value is denominated in a currency that is not freely usable, the compensation referred to in paragraph 1(c), converted into the currency of payment at the market rate of exchange prevailing on the date of payment, shall be no less than:

(a) the fair market value on the date of expropriation, converted into a freely usable currency at the market rate of exchange prevailing on that date; plus

(b) interest, at a commercially reasonable rate for that freely usable currency, accrued from the date of expropriation until the date of payment.

5. This Article shall not apply to the issuance of compulsory licences granted in relation to intellectual property rights in accordance with the TRIPS Agreement, or to the revocation, limitation or creation of intellectual property rights, to the extent that the issuance, revocation, limitation or creation is consistent with the TRIPS Agreement. (17)

6. For greater certainty, a Party's decision not to issue, renew or maintain a subsidy or grant, or decision to modify or reduce a subsidy or grant:

(a) in the absence of any specific commitment under law or contract to issue, renew or maintain that subsidy or grant; or

(b) in accordance with any terms or conditions attached to the issuance, renewal, modification, reduction and maintenance of that subsidy or grant,

standing alone, does not constitute an expropriation.

(14) Article 8.13 shall be interpreted in accordance with Annex 8-C.

(15) For Singapore, notwithstanding paragraphs 1 and 2, any measure of expropriation relating to land, which shall be defined in the existing domestic legislation of the expropriating Party on the date of entry into force of this Agreement, shall be for a purpose and upon payment of compensation in accordance with the aforesaid legislation.

(16) For greater certainty, for the purposes of this Article, the term "public purpose" refers to a concept in customary international law. Domestic law of a Party may express this or a similar concept by using different terms, such as "public necessity", "public interest", "public use", "national security" or "social interest".

(17) For greater certainty, the Parties recognise that, for the purposes of this Article, the term "revocation" of intellectual property rights includes the cancellation or nullification of such rights, and the term "limitation" of intellectual property rights also includes exceptions to such rights.

## **Article 8.14. Denial of Benefits (18)**

A Party may deny the benefits of this Chapter to an investor of the other Party that is an enterprise of that other Party and to investments of that investor if the enterprise:

(a) is owned or controlled by a person of a non-Party or of the denying Party; and

(b) has no substantial business activities in the territory of the other Party.

(18) For greater certainty, the benefits of this Chapter may be denied under this provision at any time, Where an investor has submitted a claim to arbitration, under Article 8.14 any such denial of benefits should be made by the denying Party as soon as practicable after the filing of the Notice of Arbitration.

## **Article 8.15. Special Formalities and Information Requirements**

1. Nothing in Article 8.5 shall be construed to prevent a Party from adopting or maintaining a measure that prescribes special formalities in connection with a covered investment, such as a residency requirement for registration or a

requirement that a covered investment be legally constituted under the laws or regulations of the Party, provided that such formalities do not materially impair the protections afforded by the Party to investors of the other Party and covered investments pursuant to this Chapter.

2. Notwithstanding Articles 8.5 and 8.6, a Party may require an investor of the other Party or a covered investment to provide information concerning that investment solely for informational or statistical purposes. The Party shall protect such information that is confidential from any disclosure that would prejudice the competitive position of the investor or the covered investment. Nothing in this paragraph shall be construed to prevent a Party from obtaining or disclosing information in connection with the equitable and good faith application of its laws and regulations.

## **Article 8.16. Subrogation**

If a Party, or any agency, institution, statutory body or corporation designated by the Party, makes a payment to an investor of the Party under a guarantee, a contract of insurance or other form of indemnity that it has entered into with respect to a covered investment, the other Party in whose territory the covered investment was made shall recognise the subrogation or transfer of any rights the investor would have possessed under this Chapter with respect to the covered investment but for the subrogation, and the investor shall be precluded from pursuing these rights to the extent of the subrogation.

## **Article 8.17. Corporate Social Responsibility**

The Parties reaffirm the importance of each Party encouraging enterprises operating within its territory or subject to its jurisdiction to voluntarily incorporate into their internal policies those internationally recognised standards, guidelines and principles of corporate social responsibility, such as the OECD Guidelines for Multinational Enterprises, that have been endorsed or are supported by that Party.

## **Section B. Settlement of Disputes between a Party and an Investor of the other Party**

This Section shall not apply to any dispute concerning any measure adopted or maintained or any treatment accorded to investors or investments by a Party in respect of tobacco or tobacco- related products. (19)

(19) For the purposes of this Agreement, "tobacco or tobacco related products" means products under Harmonised System Chapter 24 (Tobacco and Manufactured Tobacco Substitutes) and tobacco-related products falling outside Harmonised System Chapter 24 (Tobacco and Manufactured Tobacco Substitutes).

## **Article 8.18. Consultations**

1. In the event of an investment dispute, the disputing parties should initially seek to resolve the dispute amicably through consultations, which may include the use of non-binding, third party procedures, such as good offices, conciliation and mediation.

2. The consultations shall be initiated by a written request for consultations delivered to the respondent setting out a brief description of the facts regarding the measure or measures at issue, and the information specified below:

(a) the name and address of the claimant and, if the claim is submitted on behalf of an enterprise, the name, address and place of incorporation of the enterprise;

(b) for each claim, the provisions of Section A alleged to have been breached.

(c) the factual and legal basis for each claim; and

(d) the relief sought and the approximate amount of damages claimed.

3. Unless otherwise agreed by the disputing parties, the place of consultations shall be: (a) Santiago, if the measures challenged are measures of Chile; (b) Bogota, if the measures challenged are measures of Colombia; (c) Mexico City, if the measures challenged are measures of Mexico; (d) Lima, if the measures challenged are measures of Peru; and (e) Singapore, if the measures challenged are measures of Singapore.

4. The disputing parties may hold the consultations through videoconference or other means, where appropriate.

5. For greater certainty, the initiation of consultations shall not be construed as recognition of the jurisdiction of the tribunal under this Section.

## **Article 8.19. Mediation**

1. The disputing parties may at any time agree to have recourse to mediation.
2. The mediator shall be appointed by agreement of the disputing parties.
3. Recourse to mediation is without prejudice to the legal position or rights of a disputing party under this Chapter and is governed by the rules agreed to by the disputing parties including, if available, the rules for mediation adopted by the Free Trade Commission.
4. If mediation resolves the dispute, a consent award should be issued by the tribunal, if one has been constituted.
5. For greater certainty, the initiation of mediation shall not be construed as recognition of the jurisdiction of the tribunal under this Section.

## **Article 8.20. Submission of a Claim to Arbitration**

1. If an investment dispute has not been resolved within six months of the receipt by the respondent of a written request for consultations pursuant to Article 8.18:
  - (a) the claimant, on its own behalf, may submit to arbitration under this Section a claim:
    - (i) that the respondent has breached an obligation under Section A; and
    - (ii) that the claimant has incurred losses or damages by reason of, or arising out of, that breach; and
  - (b) the claimant, on behalf of an enterprise of the respondent that is a juridical person that the claimant owns or controls directly or indirectly, may submit to arbitration under this Section a claim:
    - (i) that the respondent has breached an obligation under Section A; and
    - (ii) that the enterprise has incurred losses or damages by reason of, or arising out of, that breach.
2. For greater certainty, objections that a respondent may raise in any proceedings under this Section, would include, but not be limited to, objections on the ground that an investment has been made, established, acquired or admitted through fraud or misrepresentation, concealment, corruption or conduct amounting to an abuse of process.
3. After the end of the six-month period as provided for under paragraph 1, and at least 90 days before submitting any claim to arbitration under this Section, the claimant shall deliver to the respondent a written notice of its intention to submit a claim to arbitration ("Notice of Intent"). The Notice of Intent shall specify:
  - (a) the name and address of the claimant and, if the claim is submitted on behalf of an enterprise, the name, address and place of incorporation of the enterprise;
  - (b) for each claim, the provisions of Section A alleged to have been breached;
  - (c) the factual and legal basis for each claim; and
  - (d) the relief sought and the approximate amount of damages claimed.
4. For greater certainty, when a Notice of Intent is submitted by more than one claimant or on behalf of more than one enterprise, the information in paragraph 3 shall be submitted for each claimant or each enterprise, as the case may be.
5. The claimant may submit a claim referred to in paragraph 1 under one of the following alternatives:
  - (a) the ICSID Convention and the ICSID Rules of Procedure for Arbitration Proceedings, provided that both the respondent and the Party of the claimant are parties to the ICSID Convention;
  - (b) the ICSID Additional Facility Rules, provided that either the respondent or the Party of the claimant is a party to the ICSID Convention;
  - (c) the UNCITRAL Arbitration Rules; or

(d) if the disputing parties agree, any other arbitral institution or under any other arbitration rules.

6. A claim shall be deemed submitted to arbitration under this Section, when the claimant's notice of or request for arbitration ("Notice of Arbitration"):

(a) referred to in the ICSID Convention, is received by the Secretary-General;

(b) referred to in the ICSID Additional Facility Rules, is received by the Secretary-General;

(c) referred to in the UNCITRAL Arbitration Rules, together with the statement of claim referred to therein, are received by the respondent; or

(d) referred to under any other arbitral institution or under any arbitration rules selected under paragraph 5(d), is received by the respondent.

7. A claim asserted by the claimant for the first time after the Notice of Arbitration is submitted shall be deemed submitted to arbitration under this Section on the date of its receipt under the applicable arbitration rules.

8. The arbitration rules applicable under paragraph 5 that are in effect on the date the claim or claims were submitted to arbitration under this Section shall govern the arbitration except to the extent modified by this Agreement.

9. The claimant shall provide with the Notice of Arbitration:

(a) the name of the arbitrator that the claimant appoints; or

(b) the claimant's written consent for the Secretary-General to appoint that arbitrator.

## **Article 8.21. Consent of Each Party to Arbitration**

1. Each Party consents to the submission of a claim to arbitration under this Section in accordance with this Agreement.

2. The consent referred to in paragraph 1 and the submission of a claim to arbitration under this Section shall be deemed to satisfy the requirements of:

(a) Chapter II of the ICSID Convention (Jurisdiction of the Centre) and the ICSID Additional Facility Rules for written consent of the parties to the dispute; and

(b) Article II of the New York Convention for an "agreement in writing".

## **Article 8.22. Conditions and Limitations on Consent of Each Party**

1. A claim may not be submitted to arbitration under this Section if more than three years have elapsed from the date on which the claimant first acquired, or should have first acquired, knowledge of the breach alleged under Article 8.20.1 and knowledge that the claimant (for claims brought under Article 8.20.1(a)) or the enterprise (for claims brought under Article 8.20.1(b)) has incurred loss or damage.

2. A claim may not be submitted to arbitration under this Section unless:

(a) the claimant consents in writing to arbitration in accordance with the procedures set out in this Agreement; and

(b) the Notice of Arbitration is accompanied:

(i) by the claimant's written waiver, for claims submitted to arbitration under Article 8.20.1(a);

(ii) by the claimant's and the enterprise's written waivers, for claims submitted to arbitration under Article 8.20.1(b),

of any right to initiate or continue before any court or administrative tribunal under the law of a Party, or any other dispute settlement procedures, any proceeding with respect to any measure alleged to constitute a breach referred to in Article 8.20.

3. Notwithstanding paragraph 2 (b), the claimant (for claims brought under 8.20.1(a)) and the claimant or the enterprise (for claims brought under Article 8.20.1(b)) may initiate or continue an action that seeks interim injunctive relief and does not involve the payment of monetary damages before a judicial or administrative tribunal of the respondent, provided that the action is brought for the sole purpose of preserving the claimant's or the enterprise's rights and interests during the pendency of the arbitration.

4. Upon request of the respondent, the tribunal shall decline jurisdiction if any of the claimants fails to fulfil any of the requirements established under this Article and Article 8.20.

### **Article 8.23. Third Party Funding**

1. If a disputing party has received or is receiving third party funding, or has arranged to receive third party funding, the said disputing party shall file a written notice disclosing the name and address, and where applicable, ultimate beneficial owner and corporate structure, of any third party from which the disputing party, its affiliate or its representative, individually or collectively, has, directly or indirectly, received funds for the pursuit or defence of the proceeding through a donation or grant, or in return for remuneration dependent on the outcome of the proceeding.

2. The disputing party shall make the disclosure, under paragraph 1, at the time of the submission of a claim, or within ten days after any third party funding is arranged, donated or granted, as applicable, if such arrangement, donation or grant is made after the submission of a claim.

3. The disputing party's obligation to disclose information relating to third party funding referred to in paragraph 1, including the termination or any changes regarding the third party funding, shall continue throughout the course of the proceedings.

### **Article 8.24. Selection of Arbitrators**

1. Unless the disputing parties agree otherwise, the tribunal shall be comprised of three arbitrators, one arbitrator appointed by each of the disputing parties and the third, who shall be the presiding arbitrator, appointed by agreement of the disputing parties.

2. In selecting arbitrators, disputing Parties shall take into account, amongst other things, whether potential candidates have experience in public international law or international investment law.

3. The Secretary-General shall serve as appointing authority for an arbitration under this Section.

4. If a tribunal has not been constituted within a period of 90 days from the date that a claim is submitted to arbitration under this Section, the Secretary-General, on the request of a disputing party, shall appoint, in his or her discretion, the arbitrator or arbitrators not yet appointed. The Secretary-General shall not appoint a national of either the respondent or the Party of the claimant as the presiding arbitrator unless the disputing parties agree otherwise.

5. For the purposes of Article 39 of the ICSID Convention and Article 7 of Schedule C to the ICSID Additional Facility Rules, and without prejudice to an objection to an arbitrator on grounds other than nationality:

(a) the respondent agrees to the appointment of each individual member of a tribunal established under the ICSID Convention or to the ICSID Additional Facility Rules;

(b) the claimant referred to in Article 8.20.1(a) may submit a claim to arbitration under this Section, or continue a claim, under the ICSID Convention or the ICSID Additional Facility Rules, only on condition that the claimant agrees in writing to the appointment of each individual member of the tribunal; and

(c) the claimant referred to in Article 8.20.1(b) may submit a claim to arbitration under this Section, or continue a claim, under the ICSID Convention or the ICSID Additional Facility Rules, only on condition that the claimant and the enterprise agree in writing to the appointment of each individual member of the tribunal.

6. In addition to any applicable arbitral rules regarding independence and impartiality of arbitrators, arbitrators shall comply with the Code of Conduct for Arbitrators established by the Free Trade Commission under Article 22.3.1(d) (Functions of the Free Trade Commission) and any other guidance on the application of relevant rules or guidelines on conflicts of interest in international arbitration that the Parties may provide.

### **Article 8.25. Conduct of the Arbitration**

1. The disputing parties may agree on the legal place of any arbitration under the arbitration rules applicable under Article 8.20.5. If the disputing parties fail to reach agreement, the tribunal shall determine the place in accordance with the applicable arbitration rules, provided that the place shall be in the territory of a State that is a party to the New York Convention.

2. A non-disputing Party may make oral or written submissions to the tribunal regarding the interpretation of this



Agreement.

3. After consultation with the disputing parties, the tribunal may accept and consider written amicus curiae submissions regarding a matter of fact or law within the scope of the dispute that may assist the tribunal in evaluating the submissions and arguments of the disputing parties from a person or entity that is not a disputing party but has a significant interest in the arbitral proceedings. Each submission shall identify the author; disclose any affiliation, direct or indirect, with any disputing party; and identify any person, government or other entity that has provided, or will provide, any financial or other assistance in preparing the submission. Each submission shall be in a language of the arbitration and comply with any page limits and deadlines set by the tribunal. The tribunal shall provide the disputing parties with an opportunity to respond to such submissions. The tribunal shall ensure that the submissions do not disrupt or unduly burden the arbitral proceedings, or unfairly prejudice any disputing party.

4. Without prejudice to the tribunal's authority to address other objections as a preliminary question, such as an objection that the dispute is not within the competence of the tribunal, including an objection to the tribunal's jurisdiction, a tribunal shall address and decide as a preliminary question any objection by the respondent that, as a matter of law, a claim submitted is not a claim for which an award in favour of the claimant may be made under Article 8.32, or that the claim is manifestly without legal merit:

(a) An objection under this paragraph shall be submitted to the tribunal as soon as possible after it has been constituted, and in no event later than the date the tribunal fixes for the respondent to submit its counter-memorial, or in the case of an amendment to the Notice of Arbitration, the date the tribunal fixes for the respondent to submit its response to the amendment.

(b) On receipt of an objection under this paragraph, the tribunal shall suspend any proceedings on the merits, establish a schedule for considering the objection consistent with any schedule it has established for considering any other preliminary question, and issue a decision or award on the objection, stating the grounds therefor.

(c) In deciding an objection under this paragraph: that a claim submitted is not a claim for which an award in favour of the claimant may be made under Article 8.32, the tribunal shall assume to be true the claimant's factual allegations in support of any claim in the Notice of Arbitration, or any amendment thereof, and in disputes brought under the UNCITRAL Arbitration Rules, the statement of claim referred to in the relevant article of the UNCITRAL Arbitration Rules. The tribunal may also consider any other relevant facts not in dispute.

(d) The respondent does not waive any objection as to competence, including an objection to jurisdiction, or any argument on the merits merely because the respondent did or did not raise an objection under this paragraph or make use of the expedited procedure set out in paragraph 5.

5. In the event that the respondent so requests within 45 days after the tribunal is constituted, the tribunal shall decide on an expedited basis an objection under paragraph 4 or any other objection that the dispute is not within the tribunal's competence, including an objection that the dispute is not within the tribunal's jurisdiction. The tribunal shall suspend any proceedings on the merits and issue a decision or award on the objection, stating the grounds therefor, no later than 150 days after the date of the request. However, if a disputing party requests a hearing, the tribunal may take an additional 30 days to issue the decision or award. Regardless of whether a hearing is requested, a tribunal may, on a showing of extraordinary cause, delay issuing its decision or award by an additional brief period, which may not exceed 30 days.

6. When the tribunal decides a respondent's objection under paragraphs 4 or 5, it may, if warranted, award to the prevailing disputing party reasonable costs and attorney's fees incurred in submitting or opposing the objection. In determining whether such an award is warranted, the tribunal shall consider whether either the claimant's claim or the respondent's objection was frivolous, and shall provide the disputing parties a reasonable opportunity to comment.

7. For greater certainty, if an investor of a Party submits a claim under this Section, including a claim alleging that a Party breached Article 8.7, the investor has the burden of proving all elements of its claims, consistent with general principles of international law applicable to international arbitration.

8. A respondent shall not assert as a defence, counterclaim, right of set-off, or for any other reason, that the claimant has received or will receive indemnification or other compensation for all or part of the alleged damages, pursuant to an insurance or guarantee contract.

9. A tribunal may order an interim measure of protection to preserve the rights of a disputing party, or to ensure that the tribunal's jurisdiction is made fully effective, including an order to preserve evidence in the possession or control of a disputing party or to protect the tribunal's jurisdiction. A tribunal may not order attachment or enjoin the application of a measure alleged to constitute a breach referred to in Article 8.20. For the purposes of this paragraph, an order includes a recommendation.

10. For greater certainty, upon request by the respondent, the tribunal may order the claimant to provide security for all or part of the costs, if there are reasonable grounds to believe that there is a risk the claimant may not be able to honour a potential costs award against it. In considering that request, the tribunal may take into account evidence of third party funding. If the security for costs is not posted in full within 30 days after the tribunal makes that order, or within any other time period set by the tribunal, the tribunal shall so inform the disputing parties and may order the suspension or termination of the proceedings.

11. In any arbitration conducted under this Section, at the request of any of the disputing parties, a tribunal shall, before issuing a decision or award, transmit its proposed decision or award to the disputing parties. Within 60 days after the tribunal transmits its proposed decision or award, the disputing parties may submit written comments to the tribunal concerning any aspect of its proposed decision or award. The tribunal shall consider any comments and issue its decision or award no later than 45 days after the expiration of the 60 days comment period.

12. In the event that an appellate mechanism for reviewing awards rendered by investor-State dispute settlement tribunals is developed in the future under other institutional arrangements, the Parties shall consider whether awards rendered under Article 8.32 should be subject to that appellate mechanism. The Parties shall strive to ensure that any such appellate mechanism they consider adopting provides for transparency of proceedings similar to the transparency provisions established in Article 8.26.

## **Article 8.26. Transparency of Arbitral Proceedings**

1. Subject to paragraphs 2 and 4, the respondent shall, after receiving the following documents, promptly transmit them to the non-disputing Party and make them available to the public:

(a) the Notice of Intent;

(b) the Notice of Arbitration;

(c) pleadings, memorials and briefs submitted to the tribunal by a disputing party and any written submission submitted pursuant to Article 8.25.2 and 8.25.3, and Article 8.31;

(d) minutes or transcripts of hearings of the tribunal, if available, and

(e) orders, awards and decisions of the tribunal.

2. The tribunal shall conduct hearings open to the public and shall determine, in consultation with the disputing parties, the appropriate logistical arrangements. If a disputing party intends to use information in a hearing that is designated as protected information or otherwise subject to paragraph 3, it shall so advise the tribunal. The tribunal shall make appropriate arrangements to protect such information from disclosure which may include closing the hearing for the duration of the discussion of that information.

3. Nothing in this Section requires a respondent to make available to the public or otherwise disclose during or after the arbitral proceedings, including the hearing, protected information, or to furnish or allow access to information that it may withhold in accordance with Article 24.2 (Security Exceptions) or Article 24.4 (Disclosure of Information). (20)

4. Any protected information that is submitted to the tribunal shall be protected from disclosure in accordance with the following procedures:

(a) subject to subparagraph (d), neither the disputing parties nor the tribunal shall disclose to the non-disputing Party or to the public any protected information if the disputing party that provided the information clearly designates it as such in accordance with subparagraph (b);

(b) any disputing party claiming that certain information constitutes protected information shall clearly designate the information according to any schedule set by the tribunal;

(c) a disputing party shall, according to any schedule set by the tribunal, submit a redacted version of the document that does not contain the protected information. Only the redacted version shall be disclosed in accordance with paragraph 1, and

(d) the tribunal, subject to paragraph 3, shall decide any objection regarding the designation of information claimed to be protected information. If the tribunal determines that the information was not properly designated, the disputing party that submitted the information may:

(i) withdraw all or part of its submission containing that information, or

(ii) agree to resubmit complete and redacted documents with corrected designations in accordance with the tribunal's determination and subparagraph (c).

In either case, the other disputing party shall, whenever necessary, resubmit complete and redacted documents which either remove the information withdrawn under subparagraph (d)(i) by the disputing party that first submitted the information or redesignate the information consistent with the designation under subparagraph (d)(ii) of the disputing party that first submitted the information.

5. Nothing in this Section requires the respondent to withhold from the public information required to be disclosed by its law. The respondent should endeavour to apply those laws in a manner sensitive to protecting from disclosure information that has been designated as protected information.

(20) For greater certainty, when a respondent chooses to disclose to the tribunal information that may be withheld in accordance with Article 24.2 (Security Exceptions) or Article 24.4 (Disclosure of Information), the respondent may still withhold that information from disclosure to the public.

## **Article 8.27. Discontinuance**

If, following the submission of a claim under this Section, the claimant fails to take any steps in the proceeding during 180 consecutive days or such periods as the disputing parties may agree, the claimant shall be deemed to have withdrawn its claim and to have discontinued the proceedings. The tribunal shall, at the request of the respondent, and after notice to the disputing parties, take note of the discontinuance in an order and issue an award on costs. After such an order has been rendered the authority of the tribunal shall lapse. Unless the claimant's failure to take steps in the proceedings was despite its best endeavors to comply with the requirements under Section B, the claimant may not subsequently submit a claim on the same matter.

## **Article 8.28. Governing Law**

1. Subject to paragraph 2, when a claim is submitted under Article 8.20.1(a) or 8.20.1(b), the tribunal shall decide the issues in dispute in accordance with this Agreement and applicable rules of international law. (21)

2. A decision of the Free Trade Commission on the interpretation of a provision of this Agreement under Article 22.3 (Functions of the Free Trade Commission) shall be binding on a tribunal, and any decision or award issued by a tribunal must be consistent with that decision.

3. For greater certainty, the tribunal shall not have jurisdiction to determine the legality of a measure, alleged to constitute a breach of this Agreement, under the laws and regulations of the respondent.

(21) For greater certainty, this provision is without prejudice to any consideration of the domestic law of the respondent when it is relevant to the claim as a matter of fact.

## **Article 8.29. Interpretation of Annexes on Non-Conforming Measures**

1. If a respondent asserts as a defence that the measure alleged to be a breach is within the scope of a non-conforming measure set out in Annex I or Annex II, the tribunal shall, on request of the respondent, request the interpretation of the Free Trade Commission on the issue. The Free Trade Commission shall submit in writing any decision on its interpretation under Article 22.3.2(f) (Functions of the Free Trade Commission) to the tribunal within 90 days of delivery of the request.

2. A decision issued by the Free Trade Commission under paragraph 1 shall be binding on the tribunal and any decision or award issued by the tribunal must be consistent with that decision. If the Free Trade Commission fails to issue such a decision within 90 days, the tribunal shall decide the issue.

## **Article 8.30. Expert Reports**

Without prejudice to the appointment of other kinds of experts when authorised by the applicable arbitration rules, a tribunal, on request of a disputing party or, unless the disputing parties disapprove, on its own initiative, may appoint one or more experts to report to it in writing on any factual issue concerning environmental, health, safety or scientific matters raised by a disputing party in a proceeding, subject to the terms and conditions that the disputing parties may agree.

## Article 8.31. Consolidation

1. If two or more claims have been submitted separately to arbitration under Article 8.20.1, and the claims have a question of law or fact in common and arise out of the same events or circumstances, any disputing party may seek a consolidation order, in accordance with the agreement of all the disputing parties sought to be covered by the consolidation order or the terms of paragraphs 2 through 10.

2. A disputing party that seeks a consolidation order under this Article shall deliver a written request to the Secretary-General and to all the disputing parties sought to be covered by the order and shall specify in the request:

- (a) the names and addresses of all the disputing parties sought to be covered by the consolidation order;
- (b) the nature of the consolidation order sought, and
- (c) the grounds on which the order is sought.

3. Unless the Secretary-General finds, within 30 days after receiving a written request under paragraph 2, that the request is manifestly unfounded, a tribunal shall be established under this Article.

4. Unless all the disputing parties sought to be covered by the consolidation order agree otherwise, the tribunal established under this Article shall comprise three arbitrators:

- (a) one arbitrator appointed by agreement of the claimants;
- (b) one arbitrator appointed by the respondent, and
- (c) the presiding arbitrator appointed by the Secretary-General provided that the presiding arbitrator is not a national of the respondent or of a Party of any claimant.

5. If, within a period of 60 days after the Secretary-General receives a request made under paragraph 2, the respondent fails or the claimants fail to appoint an arbitrator in accordance with paragraph 4, the Secretary-General, on request of any disputing party sought to be covered by the order, shall appoint the arbitrator or arbitrators not yet appointed.

6. If a tribunal established under this Article is satisfied that two or more claims that have been submitted to arbitration under Article 8.20.1 have a question of law or fact in common and arise out of the same events or circumstances, the tribunal may, in the interest of fair and efficient resolution of the claims, and after hearing the disputing parties, by order:

- (a) assume jurisdiction over, and hear and determine together, all or part of the claims;
- (b) assume jurisdiction over, and hear and determine one or more of the claims, the determination of which it believes would assist in the resolution of the others, or
- (c) instruct a tribunal established under Article 8.24 to assume jurisdiction over, and hear and determine together, all or part of the claims, provided that:
  - (i) that tribunal, on request of any claimant that was not previously a disputing party before that tribunal, shall be reconstituted with its original members, except that the arbitrator for the claimants shall be appointed pursuant to subparagraph 4(a) and paragraph 5, and
  - (ii) that tribunal shall decide whether any prior hearing should be repeated.

7. If a tribunal has been established under this Article, a claimant that has submitted a claim to arbitration under Article 8.20.1 and that has not been named in a request made under paragraph 2 may make a written request to the tribunal that it be included in any order made under paragraph 6. The request shall specify:

- (a) the name and address of the claimant;
- (b) the nature of the order sought, and
- (c) the grounds on which the order is sought.

The claimant shall deliver a copy of its request to the Secretary-General.

8. A tribunal established under this Article shall conduct its proceedings in accordance with the UNCITRAL Arbitration Rules, except as modified by this Section.

9. A tribunal established under Article 8.24 shall not have jurisdiction to decide a claim, or part of a claim, over which a tribunal established or instructed under this Article has assumed jurisdiction.

10. On the application of a disputing party, a tribunal established under this Article, pending its decision under paragraph 6, may order that the proceedings of a tribunal established under Article 8.24 be stayed, unless the latter tribunal has already adjourned its proceedings.

## **Article 8.32. Awards**

1. When a tribunal makes a final award, the tribunal may award, separately or in combination, only:

(a) monetary damages and applicable interest, and

(b) restitution of property, in which case the award shall provide that the respondent may pay monetary damages and any applicable interest in lieu of restitution.

2. For greater certainty, if an investor of a Party submits a claim to arbitration under Article 8.20. 1(a), it may recover only for loss or damage that it has incurred in its capacity as an investor of a Party.

3 A tribunal may also award costs and attorney's fees incurred by the disputing parties in connection with the arbitral proceeding, and shall determine how and by whom those costs and attorney's fees shall be paid, in accordance with this Section and the applicable arbitration rules.

4. For greater certainty, for claims alleging the breach of an obligation under Section A with respect to an attempt to make an investment, when an award is made in favour of the claimant, the only damages that may be awarded are those that the claimant has proven were sustained in the attempt to make the investment, provided that the claimant also proves that the breach was the proximate cause of those damages. If the tribunal determines such claims to be frivolous, the tribunal may award to the respondent reasonable costs and attorney's fees.

5. Subject to paragraph 1, if a claim is submitted to arbitration under Article 8.20.1(b) and the award is made in favour of the enterprise:

(a) an award of restitution of property shall provide that restitution be made to the enterprise;

(b) an award of monetary damages and any applicable interest shall provide that the sum be paid to the enterprise, and

(c) the award shall provide that it is made without prejudice to any right that any person may have under applicable domestic law with respect to the relief provided in the award.

6. A tribunal may not award punitive damages.

7. An award made by a tribunal shall have no binding force except between the disputing parties and only in respect of the particular case.

8. Subject to paragraph 9 and the applicable review procedure for an interim award, a disputing party shall abide by and comply with an award without delay.

9. A disputing party shall not seek enforcement of the final award until:

(a) in the case of a final award made under the ICSID Convention:

(i) 120 days have elapsed from the date the award was rendered and no disputing party has requested revision or annulment of the award; or

(ii) revision or annulment proceedings have been completed; and

(b) in the case of a final award under the ICSID Additional Facility Rules, the UNCITRAL Arbitration Rules or the rules selected pursuant to Article 8.20.5(d):

(i) 90 days have elapsed from the date the award was rendered and no disputing party has commenced a proceeding to revise, set aside or annul the award, or

(ii) a court has dismissed or allowed an application to revise, set aside or annul the award and there is no further appeal.

10. Each Party shall provide for the due enforcement of an award in its territory.

11. If the respondent fails to abide by or comply with a final award, on delivery of a request by the Party of the claimant, a panel shall be established under Article 23.8 (Establishment of a Panel). The requesting Party may seek in those proceedings:

(a) a determination that the failure to abide by or comply with the final award is inconsistent with the obligations of this Agreement, and

(b) in accordance with Article 23.17 (Initial Report of the Panel), a recommendation that the respondent abide by or comply with the final award.

12. Adjudicating party may seek enforcement of an arbitration award under the ICSID Convention or the New York Convention regardless of whether proceedings have been taken under paragraph 11.

13. A claim that is submitted to arbitration under this Section shall be considered to arise out of a commercial relationship or transaction for the purposes of Article I of the New York Convention.

### **Article 8.33. Service of Documents**

Delivery of notices and other documents to a Party shall be made to the place designated in Annex 8-F. A Party shall promptly make publicly available and notify the other Party of any change to the place referred to in that Annex.

## **Section C. Complementary Provisions**

### **Article 8.34. Implementation**

The Parties shall consult with each other annually or as otherwise agreed, to review the implementation of this Chapter and consider investment matters of mutual interest, including amongst others, the extent to which the private sector takes advantage of the commitments established in this Chapter.

### **Annex 8-A. CUSTOMARY INTERNATIONAL LAW**

The Parties confirm their shared understanding that "customary international law" generally and as specifically referenced in Article 8.7, results from a general and consistent practice of States that they follow from a sense of legal obligation. The customary international law minimum standard of treatment of aliens refers to all customary international law principles that protect the investments of aliens.

### **Annex 8-B. TRANSFERS**

1. Chile reserves the right of the Central Bank of Chile (Banco Central de Chile) to maintain or adopt measures in conformity with Law 18.840, Constitutional Organic Law of the Central Bank of Chile (Ley 18.840, Ley Organica Constitucional del Banco Central de Chile) or other legislation, in order to ensure currency stability and the normal operation of domestic and foreign payments. For this purpose, the Central Bank of Chile is empowered to regulate the supply of money and credit in circulation and international credit and foreign exchange operations. The Central Bank of Chile is empowered as well to issue regulations governing monetary, credit, financial, and foreign exchange matters. Such measures include, inter alia, the establishment of restrictions or limitations on current payments and transfers (capital movements) to or from Chile, as well as transactions related to them, such as requiring that deposits, investments or credits from or to a foreign country, be subject to a reserve requirement (encaje).

2. Notwithstanding paragraph 1, the reserve requirement that the Central Bank of Chile can apply pursuant to Article 49 N° 2 of Law 18.840, shall not exceed 30 percent of the amount transferred and shall not be imposed for a period which exceeds two years.

3. When applying measures under this Annex, Chile, as established in its legislation, shall not discriminate between Singapore and any third country with respect to transactions of the same nature.

### **Annex 8-C. EXPROPRIATION**

The Parties confirm their shared understanding that:

1. An action or series of actions by a Party cannot constitute an expropriation unless it interferes with a tangible or intangible property right, or property interest in an investment.

2. Article 8.13 addresses two situations. The first is direct expropriation, in which an investment is nationalised or otherwise directly expropriated through formal transfer of title or outright seizure.

3. The second situation addressed by Article 8.13 is indirect expropriation, in which an action or series of actions by a Party has an effect equivalent to direct expropriation in that it substantially deprives the investor of the fundamental attributes of property in its investment, including the right to use, enjoy and dispose of its investment, without formal transfer of title or outright seizure.

(a) The determination of whether an action or series of actions by a Party, in a specific fact situation, constitutes an indirect expropriation requires a case-by-case, fact-based inquiry that considers, among other factors:

(i) the economic impact of the government action and its duration, although the fact that an action or series of actions by a Party has an adverse effect on the economic value of an investment, standing alone, does not establish that an indirect expropriation has occurred;

(ii) the extent to which the government action or series of actions interferes with the distinct, reasonable investment-backed expectations (1); and

(iii) the character of the government action.

(b) For greater certainty, non-discriminatory regulatory actions by a Party that are designed and applied to protect legitimate public welfare objectives, such as public health, safety and the environment, do not constitute indirect expropriations.

(1) For greater certainty, whether an investor's investment backed expectations are reasonable depends, to the extent relevant, on factors such as whether the government provided the investor with binding written assurances and the nature and extent for governmental regulation or the potential for government regulation in the relevant sector.

## **Annex 8-D. EXEMPTIONS TO DISPUTE RESOLUTION MEXICO**

The resolutions of the National Commission on Foreign Investments (Comision Nacional de Inversiones Extranjeras), established in existing measures 2 and 3 of Mexico's Schedule to Annex I, shall not be subject to the provisions established in the dispute settlement mechanism between a Party and an investor of the other Party established in Section B of this Chapter and the dispute settlement mechanism of Chapter 23 (Dispute Settlement).

## **Annex 8-E. SUBMISSION OF A CLAIM TO ARBITRATION**

1. An investor of a Party may not submit to arbitration under Section B a claim that Chile, Colombia, Mexico, or Peru has breached an obligation under Section A either:

(a) on its own behalf under Article 8.20.1(a); or

(b) on behalf of an enterprise of Chile, Colombia, Mexico or Peru that is a juridical person that the investor owns or controls directly or indirectly under Article 8.20.1(b),

if the investor or the enterprise, respectively, has alleged that breach of an obligation under Section A in proceedings before a court or administrative tribunal of Chile, Colombia, Mexico, or Peru.

2. For greater certainty, if an investor of a Party elects to submit a claim of the type described in paragraph 1 to a court or administrative tribunal of the other Party, that election shall be definitive and exclusive, and the investor may not thereafter submit the claim to arbitration under Section B.

## **Annex 8-F. SERVICE OF DOCUMENTS ON A PARTY UNDER SECTION B**

Notices and other documents in disputes under Section B shall be served by delivery to:

(a) For Chile:

Dirección de Asuntos Jurídicos

Subsecretaría de Relaciones Económicas Internacionales

Ministerio de Relaciones Exteriores de la Republica de Chile

Teatinos No. 180

Santiago, Chile

(b) For Colombia:

Dirección de Inversión Extranjera y Servicios

Ministerio de Comercio, Industria y Turismo

Calle 28 No. 13 A – 15, piso 3

Bogotá D.C. – Colombia

(c) For Mexico:

Dirección General de Consultoría Jurídica de Comercio Internacional

Secretaría de Economía

Pachuca No. 189, piso 19

Delegación Cuauhtémoc

México D.F.

C.P.06140

(d) For Peru:

Dirección General de Asuntos de Economía Internacional, Competencia y

Productividad

Ministerio de Economía y Finanzas

Jirón Lampa No. 277, piso 5

Lima 1, Perú

(e) For Singapore:

Permanent Secretary

Ministry of Trade & Industry

100 High Street #09-01

Singapore 179434

Singapore

## **Chapter 9. CROSS-BORDER TRADE IN SERVICES**

### **Article 9.1. Definitions**

For the purposes of this Chapter:

airport operation services means the supply of air terminal, airfield and other airport infrastructure operation services on a fee or contract basis. Airport operation services do not include air navigation services;

computer reservation system (CRS) services means services provided by computerised systems that contain information about air carriers' schedules, availability, fares and fare rules, through which reservations can be made or tickets may be issued;

cross-border trade in services or cross-border supply of services means the supply of a service: (a) from the territory of a Party into the territory of the other Party; (b) in the territory of a Party 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 by a covered investment, as defined in Article 8.1 (Definitions);

enterprise means an enterprise, as defined in Article 2.1 (General Definitions), and a branch of an enterprise;

ground handling services means the supply at an airport, on a fee or contract basis, of the following services: airline representation, administration and supervision; passenger handling; baggage handling; ramp services; catering, except the preparation of the food; air cargo and mail handling; fuelling of an aircraft; aircraft servicing and cleaning; surface transport; and flight operations, crew administration and flight planning. Ground handling services do not include: self-handling; security; line maintenance; aircraft repair and maintenance; or management or operation of essential centralised airport infrastructure, such as de-icing facilities, fuel distribution systems, baggage handling systems and fixed intra-airport transport systems;

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

(a) central, regional, or local governments or authorities; or

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

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

service supplied in the exercise of governmental authority means for each Party, any service which is supplied neither on a commercial basis, nor in competition with one or more service suppliers;

service supplier of a Party means a person of a Party that seeks to supply or supplies a service;

specialty air services means any specialised commercial operation using an aircraft whose primary purpose is not the transportation of goods or passengers, such as aerial fire-fighting, flight training, spraying, sightseeing, surveying, mapping, photography, parachute jumping, glider towing, helicopter-lift for logging and construction, and other airborne agricultural, industrial, and inspection services.

## **Article 9.2. Scope**

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

(a) the production, distribution, marketing, sale or delivery of a service;

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

(c) the access to and use of distribution, transport, or telecommunication networks, and services in connection with the supply of a service;

(d) the presence in the Party's territory of a service supplier of the other Party, and

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

2. This Chapter shall not apply to:

(a) financial services, as defined in paragraph 5(a) of the Annex on Financial Services of GATS;

(b) air services, including domestic and international air transportation services, whether scheduled or non-scheduled, or to related services in support of air services, other than:

(i) aircraft repair and maintenance services while an aircraft is withdrawn from service, excluding so-called line maintenance;

(ii) specialty air services;

(iii) the selling and marketing of air transport services;

(iv) computer reservation system (CRS) services;

(v) airport operation services, and

(vi) ground handling services.

(c) government procurement;

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

(e) services supplied in the exercise of governmental authority.

3. In the event of any inconsistency between this Chapter and a bilateral, plurilateral or multilateral air services agreement to which the Parties are party, the air services agreement shall prevail in determining the rights and obligations of the Parties that are party to that air services agreement.

4. If the Parties have the same obligations under this Agreement and a bilateral, plurilateral or multilateral air services agreement, the Parties may invoke the dispute settlement procedures of this Agreement only after any dispute settlement procedures in the other agreement have been exhausted.

5. In addition to paragraph 1, Articles 9.6, 9.8 and 9.9 shall also apply to measures adopted or maintained by a Party affecting the supply of a service in its territory by a covered investment. (1)

6. This Chapter does not impose any obligation on a Party with respect to a national of the other Party seeking access to its employment market or who is employed on a permanent basis in its territory, and does not confer any right on that national with respect to that access or employment.

7. If the Annex on Air Transport Services of GATS is amended, the Parties shall jointly review any new definitions with a view to aligning the definitions in this Agreement with those definitions, as appropriate.

(1) For greater certainty, nothing in this Chapter, including Annex 9-A, is subject to investor-State dispute settlement, pursuant to Section B of Chapter 8 (Investment).

### **Article 9.3. National Treatment**

1. Each Party shall accord to services and service suppliers of the other Party treatment no less favourable than that it accords, in like circumstances, to its own services and service suppliers.

2. For greater certainty, the treatment to be accorded by a Party under paragraph 1 means, with respect to a regional level of government, treatment no less favourable than the most favourable treatment accorded, in like circumstances, by that regional level of government to service suppliers of the Party of which it forms a part.

3. For greater certainty, whether treatment referred to in paragraph 1 is accorded in "like circumstances" depends on the totality of the circumstances, including whether the relevant treatment distinguishes between services or service suppliers on the basis of legitimate public welfare objectives.

### **Article 9.4. Most-Favoured-Nation Treatment**

1. Each Party shall accord to services and service suppliers of the other Party treatment no less favourable than that it accords, in like circumstances, to services and service suppliers of a non-Party.

2. For greater certainty, whether treatment referred to in paragraph 1 is accorded in "like circumstances" depends on the totality of the circumstances, including whether the relevant treatment distinguishes between services or services suppliers on the basis of legitimate public welfare objectives.

### **Article 9.5. Local Presence**

No Party shall require a service supplier of the other Party to establish or maintain a representative office or any other form of enterprise, or to be resident, in its territory as a condition for the cross-border supply of a service.

### **Article 9.6. Market Access**

No Party shall adopt or maintain, either on the basis of a regional subdivision or on the basis of its entire territory, measures that:

(a) impose limitations on:

- (i) the number of service suppliers, whether in the form of numerical quotas, monopolies, exclusive service suppliers or the requirement of an economic needs test;
  - (ii) the total value of service transactions or assets in the form of numerical quotas or the requirement of an economic needs test;
  - (iii) the total number of service operations or the total quantity of services output, expressed in terms of designated numerical units, in the form of quotas or the requirement of an economic needs test; (2) or
  - (iv) the total number of natural persons that may be employed in a particular service sector or that a service supplier may employ and who are necessary for, and directly related to, the supply of a specific service in the form of numerical quotas or the requirement of an economic needs test; or
- (b) restrict or require specific types of legal entity or joint venture through which a service supplier may supply a service.

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

## **Article 9.7. Non-Conforming Measures**

1. Articles 9.3, 9.4, 9.5 and 9.6 shall not apply to:

(a) any existing non-conforming measure that is maintained by a Party at:

- (i) the central level of government, as set out by that Party in its Schedule to Annex I,
- (ii) a regional level of government, as set out by that Party in its Schedule to Annex I, or
- (iii) a local level of government;

(b) the continuation or prompt renewal of any non-conforming measure referred to in subparagraph (a), or

(c) an amendment to any non-conforming measure referred to in subparagraph (a), to the extent that the amendment does not decrease the conformity of the measure as it existed immediately before the amendment, with Articles 9.3, 9.4, 9.5 and 9.6.

2. Articles 9.3, 9.4, 9.5 and 9.6 shall not apply to any measure that a Party adopts or maintains with respect to sectors, sub-sectors or activities, as set out by that Party in its Schedule to Annex I.

## **Article 9.8. Transparency**

1. Each Party shall establish or maintain appropriate mechanisms for responding to inquiries from interested persons regarding its regulations that relate to the subject matter of this Chapter. (3)

2. Prior to adopting final regulations relating to the subject matter of this Chapter, each Party shall, to the extent possible consider comments received from interested persons with respect to the proposed regulations.

3. To the extent possible, each Party shall allow a reasonable time between the publication of final regulations and the date when they enter into effect.

(3) The implementation of the obligation of establishing appropriate mechanisms may need to take into account the budgetary and resource constraints of small administrative bodies.

## **Article 9.9. Domestic Regulation**

1. Each Party shall ensure that all measures of general application affecting trade in services are administered in a reasonable, objective and impartial manner.

2. If a Party requires authorisation for the supply of a service, it shall ensure that its competent authorities:

- (a) to the extent practicable, permit an applicant to submit an application at any time and shall endeavour to accept

applications electronically;

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

(c) in the case of an incomplete application, at the request of the applicant, and to the extent practicable, provide guidance on the additional information required to complete the application and provide the applicant with the opportunity to rectify minor errors and omissions within the application;

(d) inform the applicant of the decision concerning the application within a reasonable period of time after the submission of an application considered complete under its laws and regulations;

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

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

(g) if an application is rejected, to the extent practicable, inform the applicant of the reasons for the rejection, either directly or on request, as appropriate; and

(h) if they deem appropriate, accept copies of documents that are authenticated in accordance with the Party's laws and regulations in place of original documents.

3. With a view to ensuring that measures relating to qualification requirements and procedures, technical standards and licensing requirements do not constitute unnecessary barriers to trade in services, while recognising the right to regulate and to introduce new regulations on the supply of services in order to meet its policy objectives, each Party shall endeavour to ensure that any such measures that it adopts or maintains:

(a) are based on objective and transparent criteria, such as competence and the ability to supply the service;

(b) not more burdensome than necessary to ensure the quality of the service;

(c) in the case of licensing procedures, are not in themselves a restriction on the supply of the service, and

(d) to the extent practicable, avoid requiring an applicant to approach more than one competent authority for each application for authorisation. (4)

4. If a Party maintains measures relating to licensing requirements and procedures, qualification requirements and procedures and technical standards, the Party shall ensure that the competent authority reaches and administers its decisions in an independent manner. (5)

5. In determining whether a Party is in conformity with its obligations under paragraph 3, international standards of relevant international organisations applied by that Party shall be taken into account. (6)

6. Each Party shall ensure that any authorisation fee charged by any of its competent authorities is reasonable, transparent, and does not, in itself, restrict the supply of the relevant service. (7)

7. If licensing or qualification requirements include the completion of an examination, each Party shall ensure that:

(a) the examination is scheduled at reasonable intervals; and

(b) a reasonable period of time is provided to enable interested persons to submit an application to take the examination.

8. Each Party shall ensure that there are procedures in place domestically to assess the competency of professionals of the other Party.

9. Each Party shall, to the extent practicable, make publicly available information concerning the requirements and procedures for issuing licences and qualifications. Such information should include, where it exists, the following:

(a) whether it is necessary to renew the licence or the qualifications for the supply of a service;

(b) the contact details of the competent authority;

(c) the requirements, procedures and fees applicable to the issuing of licences and qualifications, and

(d) the procedures for appeals or reviews of decisions concerning applications, where applicable.

10. If the results of the negotiations related to paragraph 4 of Article VI of the GATS or the results of any similar negotiations undertaken in other multilateral fora in which the Parties participate, enter into effect, the Parties shall jointly review these

results, with a view to determining whether such results should be incorporated into this Agreement.

11. This Article shall not apply to the non-conforming aspects of measures that are not subject to the obligations under Article 9.3 or Article 9.6 by reason of an entry in a Party's Schedule to Annex I, or to measures that are not subject to the obligations under Article 9.3 or Article 9.6 by reason of an entry in a Party's Schedule to Annex II.

(4) For greater certainty, a Party may require multiple applications for authorisation where a service is in the jurisdiction of multiple competent authorities.

(5) For greater certainty, the Party shall ensure that decisions are taken or implemented in an independent manner, and not for the purposes of favouring a specific service supplier.

(6) "Relevant international organisations" refers to international bodies whose membership is open to the relevant bodies of at least all Parties to the Agreement.

(7) For the purposes of this paragraph, authorisation fees do not include fees for the use of natural resources, payments for auction, tendering or other non-discriminatory means of awarding concessions, or mandated contributions to universal service provision.

## **Article 9.10. Recognition**

1. For the purposes of the fulfilment, in whole or in part, of a Party's standards or criteria for the authorisation, licensing, or certification of service suppliers, and subject to the requirements of paragraph 4, a Party may recognise the education or experience obtained, requirements met, or licences or certifications granted, in the territory of the other Party or a non-Party. Such recognition, which may be achieved through harmonisation or otherwise, may be based upon an agreement or arrangement with the other Party or non-Party concerned, or may be accorded autonomously.

2. If a Party recognises, autonomously or by agreement or arrangement, the education or experience obtained, requirements met or licences or certifications granted in the territory of a non-Party, nothing in Article 9.4 shall be construed to require the Party to accord recognition to the education or experience obtained, requirements met or licences or certifications granted in the territory of the other Party.

3. A Party that is party to an agreement or arrangement of the type referred to in paragraph 1, whether existing or future, shall afford adequate opportunity to the other Party, on request, to negotiate its accession to that agreement or arrangement, or to negotiate a comparable agreement or arrangement. If a Party accords recognition autonomously, it shall afford adequate opportunity to the other Party to demonstrate that education, experience, licences or certifications obtained or requirements met in that other Party's territory should be recognised.

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

5. As set out in Annex 9-A, the Parties shall endeavour to facilitate trade in professional services.

## **Article 9.11. Transfers and Payments (8)**

1. Each Party shall permit all transfers and payments that relate 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 transfers and payments that relate to the cross-border supply of services to be made in a freely usable currency at the market rate of exchange that prevails at the time of transfer.

3. Notwithstanding paragraphs 1 and 2, a Party may prevent or delay a transfer or payment, through the equitable, non-discriminatory and good faith application of its laws relating to:

(a) bankruptcy, insolvency or the protection of the rights of creditors;

(b) issuing, trading, or dealing in securities, futures, options, or derivatives;

(c) financial reporting or record keeping of transfers when necessary to assist law enforcement or financial regulatory authorities;

(d) criminal or penal offences, or

(e) ensuring compliance with orders or judgments in judicial or administrative proceedings.

For greater certainty, this Article does not preclude the equitable, non-discriminatory, and good faith application of a Party's laws relating to its social security, public retirement, or compulsory savings programs.

(8) For greater certainty, this Article is subject to Annex 8-B (Transfers)

## **Article 9.12. Administration of this Chapter**

Matters relating to administration of this Chapter shall be considered by the Parties through the Services, Investment and E-Commerce Committee established under Article 22.5(b) (Establishment of Cross-Cutting Committees).

## **Article 9.13. Denial of Benefits**

1. 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 persons of a non-Party or by persons of the denying Party that has no substantial business activities in the territory of the other Party.

2. 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 persons of a non-Party, and the denying Party adopts or maintains measures with respect to the non-Party or a person of the non-Party that prohibit transactions with the enterprise or that would be violated or circumvented if the benefits of this Chapter were accorded to the enterprise.

## **Annex 9-A. PROFESSIONAL SERVICE**

Within 1 year after the entry into force of this Agreement, the Parties shall initiate dialogue to:

1. identify professional services of mutual interest among the Parties;
2. discuss issues that relate to the recognition of professional qualifications, licensing or registration; and
3. encourage its relevant bodies to establish dialogues with the relevant bodies of the other Party, with a view to facilitate trade in professional services.

# **Chapter 10. INTERNATIONAL MARITIME TRANSPORT SERVICES**

## **Article 10.1. Definitions**

For the purposes of this Chapter:

international maritime transport services means maritime transport of cargo or passengers between a port of a Party and a port of the other Party or a non-Party;

maritime auxiliary services refers to the following services:

(a) maritime cargo handling services means cargo handling services provided for containerised freight, non-containerised freight or passenger baggage. Included are services of freight terminal facilities, on a fee or contract basis, for the maritime sector, i.e. ports, including stevedoring services (i.e. the loading, unloading and discharging of vessels' containerised and non-containerised freight, at ports), and maritime cargo handling services incidental to freight transport;

(b) storage and warehousing services means storage and warehousing services of frozen or refrigerated goods, including perishable food products, bulk storage and warehousing services of liquids and gases, and storage and warehousing services of other goods, including: cotton, grain, wool, tobacco, other farm products, and other household goods;

customs clearance services or customs house brokers's services means activities consisting in carrying out on behalf of another customs formalities concerning import, export or through transport of cargoes, whether this service is the main

activity of the service provider or a usual complement of its main activity but excludes the exercise of statutory powers by customs officers;

container station and depot services means activities consisting of storing containers with a view to their stuffing/stripping, repairing and making them available for shipments;

maritime agency services means activities consisting in representing, within a given geographic area, as an agent the business interests of one or more shipping lines or shipping companies, for the following purposes:

(i) marketing and sales of maritime transport and related services, from quotation to invoicing, and issuance of bills of lading on behalf of the companies, acquisition and resale of the necessary related services, preparation of documentation, and provision of business information; and

(ii) acting on behalf of the companies in organising the call of the ship or taking over cargoes when required; and

(f) maritime freight forwarding services means the activity consisting of organising and monitoring shipment operations on behalf of shippers, through the acquisition of transport and related services, preparation of documentation and provision of business information;

services at the port means pilotage; towing and the tug assistance; provisioning, fuelling and watering; garbage collecting and ballast waste disposal; port captain's services; navigation aids; shore-based operational services essential to ship operations including communications, water and electrical supplies; emergency repair facilities; anchorage.

## **Article 10.2. Scope**

1. This Chapter shall apply to measures adopted or maintained by a Party affecting international maritime transport services supplied by a service supplier of the other Party.

2. For greater certainty, measures affecting the supply of international maritime transport services are subject to the obligations contained in the relevant provisions of Chapter 8 (Investment) and Chapter 9 (Cross-Border Trade in Services), and any exceptions or non-conforming measures set out in this Agreement that are applicable to such obligations.

3. The Parties recognise their respective rights and obligations under any applicable international instruments that regulate international maritime transport and activities related to maritime transport. (1)

(1) For greater certainty, the obligations of a Party under any international instrument mentioned in this paragraph are not subject to the dispute settlement mechanism in Chapter 23 (Dispute Settlement) of this Agreement.

## **Article 10.3. Access to Ports, Services at the Port, and Maritime Auxiliary Services**

1. No Party shall:

(a) adopt or maintain any measure that would deny international maritime transport services or service suppliers of the other Party access on non-discriminatory terms and conditions:

(i) to ports;

(ii) to infrastructure and services at the port; or

(iii) to maritime auxiliary services.

2. Paragraph 1 refers solely to the access to and use of the ports, infrastructure and services at the port, and maritime auxiliary services, but not the supply of such infrastructure and services at the port, or maritime auxiliary services, including the leasing of vessels, themselves.

## **Article 10.4. Cooperation**

The Parties shall endeavour to undertake and strengthen cooperation activities between them in the international maritime transport services sector. Areas of cooperation may include, but are not limited to:

(a) working together through international fora to overcome obstacles that may arise in the provision of international maritime transport services and to sharing knowledge of best practices;

- (b) sharing information about laws and regulations, public policies or programmes that contribute to greater efficiency in the provision of international maritime transport services and services;
- (c) promoting and sharing information on education and training opportunities for personnel engaged in maritime transport services, including information required for the recognition of seafarers' qualifications;
- (d) promoting the exchange of students between academic merchant marine training centres of the Parties subject to availability and the selection processes determined by each Party;
- (e) encouraging the exchange of experiences on trade facilitation projects, such as the "Single Window", the concept of a "business single point of vessel-port interface," under recognition procedures for electronic documents related to vessels, crew and cargo; and
- (f) exploring the possibility of working together in the pursuit of mechanisms to facilitate and promote the on board training for students on the vessels of the Parties.

## **Article 10.5. Repositioning of Empty Containers**

Each Party shall permit international maritime transport service suppliers to reposition empty containers, whether owned or leased, which are not being carried as cargo against payment, between ports located in the Party.

## **Article 10.6. Port Fees and Charges**

1. Each Party shall recognise the International Tonnage Certificate (1969) duly issued to a vessel of an international maritime transport service supplier of the other Party pursuant to the International Convention on Tonnage Measurement of Ships, 1969 ("Convention"). Tonnage-based port charges and expenses shall be collected on the basis of tonnage as stated in the International Tonnage Certificate (1969) or, in the case of a vessel not subject to the Convention, the certificate of registry.
2. If a Party decides to carry out an inspection related to the tonnage of a vessel, such inspection shall be carried out in compliance with the Convention.

## **Article 10.7. Administration of this Chapter**

1. Matters relating to administration of this Chapter shall be considered by the Parties through the Services, Investment and E-Commerce Committee established under Article 22.5(b) (Establishment of Cross-Cutting Committees).
2. The Services, Investment and E-Commerce Committee shall have the following additional function under this Chapter:
  - (a) to consider further opportunities to facilitate the international maritime transport, including through the development of activities undertaken pursuant to Article 10.4.

# **Chapter 11. TEMPORARY ENTRY FOR BUSINESS PERSONS**

## **Article 11.1. Definitions**

For the purposes of this Chapter:

business person means a natural person who has the nationality of a Party according to Article 2.2 (Party-Specific Definitions), who is engaged in trading goods, providing services or conducting investment activities;

immigration formality means a visa, permit, pass or other document or electronic authorisation granting temporary entry;

immigration measure means any measure affecting the entry and stay of foreign nationals; and

temporary entry means entry into the territory of a Party by a business person of the other Party without the intent to establish permanent residence.

## **Article 11.2. Scope**

1. This Chapter shall apply to measures that affect the temporary entry of business persons of a Party into the territory of the other Party.



2. This Chapter shall not apply to measures affecting natural persons seeking access to the employment market of the other Party, nor shall it apply to measures regarding citizenship, nationality, residence or employment on a permanent basis.
3. Nothing in this Agreement shall prevent a Party from applying measures to regulate the entry of natural persons of the other Party into, or their temporary stay in, its territory, including those measures necessary to protect the integrity of, and to ensure the orderly movement of natural persons across, its borders, provided that those measures are not applied in a manner as to nullify or impair the benefits accruing to the other Party under this Chapter.
4. The sole fact that a Party requires business persons of the other Party to obtain an immigration formality shall not be regarded as nullifying or impairing the benefits accruing to any Party under this Chapter.

### **Article 11.3. Application Procedures**

1. Each Party shall, as expeditiously as possible following receipt of a complete application for an immigration formality, issue its decision to the applicant. If the application is approved, the decision shall specify the period of stay and other conditions as needed.
2. At the request of an applicant, a Party that has received a complete application for an immigration formality shall endeavour to promptly provide information concerning the status of the application.
3. Each Party shall ensure that fees charged by its competent authorities for the processing of an application for an immigration formality are reasonable, in that they do not unduly impair or delay trade in goods or services or conduct of investment activities under this Agreement.
4. Each Party shall endeavor to accept and process applications in electronic format.

### **Article 11.4. Grant of Temporary Entry**

1. Each Party shall set out in Annex 11-A the commitments it makes with regard to temporary entry of business persons, which shall specify the conditions and limitations for entry and temporary stay, including length of stay, for each category of business persons specified by that Party.
2. A Party shall grant temporary entry or extension of temporary stay to business persons of the other Party to the extent provided for in those commitments made pursuant to paragraph 1, provided that those business persons:
  - (a) follow the granting Party's prescribed application procedures for the relevant immigration formality; and
  - (b) comply with all relevant eligibility requirements for temporary entry or extension of temporary stay.
3. The sole fact that a Party grants temporary entry to a business person of the other Party pursuant to this Chapter shall not be construed to exempt that business person from meeting any applicable licensing or other requirements, including any mandatory codes of conduct, to practise a profession or otherwise engage in business activities.
4. A Party may refuse to issue an immigration formality to a business person of the other Party in cases where the temporary entry of that business person might adversely affect:
  - (a) the settlement of any labour dispute that is in progress at the place or intended place of employment; or
  - (b) the employment of any natural person who is involved in such dispute.
5. When a Party refuses pursuant to paragraph 4 to issue an immigration formality, it shall inform the applicant accordingly.

### **Article 11.5. Provision of Information**

1. Further to Article 21.2 (Publication) and Article 21.3 (Notification and Provision of Information), each Party shall:
  - (a) promptly publish online if possible or otherwise make publicly available, information on:
    - (i) current requirements for temporary entry under this Chapter, including explanatory material and relevant forms and documents that will enable interested persons of the other Party to become acquainted with those requirements; and
    - (ii) the typical timeframe within which an application for an immigration formality is processed; and
  - (b) establish or maintain appropriate mechanisms to respond to enquiries from interested persons regarding measures

relating to temporary entry covered by this Chapter.

2. The information referred to in subparagraph 1(a) shall include, where applicable, the following information:

(a) types of immigration formality or any similar authorisation regarding temporary entry and temporary stay

(b) documentation required and conditions to be met; and (c) methods of filing an application and options on where to file, such as consular or visa offices or online. Article 11.6: Administration of the Chapter Matters relating to the administration of this Chapter shall be considered by the Parties through the Services, Investment and E-Commerce Committee established under paragraph Article 22.5(b) (Establishment of Cross-Cutting Committees) in consultation with the competent authorities.

## **Article 11.7. Cooperation**

The Parties shall consider undertaking mutually agreed cooperation activities subject to available resources including by sharing experiences on regulations and the implementation of programs for expediting of certain categories of applicants, and technology related to border security, including security of travel documents.

## **Article 11.8. Relation to other Chapters**

1. Except as provided in this Chapter, Chapter 1 (Initial Provisions), Chapter 2 (General Definitions), Chapter 22 (Administration of the Agreement), Chapter 23 (Dispute Settlement), Chapter 25 (Final Provisions), Article 21.2 (Publication) and Article 21.3 (Notification and Provision of Information), this Agreement shall not impose any obligation on a Party regarding its immigration measures.

2. This Chapter shall not be construed to impose obligations or commitments with respect to other Chapters of this Agreement.

## **Article 11.9. Dispute Settlement**

1. No Party shall have recourse to dispute settlement under Chapter 23 (Dispute Settlement) regarding a refusal to grant temporary entry unless:

(a) the matter involves a pattern of practice; and

(b) the business persons affected have exhausted all available administrative remedies regarding the refusal of temporary entry.

2. The remedies referred to in paragraph 1(b) shall be deemed to be exhausted if a final determination in the matter has not been issued by the other Party within a reasonable period of time after the date of the institution of proceedings for the remedy, including any proceedings for review or appeal, and the failure to issue such a determination is not attributable to delays caused by the business persons concerned.

# **Chapter 12. TELECOMMUNICATIONS**

## **Article 12.1. Definitions**

For the purposes of this Chapter:

co-location means access to and use of a physical space to install, maintain or repair equipment, at premises owned or controlled and used by a major supplier to provide public telecommunications services;

cost-oriented means based on cost, and may include a reasonable profit and may involve different cost calculation methodologies for different facilities or services;

end-user means a final consumer of or a subscriber to a public telecommunications service, including a service supplier other than a supplier of public telecommunications services;

enterprise means an enterprise as defined in Article 2.1 (General Definitions) and a branch of an enterprise;

essential facilities means facilities of a public telecommunications network or service that:

(a) are exclusively or predominantly provided by a single or limited number of suppliers; and

(b) cannot feasibly be economically or technically substituted in order to supply a service;

interconnection means linking with suppliers providing public telecommunications services in order to allow the users of one supplier to communicate with users of another supplier and to access services provided by another supplier;

international mobile roaming service means a commercial mobile service provided pursuant to a commercial agreement between suppliers of public telecommunications services that enables end-users to use their home mobile handset or other device for voice, data or messaging services while outside the territory in which the end-user's home public telecommunications network is located;

leased circuit means a telecommunications facility between two or more designated points that is set aside for the dedicated use of, or availability to, a particular user;

licence means any authorisation that a Party may require of a person, in accordance with its laws and regulations, in order for that person to offer a telecommunications service, including concessions, permits or registrations;

major supplier means a supplier of public telecommunications services that has the ability to materially affect the terms of participation (having regard to price and supply) in the relevant market for public telecommunications services, as a result of:

(a) control over essential facilities; or

(b) use of its position in the market;

network element means a facility or equipment used in supplying a public telecommunications service, including features, functions and capabilities provided by means of that facility or equipment;

non-discriminatory means treatment no less favourable than that accorded to any other user of like public telecommunications services in like circumstances, including with respect to timeliness;

number portability means the ability of end-users of public telecommunications services to retain, at the same location, the same telephone numbers when switching between the same category of suppliers of public telecommunications services;

public telecommunications network means telecommunications infrastructure used to provide public telecommunications services between defined network termination points;

public telecommunications service means any telecommunications service that a Party requires, explicitly or in effect, to be offered to the public generally. These services may include telephone and data transmission typically involving transmission of customer-supplied information between two or more defined points without any end-to-end change in the form or content of the customer's information;

reference interconnection offer means an interconnection offer extended by a major supplier and filed with, approved by or determined by a telecommunications regulatory body that sufficiently details the terms, rates, and conditions for interconnection so that a supplier of public telecommunications services that is willing to accept it may obtain interconnection with the major supplier on that basis, without having to engage in negotiations with the major supplier concerned;

telecommunications means the transmission and reception of signals by any electromagnetic means;

telecommunications regulatory body means a body or bodies responsible for the regulation of telecommunications; and

user means a service consumer or a service supplier.

## **Article 12.2. Scope**

1. This Chapter shall apply to measures by a Party affecting trade in public telecommunications services, including:

(a) any measure relating to access to and use of public telecommunications networks or services; and

(b) any measure relating to obligations regarding suppliers of public telecommunications networks or services

2. This Chapter shall not apply to any measure relating to broadcast or cable distribution of radio or television programming except that:

(a) Article 12.4 shall apply with respect to a cable or broadcast service supplier's access to and use of public

telecommunications services; and

(b) Article 12.22 shall apply to any technical measure to the extent that the measure also affects public telecommunications services.

3. Nothing in this Chapter shall be construed to:

(a) require a Party, or require a Party to compel any enterprise, to establish, construct, acquire, lease, operate or supply telecommunications networks or services not offered to the public generally;

(b) require a Party to compel any enterprise, exclusively engaged in the broadcast or cable distribution of radio or television programming, to make available its cable or broadcast facilities as a public telecommunications network; or

(c) prevent a Party from prohibiting a person who operates a private network from using its private network to supply a public telecommunications network or service to third persons.

4. Annex 12-A includes additional provisions relating to the scope of this Chapter.

### **Article 12.3. Approaches to Regulation**

1. The Parties recognise the value of competitive markets to deliver a wide range of choices in the supply of telecommunications services and to enhance consumer welfare, and that economic regulation may not be needed if there is effective competition or if a service is new to a market. Accordingly, the Parties recognise that regulatory needs and approaches differ market by market, and that each Party may determine how to implement its obligations under this Chapter.

2. In this respect, the Parties recognise that a Party may:

(a) engage in direct regulation either in anticipation of an issue that the Party expects may arise or to resolve an issue that has already arisen in the market;

(b) rely on the role of market forces, particularly with respect to market segments that are, or are likely to be, competitive or that have low barriers to entry, such as services provided by telecommunications suppliers that do not own network facilities; or

(c) use any other appropriate means that benefit the long-term interest of end-users.

### **Article 12.4. Access to and Use of Public Telecommunications Services (1)**

1. Each Party shall ensure that any enterprise of the other Party has access to and use of any public telecommunications service, including leased circuits, offered in its territory or across its borders, on reasonable and non-discriminatory terms and conditions. This obligation shall be applied, inter alia, to paragraphs 2 through 6.

2. Each Party shall ensure that any enterprise of the other Party is permitted to:

(a) purchase or lease, and attach terminal or other equipment that interfaces with public telecommunications networks;

(b) provide services to individual or multiple end-users over leased or owned circuits;

(c) connect leased or owned circuits with public telecommunications networks and services or with circuits leased or owned by another enterprise;

(d) perform switching, signalling, processing and conversion functions, and (e) use operating protocols of their choice.

3. Each Party shall ensure that any enterprise of the other Party may use public telecommunications services for the movement of information in its territory or across its borders including for intra-corporate communications, and for access to information contained in databases or otherwise stored in machine-readable form in the territory of a Party.

4. Notwithstanding paragraph 3, a Party may take measures that are necessary to ensure the security and confidentiality of messages, and to protect the privacy of personal data of end-users of public telecommunications networks or services, provided that those measures are not applied in a manner that would constitute a means of arbitrary or unjustifiable discrimination, or a disguised restriction on trade in services.

5. Each Party shall ensure that no condition is imposed on access to and use of public telecommunications networks and services, other than as necessary to:

(a) safeguard the public service responsibilities of suppliers of public telecommunications networks and services, in particular, their ability to make their networks or services generally available to the public, or

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

6. Provided that they satisfy the criteria set out in paragraph 5, conditions for access to and use of public telecommunications networks and services may include:

(a) a requirement to use a specified technical interface, including an interface protocol, for connection with those networks and services;

(b) a requirement, when necessary, for the interoperability of those networks and services;

(c) type approval of terminal or other equipment that interfaces with the network and technical requirements relating to the attachment of that equipment to those networks; or

(d) a licensing, or notification procedure which, if adopted or maintained, is transparent and provides for the processing of applications filed thereunder in accordance with a Party's laws or regulations.

(1) For greater certainty, this Article does not prohibit a Party from requiring an enterprise to obtain a licence to supply any public telecommunications services within its territory.

## **Article 12.5. Interconnection**

1. Each Party shall ensure that suppliers of public telecommunications services in its territory provide, directly or indirectly within the same territory, interconnection with the suppliers of public telecommunications services of the other Party.

2. Each Party shall provide its telecommunications regulatory body with the authority to require interconnection at cost-oriented rates.

3. In carrying out paragraph 1, each Party shall ensure that suppliers of public telecommunications services in its territory take reasonable steps to protect the confidentiality of commercially sensitive information of, or relating to, suppliers and end-users of public telecommunications services, obtained as a result of interconnection arrangements, and that those suppliers only use that information for the purposes of providing these services.

## **Article 12.6. Number Portability**

Each Party shall ensure that suppliers of public telecommunications services in its territory provide number portability (2), without impairment to quality and reliability, in a timely manner, and on reasonable and non-discriminatory terms and conditions.

(2) In the case of Colombia, Article 12.6 shall only apply to mobile services, and shall apply to fixed telephone services provided that it is determined to be technically and economically feasible.

## **Article 12.7. Access to Telephone Numbers**

Each Party shall ensure that suppliers of public telecommunications services of the other Party established in its territory are afforded access to telephone numbers on a non-discriminatory basis.

## **Article 12.8. Competitive Safeguards**

1. Each Party shall maintain appropriate measures for the purpose of preventing suppliers of public telecommunications services that, alone or together, are major suppliers in its territory from engaging in or continuing anti-competitive practices.

2. The anti-competitive practices referred to in paragraph 1 include in particular:

(a) engaging in anti-competitive cross-subsidisation;

(b) using information obtained from competitors with anti-competitive results; and

(c) not making available, on a timely basis, to suppliers of public telecommunications services, technical information about essential facilities and commercially relevant information that are necessary for them to provide services.

## **Article 12.9. Interconnection with Major Suppliers**

### General Terms and Conditions

1. Each Party shall ensure that a major supplier in its territory provides interconnection for the facilities and equipment of suppliers of public telecommunications services of the other Party:

(a) at any technically feasible point in the major supplier's network;

(b) under non-discriminatory terms, conditions (including technical standards and specifications) and rates;

(c) of equality no less favourable than that provided by the major supplier for its own like services, for like services of non-affiliated service suppliers, or for like services of its subsidiaries or other affiliates;

(d) in a timely manner, on terms, conditions (including technical standards and specifications) and at cost-oriented rates that are transparent, reasonable, having regard to economic feasibility, and sufficiently unbundled so that the suppliers do not need to pay for network components or facilities that they do not require for the service to be provided; and

(e) on request, at points in addition to the network termination points offered to the majority of users, subject to charges that reflect the cost of construction of necessary additional facilities.

### Options for Interconnecting with Major Suppliers

2. Each Party shall ensure that a major supplier in its territory provides suppliers of public telecommunications services of the other Party with the opportunity to interconnect their facilities and equipment with those of the major supplier in its territory, through at least one of the following options:

(a) a reference interconnection offer or another standard interconnection offer containing the rates, terms and conditions that the major supplier offers generally to suppliers of public telecommunications services;

(b) the terms and conditions of an interconnection agreement that is in effect; or

(c) through the negotiation of a new interconnection agreement.

### Public Availability of Interconnection Offers and Agreements

3. Each Party shall make publicly available the applicable procedures for interconnection negotiations with a major supplier in its territory.

4. Each Party shall provide means for suppliers of public telecommunications services of the other Party to obtain the rates, terms and conditions necessary for interconnection offered by a major supplier. Those means include, at a minimum, ensuring:

(a) the public availability of interconnection agreements that are in effect between a major supplier in its territory and other suppliers of public telecommunications services in its territory;

(b) the public availability of rates, terms and conditions for interconnection with a major supplier, set by the telecommunications regulatory body or other competent body; or

(c) the public availability of a reference interconnection offer.

## **Article 12.10. Treatment by Major Suppliers of Public Telecommunications Services**

Each Party shall ensure that major suppliers in its territory accord suppliers of public telecommunications services of the other Party treatment no less favourable than that major suppliers accord, in like circumstances, to its subsidiaries, its affiliates or non-affiliated service suppliers regarding:

(a) the availability, provisioning, rates or quality of like public telecommunications services; and

(b) the availability of technical interfaces necessary for interconnection.

## **Article 12.11. Resale**

1. No Party shall prohibit the resale of any public telecommunications service.
2. Each Party shall ensure that major suppliers in its territory:
  - (a) offer for resale, at reasonable rates, (3) to suppliers of public telecommunications services of the other Party, public telecommunications services that such major suppliers supply at retail to end-users; and
  - (b) do not impose unreasonable or discriminatory conditions or limitations on the resale of those services.
3. Each Party may determine, in accordance with its laws and regulations, which public telecommunications services must be offered for resale by major suppliers pursuant to paragraph 2, based on the need to promote competition or to benefit the long-term interests of end-users.
4. If a Party does not require that a major supplier offer a specific public telecommunications service for resale, it nonetheless shall allow service suppliers to request that the service be offered for resale consistent with paragraph 2, without prejudice to the Party's decision on the request.

(3) For the purposes of this article each Party may determine reasonable rates through any methodology that it considers appropriate.

## **Article 12.12. Unbundling of Network Elements**

1. Each Party shall provide its telecommunications regulatory body with the authority to require that major suppliers in its territory offer to suppliers of public telecommunications services of the other Party access to network elements on an unbundled basis, on terms and conditions, and at cost-oriented rates, that are reasonable, non-discriminatory and transparent for the supply of public telecommunications services.
2. Each Party may determine the network elements required to be made available in its territory, and the suppliers that may obtain those elements, in accordance with its laws and regulations.

## **Article 12.13. Provisioning and Pricing of Leased Circuits**

1. Each Party shall ensure that major suppliers in its territory provide to service suppliers of the other Party leased circuits services that are public telecommunications services within a reasonable period of time, and on terms and conditions and at rates, that are reasonable, and non-discriminatory, and based on a generally available offer.
2. Further to paragraph 1, each Party shall provide its telecommunications regulatory body with the authority to require major suppliers in its territory to offer leased circuits services that are public telecommunications services to service suppliers of the other Party at capacity-based and cost-oriented rates.

## **Article 12.14. Co-location**

1. Each Party shall ensure, subject to paragraphs 2 and 3, that a major supplier in its territory provides to suppliers of public telecommunications services of the other Party in the Party's territory, physical co-location of equipment necessary for interconnection or access to unbundled network elements, based on a generally available offer on a timely basis and on terms and conditions and at cost-oriented rates that are reasonable and non-discriminatory.
2. Where physical co-location is not practical for technical reasons or because of space limitations, each Party shall ensure that major suppliers in its territory provide an alternative solution, such as facilitating virtual co-location, based on a generally available offer, on a timely basis and on terms and conditions and at cost-oriented rates that are reasonable and non-discriminatory.
3. Each Party may determine, in accordance with its laws and regulations, which premises owned or controlled by major suppliers in its territory are subject to paragraphs 1 and 2. When the Party makes this determination, it shall take into account factors such as the state of competition in the market where co-location is required, whether those premises can be substituted in an economically or technically feasible manner in order to provide a competing service, or other specific public interest factors.
4. If a Party does not require that a major supplier offer co-location at certain premises, it nonetheless shall allow suppliers of public telecommunications services to request that those premises be offered for co-location consistent with paragraph 1, without prejudice to the Party's decision on such a request.

## **Article 12.15. Access to Poles, Ducts, Conduits and Rights-of-Way (4)(5)**

1. Each Party shall ensure that major suppliers in its territory provide access to poles, ducts, conduits and rights-of-way or any other structures as determined by the Party, owned or controlled by major suppliers to suppliers of public telecommunications services of the other Party in the Party's territory on a timely basis, on terms and conditions and at rates that are reasonable, non-discriminatory and transparent, subject to technical feasibility.

2. A Party may determine, in accordance with its laws and regulations, the poles, ducts, conduits, rights-of-way or any other structures to which it requires major suppliers in its territory to provide access in accordance with paragraph 1. When the Party makes this determination, it shall take into account factors such as the competitive effect of lack of such access, whether such structures can be substituted in an economically or technically feasible manner in order to provide a competing service, or other specified public interest factors.

(4) Chile may comply with this obligation by maintaining appropriate measures to prevent major suppliers in its territory from denying access to poles, ducts, conduits and rights-of-way or any other structure as determined by Chile and that are owned or controlled by such major suppliers.

(5) For Mexico, rights-of-way is equivalent to "derecho de via".

## **Article 12.16. International Submarine Cable Systems (6)(7)**

Each Party shall ensure that any major supplier who controls international submarine cable landing stations in the Party's territory provides access to those landing stations, consistent with the provisions of Article 12.9, Article 12.13 and Article 12.14, to public telecommunications suppliers of the other Party.

(6) Mexico, based on its evaluation of the state of competition of the Mexican submarine cable systems market, has not applied major supplier-related measures to submarine cable landing stations pursuant to this Article.

(7) For Chile, this provision shall apply when its telecommunications regulatory body obtains the authority to implement this provision. Nonetheless, Chile shall ensure reasonable and non-discriminatory access to international submarine cable systems including landing stations in its territory.

## **Article 12.17. Independent Regulatory Bodies**

1. Each Party shall ensure that its telecommunications regulatory body is separate from, and not accountable to, any supplier of public telecommunications services. With a view to ensuring the independence and impartiality of telecommunications regulatory bodies, each Party shall ensure that its telecommunications regulatory body does not hold a financial interest (8) or maintain an operating or management role in any supplier of public telecommunications services.

2. Each Party shall ensure that the regulatory decisions and procedures of its telecommunications regulatory body related to the provisions in this Chapter are impartial with respect to all market participants.

3. No Party shall accord more favourable treatment to a supplier of public telecommunications services in its territory than that accorded to a like service supplier of the other Party on the basis that the supplier receiving more favourable treatment is owned by the national government of the Party.

(8) This paragraph shall not be construed to prohibit a government entity of a Party other than the telecommunications regulatory body from owning equity in a supplier of public telecommunications services.

## **Article 12.18. Cooperation**

The Parties shall endeavour to:

(a) exchange experiences and information in matters of telecommunications policy and regulation, including approaches to



promoting and measuring the quality of public telecommunications services;

(b) promote capacity-building among their telecommunications regulatory bodies; and

(c) exchange information on strategies that promote access to telecommunications services, including in rural areas.

### **Article 12.19. Licensing Process**

1. If a Party requires a supplier of public telecommunications services to have a licence, the Party shall ensure the public availability of:

(a) all the licensing criteria and procedures that it applies;

(b) the time period that it normally requires to reach a decision concerning an application for a licence; and

(c) the terms and conditions of all licences in effect.

2. Each Party shall ensure that, upon request, an applicant is informed of the reasons for the:

(a) denial of a licence;

(b) imposition of supplier-specific conditions on a licence;

(c) revocation of a licence; or

(d) refusal to renew a licence.

### **Article 12.20. Allocation and Use of Scarce Resources**

1. Each Party shall administer its procedures for the allocation and use of scarce telecommunications resources, including frequencies, numbers and rights-of-way, in an objective, timely, transparent and non-discriminatory manner.

2. Each Party shall make publicly available the current state of allocated frequency bands but retains the right not to provide detailed identification of frequencies that are allocated or assigned for specific government use.

3. For greater certainty, a Party's measures relating to allocation and assignment of spectrum and management of frequencies are not per se measures inconsistent with Article 9.6 (Market Access), either as it applies to cross-border trade in services or through the operation of Article 8.2 (Scope) to an investor or covered investment of the other Party. Accordingly, each Party retains the right to establish and apply spectrum and frequency management policies that may have the effect of limiting the number of suppliers of public telecommunications services, provided that the Party does so in a manner that is consistent with this Agreement. This includes the ability to allocate frequency bands taking into account current and future needs and spectrum availability.

4. When making a spectrum allocation for commercial telecommunications services, each Party shall endeavour to rely on an open and transparent process that considers the public interest, including the promotion of competition. Each Party shall endeavour to rely generally on market-based approaches in assigning spectrum for terrestrial commercial telecommunications services. To this end, each Party shall have the authority to use mechanisms such as auctions, if appropriate, to assign spectrum for commercial use.

### **Article 12.21. Universal Service**

Each Party has the right to define the kind of universal service obligations it wishes to adopt or maintain and shall administer any such obligation in a transparent, non-discriminatory and competitively neutral manner, and shall ensure that its universal service obligation is not more burdensome than necessary for the kind of universal service that it has defined.

### **Article 12.22. Transparency**

1. Further to Chapter 21 (Transparency and Anti-Corruption), each Party shall ensure that when its telecommunications regulatory body seeks input (9) for a proposal for a regulation, that body shall:

(a) make the proposal public or otherwise available to any interested persons;

(b) include an explanation of the purpose of and reasons for the proposal;

(c) provide interested persons with adequate public notice of the ability to comment and reasonable opportunity for such comment;

(d) to the extent practicable, make publicly available all relevant comments filed with it; and

(e) respond to all significant and relevant issues raised in comments filed, in the course of issuance of the final regulation.  
(10)

2. Further to Chapter 21 (Transparency and Anti-Corruption), each Party shall ensure that its measures relating to public telecommunications services are made publicly available, including:

(a) tariffs and other terms and conditions of service;

(b) specifications of technical interfaces;

(c) conditions for attaching terminal or other equipment to the public telecommunications network;

(d) licensing or notification requirements, if any;

(e) any measures of the telecommunications regulatory body delegating to other bodies the responsibility for preparing, amending and adopting standards-related measures affecting access and use; and

(f) general procedures relating to resolution of telecommunications disputes provided for in Article 12.25.

(9) For greater certainty, seeking input does not include internal governmental deliberations.

(10) For greater certainty, a Party may consolidate its responses to the comments received from interested persons.

## **Article 12.23. International Mobile Roaming**

1. The Parties shall endeavour to cooperate on promoting transparent and reasonable rates for international mobile roaming services that can help promote the growth of trade among the Parties and enhance consumer welfare.

2. Each Party shall encourage suppliers of public telecommunication services to allow end- users of international roaming of the other Party to make free calls to local emergency numbers of that Party in accordance with its laws and regulations.

3. A Party may choose to take steps to enhance transparency and competition with respect to international mobile roaming rates and technological alternatives to roaming services, such as:

(a) ensuring that information regarding retail rates for international mobile roaming services is easily accessible to the public;

(b) minimising impediments to the use of technological alternatives to roaming, whereby consumers when visiting the territory of a Party from the territory of the other Party can access telecommunications services using the device of their choice; or

(c) encouraging suppliers of public telecommunication services to enable their subscribers of international roaming to manage their use of data, voice and text messages (Short Message Service or SMS).

4. Each Party shall ensure that:

(a) suppliers of public telecommunications services in its territory; or

(b) its telecommunications regulatory body; make publicly available the retail rates for international mobile roaming services.

5. The Parties recognise that a Party may choose to adopt or maintain measures affecting rates or conditions for wholesale international roaming services, with a view to ensuring that these are reasonable. If a Party considers it appropriate it may also cooperate with the other Party to facilitate the implementation of those measures, including by entering into arrangements.

6. If a Party ("the first Party") chooses to regulate rates or conditions for wholesale or retail international mobile roaming services, it shall ensure that a supplier of public telecommunications services of the other Party ("the second Party") has

access to the regulated rates or conditions for wholesale or retail international mobile roaming services for its customers roaming in the territory of the first Party if the second Party has entered into an arrangement with the first Party to reciprocally regulate rates or conditions for wholesale or retail international mobile roaming services for suppliers of the two Parties. (11) The first Party may require suppliers of the second Party to fully utilise commercial negotiations to reach agreement on the terms for accessing such rates or conditions.

7. A Party that ensures access to regulated rates or conditions for wholesale international mobile roaming services in accordance with paragraph 6 shall be deemed to be in compliance with its obligations under Article 9.4 (Most-Favoured-Nation Treatment), Article 12.4, and Article 12.10 with respect to international mobile roaming services.

8. Nothing in this Article shall require a Party to regulate rates or conditions for international mobile roaming services.

(11) For greater certainty, the second Party shall not, solely on the basis of any obligations owed to it by the first Party under a most-favoured-nation provision, or under a telecommunications-specific non-discrimination provision, in any existing international trade agreement, seek or obtain for its suppliers the access to regulated rates or conditions for wholesale international mobile roaming services that is provided under this Article.

## **Article 12.24. Flexibility In Choice of Technology**

No Party shall prevent suppliers of public telecommunications services from choosing the technologies they wish to use to supply their services, subject to requirements necessary to satisfy legitimate public policy interests, provided that any measure restricting that choice is not prepared, adopted or applied in a manner that creates unnecessary obstacles to trade. For greater certainty, a Party adopting those measures shall do so consistent with Article 12.22.

## **Article 12.25. Resolution of Telecommunications Disputes**

1. Further to Article 21.4 (Administrative Proceedings) and Article 21.5 (Review and Appeal), each Party shall ensure that:

### **Recourse**

(a) enterprises have recourse to a telecommunications regulatory body or other relevant body of the Party to resolve disputes regarding the Party's measures relating to matters set out in Article 12.4, Article 12.5, Article 12.6, Article 12.7, Article 12.8, Article 12.9, Article 12.10, Article 12.11, Article 12.12, Article 12.13, Article 12.14, Article 12.15, Article 12.16 and Article 12.23;

(b) if telecommunications regulatory body declines to initiate any action on a request to resolve a dispute, it shall, upon request, provide a written explanation for its decision within a reasonable period of time;

(c) suppliers of public telecommunications services of the other Party that have requested interconnection with a major supplier in the territory of the Party may seek review by its telecommunications regulatory body, within a reasonable and publicly specified period of time after the supplier requests interconnection, to resolve disputes regarding the terms, conditions and rates for interconnection with that major supplier;

### **Reconsideration (12)**

(d) any enterprise whose legally protected interests are adversely affected by a determination or decision of the Party's telecommunications regulatory body may request such body to reconsider (13) such determination or decision. No Party shall permit such request to constitute the grounds for non-compliance of the determination or decision issued by the telecommunications regulatory body, unless the regulatory body suspends such determination or decision. (14) A Party may limit the circumstances in which reconsideration is available, according to its laws and regulations; and

### **Judicial Review**

(e) no Party shall permit the making of an application for judicial review to constitute grounds for non-compliance with the determination or decision of the telecommunications regulatory body, unless the judicial body issues an order that the determination or decision not be enforced while the proceeding is pending.

(12) Paragraph (d) does not apply to Mexico. For Mexico, the general rules, acts or omissions of the Federal Telecommunications Institute may only be challenged through an indirect amparo trial before federal courts specialized in competition, broadcasting and telecommunications and shall not be subject to injunction (suspensión).

(13) With respect to Colombia and Peru, enterprises may not request reconsideration of administrative rulings of general application, as defined in Article 21.1 (Definitions), unless provided for under their laws and regulations.

(14) In Colombia, the decision or ruling of the regulatory body is final when such body decides the request.

## **Article 12.26. Relation to 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 12.27. Enforcement**

Each Party shall provide its competent authority with the authority to enforce the Party's measures relating to the obligations set out in Article 12.4, Article 12.5, Article 12.6, Article 12.7, Article 12.8, Article 12.9, Article 12.10, Article 12.11, Article 12.12, Article 12.13, Article 12.14, Article 12.15 and Article 12.16. That authority shall include the ability to impose effective sanctions, which may include financial penalties, injunctive relief (on an interim or final basis), or the modification, suspension or revocation of licences.

## **Article 12.28. Administration of this Chapter**

Matters relating to the administration of this Chapter shall be considered by the Parties through the Services, Investment and E-Commerce Committee established under Article 22.5 (b) (Establishment of Cross-Cutting Committees).

# **Chapter 13. ELECTRONIC COMMERCE**

## **Article 13.1. Definitions**

For the purposes of this Chapter:

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

covered person means:

(a) a covered investment as defined in Article 8.1 (Definitions);

(b) an investor of a Party as defined in Article 8.1 (Definitions), but does not include an investor in a financial institution; or

(c) a service supplier of a Party as defined in Article 9.1 (Definitions);

but does not include:

(a) a financial institution as defined in Article 8.1 (Definitions); or

(b) a person of a Party that is engaged in the business of supplying a financial service, as defined in paragraph 5(a) of the Annex on Financial Services of GATS, and that seeks to supply or supplies a financial service within the territory of the other Party through the cross-border supply of such service.

digital products means computing programmes, texts, videos, images, sound recordings or other digitally encoded products, produced for commercial sale or distribution, and that can be transmitted electronically; (1)

electronic authentication means the process or act of verifying the identity of a party to an electronic communication or transaction and ensuring the integrity of an electronic communication;

electronic transmission or transmitted electronically means a transmission made using any electromagnetic means, including by photonic means;

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

trade administration documents means forms issued or controlled by a Party that must be completed by or for an importer or exporter in connection with the import or export of goods;

unsolicited commercial electronic messages means electronic messages sent for commercial or marketing purposes to an electronic address without the consent of the recipients, or despite the

explicit rejection of the recipient, through an internet access service supplier or by other telecommunications services.

(1) For greater certainty, digital products do not include digital representations of financial instruments, including money. The definition of digital products should not be understood to reflect a Party's view on whether trade in digital products through electronic transmission should be categorised as trade in services or trade in goods.

## **Article 13.2. Scope**

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

2. This Chapter shall not apply to:

(a) information held or processed by or on behalf of a Party, or measures related to such information, including measures related to its collection; or

(b) government procurement.

3. For greater certainty, measures affecting the supply of a service delivered or performed electronically are subject to the obligations contained in the relevant provisions of Chapter 8 (Investment) and Chapter 9 (Cross-Border Trade in Services), including any exceptions or non-conforming measures set out in this Agreement that are applicable to those obligations.

4. For greater certainty, the obligations contained in Article 13.6, Article 13.14, Article 13.15 and Article 13.18 are:

(a) subject to the relevant provisions, exceptions and non-conforming measures of Chapter 8 (Investment) and Chapter 9 (Cross-Border Trade in Services); and

(b) to be read in conjunction with any other relevant provisions in this Agreement.

5. The obligations contained in Article 13.6, Article 13.14 and Article 13.15 shall not apply to the non-conforming aspects of measures adopted or maintained in accordance with Article 8.11 (Non-Conforming Measures) or Article 9.7 (Non-Conforming Measures).

## **Article 13.3. General Provisions**

1. The Parties recognise the economic growth and opportunities provided by electronic commerce, the importance of frameworks that promote consumer confidence in electronic commerce and the importance of facilitating the use and development of electronic commerce.

2. Considering the potential that electronic commerce has as an instrument for social and economic development, the Parties recognise the importance of:

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

(b) interoperability, innovation and competition to facilitate electronic commerce; and

(c) international and national policies concerning electronic commerce taking into account the interests of all users, including enterprises, consumers, non-governmental organisations and relevant public institutions.

## **Article 13.4. Domestic Electronic Transactions Framework**

1. Each Party shall maintain a legal framework governing electronic transactions consistent with the principles of the UNCITRAL Model Law on Electronic Commerce 1996 or the United Nations Convention on the Use of Electronic Communications in International Contracts, done at New York, November 23, 2005.

2. Each Party shall endeavour to:

(a) avoid any unnecessary regulatory burden on electronic transactions; and

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

## **Article 13.5. Customs Duties**

1. No Party shall impose customs duties on electronic transmissions, including content transmitted electronically, between a person of a Party and a person of the other Party.
2. For greater certainty, paragraph 1 shall not preclude a Party from imposing internal taxes, fees or other charges on content transmitted electronically, provided that such taxes, fees or charges are imposed in a manner consistent with this Agreement.

## **Article 13.6. Non-Discriminatory Treatment of Digital Products**

1. No Party shall accord less favourable treatment to digital products created, produced, published, contracted for, commissioned or first made available on commercial terms in the territory of the other Party, or to digital products of which the author, performer, producer, developer or owner is a person of the other Party, than it accords to other like digital products. (2)
2. For greater certainty, this Article does not apply to subsidies or grants provided by a Party, including government-supported loans, guarantees and insurance.
3. This Article shall not apply to broadcasting.

(2) For greater certainty, to the extent that a digital product of a State other than the Parties is a "like digital product", it will qualify as an "other like digital product" for the purposes of this paragraph.

## **Article 13.7. Transparency**

1. Each Party shall publish information, including on the internet, on its personal information protections and, to the extent possible, other types of protection it provides for users of electronic commerce, including information on:
  - (a) how individuals can pursue remedies; and
  - (b) how businesses can comply with legal requirements.
2. The Parties shall encourage enterprises to publish, including on the internet, their policies and procedures related to protection of personal information.

## **Article 13.8. Online Consumer Protection**

1. The Parties recognise the importance of adopting and maintaining transparent and effective measures to protect consumers from misleading or deceptive commercial activities as referred to in Article 15.7 (Consumer Protection) when they engage in electronic commerce.
2. Each Party shall adopt or maintain consumer protection laws to proscribe misleading or deceptive commercial activities that cause harm or potential harm to consumers engaged in online commercial activities.
3. The Parties shall consider ways to cooperate in addressing cross-border complaints related to online consumer protection.
4. The Parties recognise the importance of cooperation between their respective national consumer protection agencies or other relevant bodies on activities related to cross-border electronic commerce in order to enhance consumer welfare. To that end, the Parties shall endeavour to facilitate that cooperation and promote capacity-building initiatives, in a manner compatible with their respective laws and regulations, important and mutual interests, and within their reasonably available resources.
5. The Parties affirm that the cooperation sought under Article 15.7 (Consumer Protection) includes cooperation with respect to online commercial activities.

## **Article 13.9. Paperless Administration of Trade**

1. Each Party shall endeavour to make trade administration documents available to the public in electronic form.

2. Each Party shall endeavour to accept trade administration documents submitted electronically as the legal equivalent of the paper version of those documents.

## **Article 13.10. Principles on Access to and Use of the Internet for Electronic Commerce**

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

- (a) access and use services and applications of a consumer's choice available on the Internet, subject to reasonable network management (3);
- (b) connect the end-user devices of a consumer's choice to the Internet, provided that such devices do not harm the network; and
- (c) access information on the network management practices of a consumer's Internet access service supplier.

(3) The Parties recognise that an Internet access service supplier that offers its subscribers certain content on an exclusive basis would not be acting contrary to this principle.

## **Article 13.11. Personal Information Protection**

1. The Parties recognise the economic and social benefits of protecting the personal information of users of electronic commerce and the contribution that this makes to enhancing consumer confidence in electronic commerce.
2. To this end, each Party shall adopt or maintain a legal framework that provides for the protection of the personal information of the users of electronic commerce. In the development of its legal framework for the protection of personal information, each Party should take into account principles and guidelines of relevant international bodies.
3. Each Party shall endeavour to adopt non-discriminatory practices in protecting users of electronic commerce from personal information protection violations occurring within its jurisdiction.
4. Recognising that the Parties may take different legal approaches to protecting personal information, each Party should encourage the development of mechanisms to promote compatibility between these different regimes. These mechanisms may include broader international frameworks or mutual recognition arrangements. To this end, the Parties shall endeavour to exchange information on any such mechanisms applied in their jurisdictions and explore ways to extend these or other suitable arrangements to promote compatibility between them.

## **Article 13.12. Unsolicited Commercial Electronic Messages**

1. Each Party shall adopt or maintain measures regarding unsolicited commercial electronic messages sent to an electronic mail address that:
  - (a) require suppliers of unsolicited commercial electronic messages to facilitate the ability of recipients to prevent ongoing reception of those messages; or
  - (b) require the consent, as specified according to the laws and regulations of each Party, of recipients to receive commercial electronic messages.
2. Each Party shall endeavour to adopt or maintain measures that enable recipients to reduce or prevent unsolicited commercial electronic messages sent other than to an electronic mail address, or otherwise provide for the minimisation of these messages.
3. For measures adopted or maintained pursuant to paragraph 1 or when a Party adopts or maintains measures pursuant to paragraph 2, the Party shall provide recourse against suppliers of unsolicited commercial electronic messages that do not comply with those measures.
4. The Parties shall endeavour to cooperate in appropriate cases of mutual concern regarding the regulation of unsolicited commercial electronic messages.

## **Article 13.13. Electronic Authentication and Electronic Signatures**

1. Except in circumstances otherwise provided for under its laws and regulations, no Party shall deny the legal validity of a signature solely on the basis that the signature is in electronic form.
2. No Party shall adopt or maintain measures for electronic authentication that would:
  - (a) prohibit parties to an electronic transaction from mutually determining the appropriate authentication methods for that transaction; or
  - (b) prevent parties to an electronic transaction from having the opportunity to establish before judicial or administrative authorities that their transaction complies with any legal requirements with respect to authentication.
3. Notwithstanding paragraph 2, a Party may require that, for a particular category of transactions, the method of authentication meets certain performance reliability and security standards or is certified by an authority accredited in accordance with the laws and regulations of that Party.
4. The Parties shall encourage the use of interoperable electronic authentication methods based on international or regional standards.

### **Article 13.14. Cross-Border Transfer of Information by Electronic Means**

1. The Parties recognise that each Party may have its own regulatory requirements concerning the transfer of information by electronic means.
2. Each Party shall allow the cross-border transfer of information by electronic means, including personal information, when this activity is for the conduct of the business of a covered person.
3. Nothing in this Article shall prevent a Party from adopting or maintaining measures inconsistent with paragraph 2 to achieve a legitimate public policy objective, provided that the measure:
  - (a) is not applied in a manner which would constitute a means of arbitrary or unjustifiable discrimination or a disguised restriction on trade; and
  - (b) does not impose restrictions on transfers of information greater than are required to achieve the objective.

### **Article 13.15. Localisation of Computing Facilities**

1. The Parties recognise that each Party may have its own regulatory requirements regarding the use of computing facilities, including requirements that seek to ensure the security and confidentiality of communications.
2. No Party shall require a covered person to use or locate computing facilities in that Party's territory as a condition for conducting business in that territory. (4)
3. Nothing in this Article shall prevent a Party from adopting or maintaining measures inconsistent with paragraph 2 to achieve a legitimate public policy objective, provided that such measures:
  - (a) are not applied in a manner which would constitute a means of arbitrary or unjustifiable discrimination or a disguised restriction on trade; and
  - (b) does not impose restrictions on the use or location of computing facilities greater than are required to achieve the objective.

(4) For greater certainty, nothing in this paragraph shall prevent a Party from conditioning the receipt of an advantage, or continued receipt of an advantage, on compliance with a requirement to locate computing facilities in that Party's territory, in accordance with Article 8.9.4 (Performance Requirements).

### **Article 13.16. Cooperation**

Recognising the global nature of electronic commerce, the Parties shall endeavour to:

- (a) work together to assist micro, small and medium-sized enterprises to overcome obstacles to its use;
- (b) exchange information and experiences on laws, regulations, policies, enforcement, compliance and initiatives relating to



electronic commerce, including in relation to personal information protection, online consumer protection including means for consumer redress and building consumer confidence, unsolicited commercial electronic messages, security in electronic communication, authentication, and e-government;

(c) work together to promote cross-border information flows as an essential element in the promotion of a dynamic environment for electronic commerce;

(d) encourage development by the private sector of methods of self-regulation that foster electronic commerce, including codes of conduct, model contracts, guidelines and enforcement mechanisms;

(e) participate actively in regional and multilateral forums to promote the development of electronic commerce, including in relation to the development and application of international standards for electronic commerce;

(f) promoting access for persons with disabilities to information and communications technologies; and

(g) exchange information and share views on consumer access to products and services offered online among the Parties.

## **Article 13.17. Cooperation on Cybersecurity Matters**

The Parties recognise the importance of:

(a) building the capabilities of their national entities responsible for cyber security, including computer security incident response; and

(b) using existing collaboration mechanisms to cooperate on matters related to cyber security, including to identify and mitigate malicious intrusions or dissemination of malicious code that affect the electronic networks of the Parties.

## **Article 13.18. Source Code**

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

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

3. Nothing in this Article shall preclude:

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

(b) a Party from requiring the modification of source code of software necessary for that software to comply with laws or regulations which are not inconsistent with this Agreement.

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

## **Article 13.19. Administration of this Chapter**

Matters relating to administration of this Chapter, including the development of activities undertaken pursuant to Article 13.16, shall be considered by the Parties through the Services, Investment and E-Commerce Committee established under Article 22.5(b) (Establishment of Cross-Cutting Committees).

# **Chapter 14. GOVERNMENT PROCUREMENT**

## **Article 14.1. Definitions**

For the purposes of this Chapter:

build-operate-transfer contract and public works concession contract means a contractual arrangement the primary purpose of which is to provide for the construction or rehabilitation of physical infrastructure, plants, buildings, facilities or other government-owned works and under which, as consideration for a supplier's execution of a contractual arrangement, a procuring entity grants to the supplier, for a specified period of time, temporary ownership or a right to control and

operate, and demand payment for the use of those works for the duration of the contract;

commercial goods or services means goods or services of a type generally sold or offered for sale in the commercial marketplace to, and customarily purchased by, non-governmental buyers for non-governmental purposes;

in writing or written means any worded or numbered expression or other symbols that can be read, reproduced and may be later communicated. It may include electronically transmitted and stored information;

limited tendering means a procurement method whereby the procuring entity contacts a supplier or suppliers of its choice;

measure means any law, regulation, procedure, administrative guidance or practice, or any action of a procuring entity relating to a covered procurement;

multi-use list means a list of suppliers that a procuring entity has determined satisfy the conditions for participation in that list, and that the procuring entity intends to use more than once;

notice of intended procurement means a notice published by a procuring entity inviting interested suppliers to submit a request for participation, a tender or both;

offset means any condition or undertaking that encourages local development or the improvement of a Party's balance of payments accounts, such as the use of domestic content, the licensing of technology, investment, counter-trade and similar action or requirement;

open tendering means a procurement method whereby all interested suppliers may submit a tender;

procuring entity means an entity listed in Annex 14-A;

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

qualified supplier means a supplier that a procuring entity recognizes as having satisfied the conditions for participation;

selective tendering means a procurement method whereby the procuring entity invites only qualified suppliers to submit a tender;

services include construction services, unless otherwise specified; supplier means a person that provides or could provide a good or service to a procuring entity; and technical specification means a tendering requirement that:

(a) sets out the characteristics of:

(i) goods to be procured, including quality, performance, safety and dimensions, or the processes and methods for their production; or

(ii) services to be procured, or the processes or methods for their provision; or

(b) addresses terminology, symbols, packaging, marking or labelling requirements, as they apply to a good or service.

## **Article 14.2. Scope Application of Chapter**

1. This Chapter applies to any measure adopted or maintained by a Party regarding covered procurement. For purposes of this Chapter, covered procurement means procurement for governmental purposes:

(a) of goods, services, or any combination thereof in accordance with that Party's Schedule to Annex 14-A;

(b) not procured with a view to commercial sale or resale, or for use in the production or supply of goods or services for commercial sale or resale;

(c) by a procuring entity;

(d) by any contractual means, including purchase, rental or lease, with or without an option to buy, and build-operate-transfer contracts and public works concessions contracts;

(e) for which the value of the contract, as estimated in accordance with Article 14.5, equals or exceeds the relevant threshold specified in that Party's Schedule in Annex 14-A, at the time of publication of a notice of intended procurement; and

(f) that is not otherwise excluded from coverage under this Agreement.

## Activities Not Covered

2. Unless otherwise provided in a Party's Schedule to Annex 14-A, this Chapter does not apply to:

- (a) non-contractual agreements or any form of assistance that a Party, including its procuring entities, provides, including grants, loans, equity infusions, fiscal incentives, subsidies, guarantees, sponsorship arrangements and cooperative agreements;
- (b) government provision of goods or services to persons or to regional or local level governments;
- (c) procurement conducted for the specific purpose of providing foreign assistance, including developmental aid;
- (d) procurement conducted under the particular procedure or condition of an international organisation, or funded by international loans, grants or other assistance, where the applicable procedure or condition would be inconsistent with this Chapter;
- (e) procurement conducted under the particular procedure or condition of an international agreement relating to the stationing of troops or relating to the joint implementation by the signatory countries of a project;
- (f) hiring of government employees and related employment measures;
- (g) the procurement or acquisition of fiscal agency or depository services, liquidation and management services for regulated financial institutions or services related to the sale, redemption and distribution of public debt, including loans and government bonds, notes, derivatives and other securities. For greater certainty, this Chapter shall not apply to procurement of banking, financial, fiduciary or specialised services related to the following activities:
  - (i) the incurring of public indebtedness; or
  - (ii) public debt management;
- (h) procurement made by a procuring entity from another government entity of that same Party whether or not covered by this Chapter;
- (i) the acquisition or rental of land, existing buildings or other immovable property or the rights thereon; or
- (j) procurement of a good or service outside the territory of the Party of the procuring entity, for consumption outside the territory of that Party.

3. Each Party shall ensure that its procuring entities comply with this Chapter in conducting covered procurements.

4. No procuring entity shall prepare or design a procurement, or otherwise structure or divide a procurement into separate procurements in any stage of the procurement, or use a particular method to estimate the value of a procurement, in order to avoid the obligations of this Chapter.

5. Where a procuring entity awards a contract that is not covered under this Chapter, nothing in this Chapter shall be construed to cover any good or service component of the contract.

6. Nothing in this Chapter shall be construed to prevent a Party, including its procuring entities, from developing new procurement policies, procedures or contractual means, provided that they are not inconsistent with this Chapter.

## Schedules

7. Each Party shall specify the following information in its Schedule to Annex 14-A:

- (a) in Section A, the central government entities whose procurement is covered by this Chapter;
- (b) in Section B, the sub-central government entities whose procurement is covered by this Chapter;
- (c) in Section C, other entities whose procurement is covered by this Chapter;
- (d) in Section D, the goods covered by this Chapter;
- (e) in Section E, the services, other than construction services, covered by this Chapter; (f) in Section F, the construction services covered by this Chapter;
- (g) in Section G, any General Notes;

(h) in Section H, the applicable Threshold Adjustment Formula; and

(i) in Section I, the publication information required under Article 14.7.

### **Article 14.3. General Principles National Treatment and Non-Discrimination**

1. With respect to any measure regarding covered procurement, each Party, including its procuring entities, shall accord immediately and unconditionally to the goods and services of the other Party and any other Party to the Pacific Alliance and to the suppliers of the other Party, treatment no less favourable than the treatment that the Party, including its procuring entities, accords to:

(a) its domestic goods, services and suppliers; and

(b) goods, services and suppliers of any other Party to the Pacific Alliance.

2. With respect to any measure regarding covered procurement, no Party, including its procuring entities, shall:

(a) treat a locally established supplier less favourably than another locally established supplier on the basis of degree of foreign affiliation or ownership; or

(b) discriminate against a locally established supplier on the basis that the good or service offered by that supplier for a particular procurement is a good or service of the other Party.

3. All orders under contracts awarded for covered procurement shall be subject to paragraphs 1 and 2.

#### **Measures Not Specific to Procurement**

4. 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 levying such duties and charges, other import regulations or formalities; or

(b) measures affecting trade in services other than measures governing covered procurement.

#### **Procurement Methods**

5. A procuring entity shall use an open tendering procedure for covered procurement unless Article 14.9 or Article 14.13 applies.

#### **Rules of Origin**

6. Each Party shall apply to covered procurement of a good the rules of origin that it applies in the normal course of trade to that good.

### **Article 14.4. Offsets**

With regard to covered procurement, a Party, including its procuring entities, shall not seek, take account of, impose or enforce any offset, at any stage of a procurement.

### **Article 14.5. Valuation**

1. In estimating the value of a procurement for the purposes of ascertaining whether it is a covered procurement, a procuring entity shall:

(a) neither divide a procurement into separate procurements nor select or use a particular valuation method for estimating the value of a procurement with the intention of avoiding the obligations in this Chapter;

(b) include the maximum total value of the procurement over its entire duration, taking into account all forms of remuneration, including any premium, fee, commission, interest or other revenue stream that may be provided in the relevant procurement and, where the procurement provides for the possibility of options, the total value of such options; and

(c) where the procurement is to be conducted in multiple parts, with contracts to be awarded at the same time or over a given period to one or more suppliers, base its calculation of the total maximum value of the procurement over its entire

duration.

2. If the total estimated maximum value of a procurement over its entire duration is not known, the procurement shall be deemed as a covered procurement, unless otherwise excluded under this Agreement.

## **Article 14.6. Technical Specifications**

1. A procuring entity shall not prepare, adopt or apply any technical specification or prescribe any conformity assessment procedure with the purpose or effect of creating an unnecessary obstacle to trade between the Parties.

2. In prescribing the technical specifications for the good or service being procured, a procuring entity shall, if appropriate:

(a) set out the technical specifications in terms of performance and functional requirements, rather than design or descriptive characteristics; and

(b) base the technical specifications on international standards, if these exist; otherwise, on national technical regulations, recognised national standards or building codes.

3. A procuring entity shall not prescribe technical specifications that require or refer to a particular trademark or trade name, patent, copyright, design, type, specific origin, producer or supplier, unless there is no other sufficiently precise or intelligible way of describing the procurement requirements and provided that, in these cases, the procuring entity includes words such as "or equivalent" in the tender documentation.

4. A procuring entity shall not seek or accept, in a manner that would have the effect of precluding competition, advice that may be used in the preparation or adoption of any technical specification for a specific procurement from a person that may have a commercial interest in the procurement.

5. For greater certainty, this Article is not intended to preclude a procuring entity from preparing, adopting or applying technical specifications to promote the conservation of natural resources or the protection of the environment.

6. For greater certainty, a procuring entity may conduct market research in developing specifications for a particular procurement.

7. For greater certainty, this Chapter is not intended to preclude a Party, or its procuring entities, from preparing, adopting or applying technical specifications required to protect sensitive government information, including specifications that may affect or limit the storage, hosting or processing of such information outside the territory of the Party.

## **Article 14.7. Publication of Procurement Information**

1. Each Party shall promptly publish any measure of general application relating to covered procurement, and any change or addition to this information.

2. Each Party shall list in Section I of its Schedule to Annex 14-A the paper or electronic means through which the Party publishes the information described in paragraph 1 and the notices required by Article 14.8, Article 14.13 and Article 14.15.

3. Each Party shall, on request, respond to an inquiry relating to the information referred to in paragraph 1.

## **Article 14.8. Notice of Intended Procurement**

1. For each covered procurement, except in the circumstances described in Article 14.9, a procuring entity shall publish a notice of intended procurement through the appropriate paper or electronic means listed in Section I of its Schedule to Annex 14-A. The notices shall remain readily accessible to the public until at least the expiration of the time period for responding to the notice or the deadline for submission of the tender.

2. The notices shall, if accessible by electronic means, be provided free of charge:

(a) for central government entities that are covered under Annex 14-A, through a single g point of access; and

(b) for sub-central government entities and other entities covered under Annex 14-A, through links in a single electronic portal.

3. Unless otherwise provided in this Chapter, each notice of intended procurement shall include at least the following information, unless that information is provided in the tender documentation that is made available free of charge to all interested suppliers at the same time as the notice of intended procurement:

- (a) a description of the procurement, including, if appropriate, the nature and quantity of the goods or services to be procured and a description of any options, or the estimated quantity if the quantity is not known;
- (b) the procurement method that will be used;
- (c) a brief description of any conditions for participation that suppliers must fulfil to participate in the relevant procurement, that may include any related requirements for specific documents or certifications that suppliers must provide;
- (d) the name of the procuring entity publishing the notice;
- (e) the address and/or the contact point information where suppliers may obtain all relevant documents relating to the procurement, and the cost and terms of payment to obtain the relevant documents, if any;
- (f) where applicable, the address and any final date for the submission of requests for participation in the procurement;
- (g) the address and any final date for the submission of tenders;
- (h) the time-frame for delivery of goods or services to be procured or the duration of the contract, except when this information is provided in the tender documentation;
- (i) if, pursuant to Article 14.13, a procuring entity intends to select a limited number of qualified suppliers to be invited to tender, the criteria that will be used to select them and, if applicable, any limitation on the number of suppliers that will be permitted to tender; and
- (j) an indication that the procurement is covered by this Chapter unless that indication is publicly available through information published pursuant to Article 14.7.

4. For greater certainty, paragraph 3 does not preclude a Party from charging a fee for tender documentation if the notice of intended procurement includes all of the information set out in paragraph 3.

#### Notice of Planned Procurement

5. Each Party shall encourage their procuring entities to publish in an electronic means listed in Section I of its Schedule to Annex 14-A, as early as possible in each fiscal year, a notice regarding their future procurement plans. Such notices shall include the subject matter of the procurement and the planned date of publication of the notice of intended procurement.

### **Article 14.9. Limited Tendering**

1. Provided that it does not use this provision for purposes of avoiding competition among suppliers or in a manner that discriminates against suppliers of the other Party or protects domestic suppliers, a procuring entity may use limited tendering.

2. If a procuring entity uses limited tendering, it may choose, according to the nature of the procurement, not to apply Article 14.6, Article 14.8, Article 14.10, Article 14.11, Article 14.12, Article 14.13 or Article 14.14. A procuring entity may use limited tendering, only under the following circumstances:

(a) if, in response to a prior notice, invitation to participate or invitation to tender:

(i) no tenders were submitted or no suppliers requested participation;

(ii) no tenders were submitted that conform to the essential requirements in the tender documentation;

(iii) no suppliers satisfied the conditions for participation; or

(iv) the tenders submitted were collusive. For greater certainty, a Party may provide under its laws and regulations that a declaration that tenders are collusive must be made by a competent authority;

provided that the procuring entity does not substantially modify the requirements set out in the notices or the tender documentation;

(b) if the goods or services can be supplied only by a particular supplier and no reasonable alternative or substitute good or service exists for any of the following reasons:

(i) the requirement is for a work of art;

(ii) the protection of patents, copyrights or other exclusive rights; or

(iii) due to an absence of competition for technical reasons;

(c) for additional deliveries by the original supplier or its authorised agents of goods or services that were not included in the initial procurement where a change of supplier for such additional goods or services:

(i) cannot be made for economic or technical reasons such as requirements of interchangeability or interoperability with existing equipment, software, services or installations procured under the initial procurement or due to conditions under original supplier warranties; and

(ii) would cause significant inconvenience or substantial duplication of costs for the procuring entity;

(d) for goods purchased on a commodity market;

(e) if a procuring entity procures a prototype or a first good or service that is intended for limited trial or that is developed at its request in the course of, and for, a particular contract for research, experiment, study or original development. Original development of a prototype or a first good or service may include limited production or supply in order to incorporate the results of field testing and to demonstrate that the prototype or the first good or service is suitable for production or supply in quantity to acceptable quality standards, but does not include quantity production or supply to establish commercial viability or to recover research and development costs. Subsequent procurements of these newly developed goods or services, however, shall be subject to this Chapter;

(f) if additional construction services that were not included in the initial contract but that were within the objectives of the original tender documentation have, due to unforeseeable circumstances, become necessary to complete the construction services described therein. However, the total value of contracts awarded for additional construction services may not exceed 50 per cent of the value of the initial contract;

(g) insofar as is strictly necessary, if, for reasons of extreme urgency brought about by events unforeseeable by the procuring entity, the goods or services could not be obtained in time by means of open or selective tendering;

(h) if a contract is awarded to the winner of a design contest, provided that:

(i) the contest has been organised in a manner that is consistent with this Chapter; and

(ii) the participants are judged by an independent jury with a view to award a design contract to the winner; or

(i) for purchases made under exceptionally advantageous conditions that only arise in the very short term, such as from unusual disposals, liquidation, bankruptcy or receivership, but not for routine purchases from regular suppliers.

3. A procuring entity shall prepare a report in writing or maintain a record for each contract awarded in accordance with paragraph 2. Such report or record shall include the name of the procuring entity, the value and kind of goods or services procured, and a statement that indicates the circumstances and conditions described in paragraph 2 that justified the use of limited tendering.

## **Article 14.10. Time Periods for the Submission of Tenders**

### **General**

1. A procuring entity shall, consistent with its own reasonable needs, provide sufficient time for a supplier to obtain the tender documentation and to prepare and submit a request for participation and a responsive tender, taking into account factors such as:

(a) the nature and complexity of the procurement; and

(b) the time necessary for transmitting tenders by non-electronic means from foreign as well as domestic points if electronic means are not used.

### **Deadlines**

2. A procuring entity that uses selective tendering shall establish that the final date for the submission of a request for participation shall not, in principle, be less than 25 days from the date of publication of the notice of intended procurement. If a state of urgency duly substantiated by the procuring entity renders this time period impracticable, the time period may be reduced to no less than 10 days.

3. Except as provided in paragraphs 4 and 5, a procuring entity shall establish that the final date for the submission of tenders shall not be less than 40 days from the date on which:

(a) in the case of open tendering, the notice of intended procurement is published; or

(b) in the case of selective tendering, the procuring entity notifies the suppliers that they will be invited to submit tenders, whether or not it uses a multi-use list.

4. A procuring entity may reduce the time period for tendering set out in paragraph 3 by five days for each one of the following circumstances:

(a) the notice of intended procurement is published by electronic means;

(b) the tender documentation is made available by electronic means from the date of the publication of the notice of intended procurement; and

(c) the procuring entity accepts tenders by electronic means.

5. A procuring entity may reduce the time period for tendering set out in paragraph 3 to no less than 10 days if:

(a) the procuring entity has published a notice of planned procurement under Article 14.8 at least 40 days and no more than 12 months in advance of the publication of the notice of intended procurement, and the notice of planned procurement contains:

(i) a description of the procurement;

(ii) the approximate final dates for the submission of tenders or requests for participation;

(iii) the address from which documents relating to the procurement may be obtained; and

(iv) as much of the information that is required for the notice of intended procurement as is available;

(b) a state of urgency duly substantiated by the procuring entity renders impracticable the time period for tendering set out in paragraph 3; or

(c) the procuring entity procures commercial goods or services.

6. The use of paragraph 4, in conjunction with paragraph 5, shall in no case result in the reduction of the time periods for tendering set out in paragraph 3 to less than 10 days.

7. A procuring entity shall require all interested or participating suppliers to submit requests for participation or tenders in accordance with a common deadline. These time periods, and any extension of these time periods, shall be the same for all interested or participating suppliers.

8. When a procuring entity covered under Section B and C of a Party's Schedule to Annex 14- A has selected all or a limited number of qualified suppliers, the time period for tendering may be fixed by mutual agreement between the procuring entity and the selected suppliers. In the absence of agreement, the period shall not be less than 10 days.

## **Article 14.11. Tender Documentation**

1. A procuring entity shall make available to suppliers tender documentation that includes all information necessary to allow suppliers to prepare and submit responsive tenders.

2. Unless already provided in the notice of intended procurement, that tender documentation shall include at least a complete description of:

(a) the procurement, including the nature and the quantity of the goods or services to be procured or, if the quantity is not known, the estimated quantity and any requirements to be fulfilled, including any technical specifications, conformity certification, plans, drawings or instructional materials;

(b) any conditions for participation for suppliers, including any financial guarantees, information and tender documents that suppliers are required to submit in relation to those conditions;

(c) all criteria to be considered in the awarding of the contract and, except where price is the sole criterion, the relative importance of such criteria;



- (d) where the procuring entity will hold an electronic auction, the rules, including identification of the elements of the tender related to the evaluation criteria, upon which the auction will be conducted;
- (e) if there will be a public opening of tenders, the date, time and place for the opening of tenders;
- (f) any date or time frame for delivery of goods or supply of services, or the duration of the contract; and
- (g) any other terms or conditions, including terms of payment and the means by which tenders may be submitted.

3. In establishing any date for the delivery of a good or the supply of a service being procured, a procuring entity shall take into account factors such as the complexity of the procurement.

4. When a procuring entity does not publish all tender documents by electronic means, a procuring entity shall make promptly available the tender documentation at the request of any interested supplier.

5. A procuring entity shall promptly reply to any reasonable request for relevant information by an interested or participating supplier, provided that the information does not give that supplier an advantage over other suppliers.

#### Modifications

6. If, prior to the award of a contract, a procuring entity modifies the evaluation criteria or requirements set out in a notice of intended procurement or tender documentation provided to a participating supplier or amends or re-issues the notice or tender documentation referred to in paragraph 2, it shall publish or provide those modifications or the amended or re-issued notice or tender documentation in writing:

(a) to all suppliers that are participating in the procurement at the time of the modification, amendment or re-issuance, if those suppliers are known to the procuring entity, and in all other cases, in the same manner as the original information was made available; and

(b) in adequate time to allow those suppliers to modify and re-submit their initial tender, if appropriate.

### **Article 14.12. Conditions for Participation**

1. A procuring entity shall limit any conditions for participation in a covered procurement to those conditions that ensure that a supplier has the legal and financial capacities and the commercial and technical abilities to fulfil the requirements of that procurement.

2. In establishing the conditions for participation, a procuring entity:

(a) shall not impose the condition that, in order for a supplier to participate in a procurement, the supplier has previously been awarded one or more contracts by a procuring entity of a given Party or that the supplier has prior work experience in the territory of that Party; and

(b) may require relevant prior experience if essential to meet the requirements of the procurement.

3. In assessing whether a supplier satisfies the conditions for participation, a procuring entity shall:

(a) evaluate the financial capacity and the commercial and technical abilities of a supplier on the basis of that supplier's business activities both inside and outside the territory of the Party of the procuring entity; and

(b) base its evaluation solely on the conditions that the procuring entity has specified in advance in notices or tender documentation.

4. If authorised by a Party's measures and there is supporting material, a Party, including its procuring entities, may exclude a supplier on grounds such as:

(a) bankruptcy or insolvency;

(b) false declarations;

(c) significant or persistent deficiencies in the performance of any substantive requirement or obligation under a prior contract or contracts;

(d) final judgments in respect of serious crimes or other serious offences;

(e) professional misconduct or actions or omissions that adversely reflect on the commercial integrity of the supplier; or

(f) failure to pay taxes.

## **Article 14.13. Qualification of Suppliers Registration Systems and Qualification Procedures**

1. A Party, including its procuring entities, may maintain a supplier registration system under which interested suppliers are required to register and provide certain information.

2. No Party, including its procuring entities, shall:

(a) adopt or apply any registration system or qualification procedure with the purpose or the effect of creating unnecessary obstacles to the participation of suppliers of the other Party in its procurement; or

(b) use such registration system or qualification procedure to prevent or delay the inclusion of suppliers of the other Party on a list of suppliers or prevent those suppliers from being considered for a particular procurement.

### **Selective Tendering**

3. If a Party's measures authorise the use of selective tendering, and if a procuring entity intends to use selective tendering, the procuring entity shall:

(a) publish a notice of intended procurement that invites suppliers to submit a request for participation in a covered procurement; and

(b) include in the notice of intended procurement the information specified in Article 14.8.3 (a), (c), (d), (e), (f), (i) and (j).

4. The procuring entity shall:

(a) publish the notice sufficiently in advance of the procurement to allow interested suppliers to request participation in the procurement;

(b) provide, by the commencement of the time period for tendering, at least the information in Article 14.8.3 (b), (g) and (h) to the qualified suppliers that it notifies as specified in Article 14.10.3 (b); and

(c) allow all qualified suppliers to submit a tender, unless the procuring entity states in the notice of intended procurement a limitation on the number of suppliers that will be permitted to tender and the criteria or justification for selecting the limited number of suppliers.

5. If the tender documentation is not made publicly available from the date of publication of the notice referred to in paragraph 3, the procuring entity shall ensure that the tender documentation is made available at the same time to all the qualified suppliers selected in accordance with paragraph A(c).

### **Multi-Use Lists**

6. A Party, including its procuring entities, may establish or maintain a multi-use list provided that it publishes annually, or otherwise makes continuously available by electronic means, a notice inviting interested suppliers to apply for inclusion on the list. The notice shall include:

(a) a description of the goods and services, or categories thereof, for which the list may be used;

(b) the conditions for participation to be satisfied by suppliers for inclusion on the list and the methods that the procuring entity or other government agency will use to verify a supplier's satisfaction of those conditions;

(c) the name and address of the procuring entity or other government agency and other information necessary to contact the procuring entity and to obtain all relevant documents relating to the list;

(d) the period of validity of the list and the means for its renewal or termination or, if the period of validity is not provided, an indication of the method by which notice will be given of the termination of use of the list;

(e) the deadline for submission of applications for inclusion on the list, if applicable; and

(f) an indication that the list may be used for procurement covered by this Chapter, unless that indication is publicly available through information published pursuant to Article 14.7.2.

7. A Party, including its procuring entities, that establishes or maintains a multi-use list, shall include on the list, within a reasonable period of time, all suppliers that satisfy the conditions for participation set out in the notice referred to in

paragraph 6.

8. If a supplier that is not included on a multi-use list submits a request for participation in a procurement based on the multi-use list and submits all required documents, within the time period provided for in Article 14.10.2, a procuring entity shall examine the request. The procuring entity shall not exclude the supplier from consideration in respect of the procurement unless the procuring entity is not able to complete the examination of the request within the time period allowed for the submission of tenders.

#### Information on Procuring Entity Decisions

9. A procuring entity or other entity of a Party shall promptly inform any supplier that submits a request for participation in a procurement or application for inclusion on a multi-use list of the decision with respect to the request or application.

10. If a procuring entity or other entity of a Party rejects a supplier's request for participation or application for inclusion on a multi-use list, ceases to recognise a supplier as qualified, or removes a supplier from a multi-use list, the entity shall promptly inform the supplier and on request of the supplier, promptly provide the supplier with a written explanation of the reason for its decision.

## **Article 14.14. Treatment of Tenders and Awarding of Contracts**

#### Treatment of Tenders

1. A procuring entity shall receive, open and treat all tenders under procedures that guarantee the fairness and impartiality of the procurement process and the confidentiality of tenders.

2. If the tender of a supplier is received after the time specified for receiving tenders, the procuring entity shall not penalise that supplier if the delay is due solely to the mishandling on the part of the procuring entity.

3. If a procuring entity provides a supplier with an opportunity to correct unintentional errors of form between the opening of tenders and the awarding of the contract, the procuring entity shall provide the same opportunity to all participating suppliers.

#### Awarding of Contracts

4. A procuring entity shall require that, to be considered for an award, a tender be submitted in writing and shall, at the time of opening:

(a) comply with the essential requirements set out in the notice and tender documentation; and

(b) be submitted by a supplier who satisfies the conditions for participation.

5. Unless a procuring entity determines that it is not in the public interest to award a contract, it shall award the contract to the supplier that the procuring entity has determined to be fully capable of fulfilling the terms of the contract and that, whose tender is considered the most advantageous based solely on the evaluation criteria specified in the notice and tender documentation, or where the price is the sole criterion, the lowest price.

6. A procuring entity shall not use options, cancel a covered procurement, or modify or terminate awarded contracts in order to avoid the obligations of this Chapter.

7. If a procuring entity receives a tender with a price that is abnormally lower than the prices in other tenders submitted, it may verify or obtain assurance that the supplier satisfies the conditions for participation and is capable of fulfilling the terms of the contract at that price.

## **Article 14.15. Transparency and Post-Award Information**

#### Information Provided to Suppliers

1. A procuring entity shall promptly publish or inform suppliers that have submitted a tender of the contract award decision and, on the request of a supplier, shall do so in writing. Subject to Article 14.20, on request, a procuring entity shall provide an unsuccessful supplier with the reasons why the entity did not select that supplier's tender and the relative advantages of the successful supplier's tender.

#### Publication of Award Information

2. A procuring entity shall, after the award of a contract for a covered procurement, publish in the appropriate paper or an electronic means listed in Section I of a Party's Schedule to Annex 14- A, a notice containing at least the following information:

(a) the name and address of the procuring entity;

(b) a description of the goods or services procured;

(c) the date of award or, if the procuring entity has already informed suppliers of the date of the award under paragraph 1, the contract date;

(d) the name of the successful supplier;

(e) the value of the contract awarded; and

(f) the procurement method used and, if a procedure was used pursuant to Article 14.9, a brief description of the circumstances justifying the use of that procedure. Maintenance of Records

3. A procuring entity shall maintain the documentation, records and reports relating to tendering procedures and contract awards covered under this Chapter, including the records and reports provided for in Article 14.9, for at least three years after the award of a contract.

## **Article 14.16. Ensuring Integrity In Procurement Practices**

Each Party shall ensure that criminal or administrative measures exist to address corruption in its government procurement. These measures may include procedures to render ineligible for participation in the Party's procurements, either indefinitely or for a stated period of time, suppliers that the Party has determined to have engaged in fraudulent or other illegal actions in relation to government procurement in the Party's territory. Each Party shall also ensure that it has in place policies and procedures to eliminate to the extent possible or manage any potential conflict of interest on the part of those engaged in or having influence over a procurement.

## **Article 14.17. Domestic Review Procedures**

1. Each Party shall provide a timely, effective, transparent and non-discriminatory administrative or judicial review procedure through which a supplier may challenge:

(a) a breach of this Chapter; or

(b) when the supplier does not have a right to challenge directly a breach of this Chapter under the laws and regulations of a Party, a failure to comply with a Party's measures implementing this Chapter,

arising in the context of a covered procurement, in which the supplier has, or has had, an interest. The procedural rules for all challenges shall be in writing and made generally available.

2. In the event of a complaint by a supplier, arising in the context of covered procurement in which the supplier has, or has had, an interest, that there has been a breach or a failure as referred to in paragraph 1, the Party of the procuring entity conducting the procurement shall encourage the procuring entity and the supplier to seek resolution of the complaint through consultations. The procuring entity shall accord impartial and timely consideration to any such complaint in a manner that is not prejudicial to the supplier's participation in ongoing or future procurement or its right to seek corrective measures under the administrative or judicial review procedure.

3. Each supplier shall be allowed a sufficient period of time to prepare and submit a challenge, which in no case shall be less than 10 days from the time when the basis of the challenge became known or reasonably should have become known to the supplier.

4. Each Party shall establish or designate at least one impartial administrative or judicial authority that is independent of its procuring entities to receive and review a challenge by a supplier arising in the context of a covered procurement.

5. When a body other than an authority referred to in paragraph 4 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.

6. Each Party shall ensure that, if a review body that is not a court, the review body shall have its decision subject to judicial review or have procedures that provide that:

- (a) the procuring entity shall respond in writing to the challenge and disclose all relevant documents to the review body;
- (b) the participants to the proceedings ("participants") shall have the right to be heard prior to a decision of the review body being made on the challenge;
- (c) the participants shall have the right to be represented and accompanied;
- (d) the participants shall have access to all proceedings;
- (e) the participants shall have the right to request that the proceedings take place in public and that witnesses may be presented; and
- (f) the review body shall make its decisions or recommendations in a timely fashion, in writing, and shall include an explanation of the basis for each decision or recommendation.

7. Each Party shall adopt or maintain procedures that provide for:

- (a) prompt interim measures to preserve the supplier's opportunity to participate in the procurement. Such interim measures may result in suspension of the procurement process. The procedures may provide that overriding adverse consequences for the interests concerned, including the public interest, may be taken into account when deciding whether such measures should be applied. Just cause for not acting shall be provided in writing; and
- (b) where a review body has determined that there has been a breach or a failure as referred to in paragraph 1, corrective action or compensation for the loss or damages suffered, which may be limited to either the costs for the preparation of the tender or the costs relating to the challenge, or both.

## **Article 14.18. Use of Electronic Means**

1. The Parties shall seek to provide information related to future opportunities on government procurement through electronic means.

2. The Parties shall encourage, to the extent possible, the use of electronic means for the publication of procurement information, notices and tender documentation and for the receipt of tenders.

3. When conducting covered procurement by electronic means, each Party shall:

- (a) ensure that the procurement is conducted using information technology systems and software, including those related to authentication and encryption of information, that are generally available and interoperable with other generally available information technology systems and software; and
- (b) establish and maintain mechanisms that ensure the integrity of information provided by suppliers, including requests for participation and tenders.

## **Article 14.19. Modifications and Rectifications**

1. A Party shall notify any proposed modification or rectification to its Schedule to Annex 14- A by circulating a notice in writing to the other Party through the Other Issues Committee established under Article 22.5(c) (Establishment of Cross-Cutting Committees). (1) A Party shall provide compensatory adjustments for a change in coverage if necessary to maintain a level of coverage comparable to the coverage that existed prior to the modification or rectification. The Party may include the offer of compensatory adjustment in its notice.

2. A Party is not required to provide compensatory adjustments to the other Party if the proposed modification or rectification concerns one of the following:

- (a) a procuring entity over which the Party has effectively eliminated its control or influence in respect of covered procurement by that procuring entity; or
- (b) rectifications of a purely formal nature and minor modifications to that Party's Schedule to Annex 14-A, such as:
  - (i) changes in the name of a procuring entity;
  - (ii) the merger of one or more procuring entities listed in its Schedule;
  - (iii) the separation of a procuring entity listed in its Schedule into two or more procuring entities that are all added to the procuring entities listed in the same Section of that Party's Schedule to Annex 14-A; or

(iv) changes in website references;

and no Party objects under paragraph 3 on the basis that the proposed modification or rectification does not concern subparagraph (a) or (b).

3. Any Party whose rights under this Chapter may be affected by a proposed modification or rectification that is notified under paragraph 1 shall notify the other Party of any objection to the proposed modification or rectification within 30 days of the date of circulation of the notice.

4. If a Party objects to a proposed modification or rectification, including a modification or rectification regarding a procuring entity on the basis that government control or influence over the entity's covered procurement has been effectively eliminated, that Party may request additional information, including information on the nature of any government control or influence, with a view to clarifying and reaching agreement on the proposed modification or rectification, including the procuring entity's continued coverage under this Chapter. The modifying Party and the objecting Party shall make every attempt to resolve the objection through consultations.

5. If the modifying Party and the objecting Party resolve the objection through consultations, the modifying Party shall notify the other Party of the resolution.

6. The Commission shall modify Annex 14-A to reflect any agreed modification.

(1) For transparency purposes the other Parties to the Pacific Alliance shall receive a copy of any proposed modification and rectification of Annex 14-A.

## **Article 14.20. Disclosure of Information**

### **Provision of Information to Parties**

1. Upon request of the other Party, a Party shall promptly provide any information necessary to determine whether a procurement was conducted fairly, impartially and in accordance with this Chapter, including information on the characteristics and relative advantages of the successful tender without disclosing confidential information. The Party that receives the information shall not disclose it to any supplier, except after consulting with, and obtaining the agreement of, the Party that provided the information.

### **Non-Disclosure of Information**

2. Notwithstanding any other provision of this Chapter, a Party shall not, except to the extent required by law or with the written authorisation of the supplier that provided the information, disclose information that would prejudice legitimate commercial interests of a particular supplier or that might prejudice fair competition between suppliers.

3. Nothing in this Chapter shall be construed to require a Party, to disclose confidential information if that disclosure would impede law enforcement, might prejudice fair competition between suppliers, would prejudice the legitimate commercial interests of particular persons, including the protection of intellectual property; or would otherwise be contrary to the public interest.

## **Article 14.21. Exceptions**

1. Nothing in this Chapter shall be construed to prevent a Party from taking any action or not disclosing any information that it considers necessary for the protection of its essential security interests related to the procurement of arms, ammunition, or war materials, or to procurement indispensable for national security or for national defence purposes.

2. Subject to the requirement that such measures are not applied in a manner that would constitute a means of arbitrary or unjustifiable discrimination between the Parties where the same conditions prevail, or a disguised restriction on international trade between the Parties, nothing in this Chapter shall be construed to prevent a Party from adopting or maintaining measures:

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

(b) necessary to protect human, animal or plant life or health, including environmental measures;

(c) necessary to protect intellectual property; or (d) relating to the goods or services of persons with disabilities, of philanthropic or not-for-profit institutions, or of prison labour.

## **Article 14.22. Facilitation of Participation by SMEs**

1. The Parties recognise the important contribution that SMEs can make to economic growth and employment and the importance of facilitating the participation of SMEs in government procurement.
2. The Parties also recognise the importance of business alliances between suppliers of each Party, and in particular between SMEs, including the joint participation in tendering procedures.
3. If a Party maintains measures that provide preferential treatment to SMEs, the Party shall ensure that the measures, including the criteria for eligibility, are transparent.
4. The Parties may:
  - (a) provide information related to their measures used in order to contribute, promote, encourage or facilitate SMEs participation in government procurement; and
  - (b) cooperate in the elaboration of mechanisms in order to provide information to the SMEs of the means for participating in covered procurement under this Chapter.
5. To facilitate participation of SMEs in covered procurement, each Party may, if appropriate:
  - (a) provide comprehensive procurement-related information that includes a definition of SMEs in a single electronic portal;
  - (b) endeavour to make all tender documentation available free of charge;
  - (c) identify SMEs interested in becoming trade partners with other enterprises in the territory of the other Party;
  - (d) conduct procurement by electronic means or through other new information and communication technologies;
  - (e) consider the size, design and structure of the procurement, including the use of subcontracting by SMEs; and
  - (f) undertake any other activity designed to facilitate the participation of SMEs in covered procurements.

## **Article 14.23. Cooperation**

1. The Parties may develop cooperation activities with a view to achieving better understanding of their respective government procurement systems, as well as better access to their respective markets, in matters such as:
  - (a) exchanging experiences and information, such as regulatory frameworks, best practices and the reporting of statistics;
  - (b) facilitating participation by suppliers in covered procurement, in particular, with respect to SMEs;
  - (c) developing and expanding the use of electronic means in government procurement systems;
  - (d) building capability of the suppliers with respect to market access on government procurement through technical assistance; and
  - (e) institutional strengthening for the fulfilment of the provisions of this Chapter, including training for government officials.
2. The Parties shall notify the Other Issues Committee established in Article 22.5(c) (Establishment of Cross-Cutting Committees) the undertaking to carry out any of such activities.

## **Article 14.24. Administration of this Chapter**

1. Matters relating to administration of this Chapter shall be considered by the Parties through the Other Issues Committee established under Article 22.5(c) (Establishment of Cross-Cutting Committees).
2. The Other Issues Committee shall have the following additional functions under this Chapter:
  - (a) facilitating:
    - (i) cooperation between the Parties, as provided for in Article 14.23;
    - (i) facilitation of participation by SMEs in covered procurement, as provided for in Article 14.22; and
    - (ii) consideration of further negotiations; and

(b) identifying and addressing any problems or other issues that may arise.

## **Article 14.25. Further Negotiations**

On the request of a Party under Article 14.24, the other Party shall consider entering into future negotiations with the aim to expand the coverage under this Chapter, if the other Party provides additional market access to a third party under another international agreement that enters into force after the entry into force of this Agreement.

# **Chapter 15. COMPETITION POLICY**

## **Article 15.1. Definitions**

For the purposes of this Chapter:

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

## **Article 15.2. Objectives**

Recognising that anticompetitive business conduct and misleading or deceptive conduct have the potential to distort the proper functioning of markets and undermine the benefits of trade liberalisation, the Parties seek to take appropriate measures to proscribe that conduct, implement policies promoting competition and cooperate on matters covered by this Chapter to help secure the benefits of this Agreement.

## **Article 15.3. Competition Laws and Authorities and Anticompetitive Business Conduct**

1. Each Party shall adopt or maintain competition laws that proscribe anticompetitive business conduct, with the objective of encouraging competition in order to promote economic efficiency and consumer welfare and shall take appropriate action with respect to that conduct.
2. Each Party shall ensure that the measures it adopts or maintains to proscribe anticompetitive business conduct and the enforcement actions it takes pursuant to those measures are consistent with principles of transparency, non-discrimination and due process.
3. Each Party shall apply its competition laws to all commercial activities in its territory. This does not prevent a Party from applying its competition laws to commercial activities outside its borders that have anticompetitive effects within its jurisdiction.
4. Each Party may provide for certain exemptions or exclusions from the application of its competition laws provided that those exemptions or exclusions are transparent and in accordance with the laws and regulations of a Party and based on public policy grounds or public interest grounds.
5. Each Party shall maintain an authority or authorities responsible for the enforcement of its competition laws ("competition authorities").
6. Each Party shall ensure that its authority or authorities enforce its competition laws in accordance with the objectives set out in this Chapter and do not discriminate on the basis of nationality.
7. Each Party shall ensure independence in decision-making by its authority or authorities in relation to the enforcement of its competition laws.

## **Article 15.4. Procedural Fairness In Competition Law Enforcement**

1. Each Party shall adopt or maintain written procedures or guidelines pursuant to which its competition law investigations are conducted. If these investigations are not subject to definitive deadlines, each Party's competition authorities shall endeavour to conduct their investigations within a reasonable timeframe.
2. Each Party shall ensure that before it imposes a sanction or remedy against a person for violating its competition laws, it affords that person information about the competition authority's competition concerns, including identification of the specific competition laws alleged to have been violated and the associated maximum potential penalties, if not publicly available, and a reasonable opportunity to be represented by counsel.



3. Each Party shall ensure that before it imposes a sanction or remedy against a person for violating its competition laws, it affords the person a reasonable opportunity to be heard and to present evidence, except that it may provide for the person to be heard and present evidence within a reasonable time after it imposes an interim sanction or remedy.
4. Each Party shall provide a person that is subject to the imposition of a sanction or remedy for violation of its competition laws with the opportunity to seek review of the sanction or remedy in a court or other independent tribunal established under that Party's laws and regulations.
5. Each Party shall adopt or maintain rules of procedure and evidence that apply to enforcement proceedings concerning alleged violations of its competition laws and the determination of sanctions and remedies thereunder. These rules shall include procedures for introducing evidence, including expert evidence if applicable, and shall apply equally to all persons in a proceeding.
6. Each Party shall ensure that its competition authorities do not state or imply in any public notice confirming or revealing the existence of a pending or ongoing investigation against a particular person that this person has in fact violated the Party's competition laws.
7. If a Party's competition authority alleges a violation of its competition laws, that authority shall be responsible for establishing the legal and factual basis for the alleged violation in an enforcement proceeding. (1)
8. Each Party shall provide for the protection of confidential information obtained by its competition authorities during the investigative process. If a Party's competition authority uses or intends to use that information in an enforcement proceeding, the Party shall, if it is permissible under its laws and regulations as appropriate, allow the person under investigation or its legal counsel timely access to information that is necessary to prepare an adequate defence to the competition authority's allegations.
9. Each Party shall ensure that its competition authorities afford a person under investigation for an alleged violation of its competition laws reasonable opportunity to be heard by those competition authorities with respect to significant legal, factual, procedural or, if any, economic issues that arise during the investigation.

(1) Nothing in this paragraph shall prevent a Party from requiring that a person against whom such an allegation is made be responsible for establishing certain elements in defence of the allegation.

## **Article 15.5. Cooperation**

1. The Parties recognise the importance of cooperation and coordination between their respective competition authorities to foster effective competition law enforcement in the free trade area. Accordingly, each Party shall cooperate, as appropriate:
  - (a) in the area of competition policy by exchanging information on the development of competition policy; and
  - (b) on issues of competition law enforcement, including through notification, exchange of information, investigative and enforcement assistance, and consultation and coordination on investigations of a cross-border dimension.
2. A Party's competition authorities may consider entering into a cooperation arrangement or agreement with the competition authorities of the other Party that sets out mutually agreed terms of cooperation.
3. The Parties agree to cooperate in a manner compatible with their respective laws and regulations, important and mutual interests, and within their reasonably available resources.

## **Article 15.6. Technical Cooperation**

1. Recognising that the Parties can benefit from sharing their diverse experience in developing, applying and enforcing their competition laws and policies, the Parties shall consider undertaking mutually agreed technical cooperation activities, subject to available resources, including:
  - (a) providing advice or training on relevant issues, including through the exchange of officials;
  - (b) exchanging information and experiences on competition advocacy, including ways to promote a culture of competition; and
  - (c) assisting a Party as it implements a new competition law.

## **Article 15.7. Consumer Protection**

1. The Parties recognise the importance of consumer protection policy and enforcement to creating efficient and competitive markets and enhancing consumer welfare in the free trade area.
2. Each Party shall adopt or maintain consumer protection law or other laws or regulations that proscribe misleading or deceptive commercial activities which cause harm or potential harm to consumers, including:
  - (a) misrepresentations or omissions of material fact, including implied factual misrepresentations;
  - (b) misleading representations or deceptive marketing practices in promoting the supply or use of a product or service; and
  - (c) misleading representations regarding the price of a product or service.
3. The laws or regulations a Party adopts or maintains to proscribe these activities can be civil, criminal or administrative in nature.
4. The Parties recognise that misleading or deceptive commercial activities increasingly transcend national borders and that cooperation and coordination between the Parties is desirable to effectively address these activities.
5. The Parties shall promote, as appropriate, cooperation and coordination on matters of mutual interest related to misleading or deceptive commercial activities, including in the enforcement of their consumer protection laws.
6. The Parties shall endeavour to cooperate and coordinate on the matters set out in this Article through the relevant authorities in a manner compatible with their laws and regulations, important and mutual interests, and within their reasonably available resources.

## **Article 15.8. Transparency**

1. The Parties recognise the value of making their competition enforcement policies and public advocacy activities transparent.
2. Each Party shall ensure that its competition laws and enforcement guidelines are made publicly available, including on an official website. This excludes internal operating procedures unless disclosure is required under its laws and regulations.
3. On request of a Party, the requested Party shall make available to the requesting Party public information concerning:
  - (a) its competition law enforcement policies and practices; and
  - (b) exemptions and exclusions to its competition laws, provided that the request specifies the particular good or service and market of concern and includes information explaining how the exemption or exclusion may hinder or restrict trade or investment between the Parties.
4. Each Party shall ensure that a final decision finding a violation of its competition laws is made available in writing and sets out, in non-criminal matters, findings of fact and the reasoning, including legal and, if applicable, economic analysis, on which the decision is based.
5. Each Party shall further ensure that a final decision referred to in paragraph 4 and any order implementing that decision are published, or if publication is not practicable, are otherwise made publicly available in a manner that enables interested persons and the other Party to become acquainted with them. Each Party shall ensure that the version of the decision or order that is published or made publicly available is redacted to the extent necessary in order to be consistent with each Party's:
  - (a) laws and regulations regarding confidentiality and privilege; and
  - (b) need to safeguard information on the grounds of public policy or public interest.
6. The competition authority shall not disclose information that is protected in accordance with its laws and regulations.

## **Article 15.9. Consultations**

1. In order to foster understanding between the Parties, or to address specific matters that arise under this Chapter, on request of a Party, the requested Party shall enter into consultations with the requesting Party. In its request, the requesting Party shall indicate, if relevant, how the matter affects trade or investment between itself and the requested Party. The Party

addressed shall accord full and sympathetic consideration to the concerns of the requesting Party.

2. To facilitate the discussion regarding the matter of consultations, a Party shall endeavour to provide relevant non-confidential or non-privileged information to the requesting Party referred to in paragraph 1.

### **Article 15.10. Non-Application of Dispute Settlement**

No Party shall have recourse to dispute settlement under Chapter 23 (Dispute Settlement) for any matter arising under this Chapter.

## **Chapter 16. STATE-OWNED ENTERPRISES**

### **Article 16.1. Review**

1. Within five years after the entry into force of this Agreement, the Parties shall initiate negotiations with a view to include commitments under this Chapter with respect to the commercial activities of the Parties':

(a) enterprises that are state-owned; and

(b) designated monopolies.

2. For the purpose of paragraph 1, the Parties shall have due consideration of provisions regarding state-owned enterprises included in agreements to which Singapore and one or more Parties to the Pacific Alliance are party.

## **Chapter 17. TRADE AND GENDER**

### **Article 17.1. General Provisions**

1. The Parties acknowledge the importance of incorporating a gender perspective into the promotion of inclusive economic growth, and the key role that gender-responsive policies can play in achieving sustainable socioeconomic development. Inclusive economic growth aims to distribute benefits among the entire population by providing equitable opportunities for the participation of women and men in business, industry and the labour market.

2. The Parties acknowledge that international trade and investment are engines of economic growth, and that improving women's access to opportunities and removing barriers enhance their participation in national and international economies and substantially contribute to sustainable economic development.

### **Article 17.2. Cooperation Activities**

1. The Parties acknowledge the benefit of sharing their respective experiences in designing, implementing, monitoring and strengthening policies and programs to encourage women's participation in national and international economies.

2. Accordingly, the Parties also recognise the importance of cooperation activities aimed at improving the capacity and conditions for women, including workers, businesswomen and entrepreneurs, to access and fully benefit from the opportunities created by this Agreement.

### **Article 17.3. Administration of this Chapter**

Matters relating to administration of this Chapter shall be considered by the Parties through the Other Issues Committee established under Article 22.5(c) (Establishment of Cross-Cutting Committees).

### **Article 17.4. Non-application of Dispute Resolution**

No Party shall have recourse to dispute settlement under Chapter 23 (Dispute Settlement) for any matter arising under this Chapter.

## **Chapter 18. ECONOMIC AND TRADE COOPERATION**

### **Article 18.1. General Provisions**

1. The Parties acknowledge the importance of economic and trade cooperation activities, and shall undertake and strengthen these activities to assist in implementing this Agreement and enhancing its benefits, which are intended to accelerate economic growth and development, and strengthen economic and commercial integration.
2. The Parties recognise that economic and trade cooperation activities shall be undertaken between the Parties, on a mutually agreed basis.
3. The Parties shall seek to build on existing agreements or arrangements, where appropriate. 4. The Parties also recognise that the involvement of the private sector and academia are important in these activities, and that SMEs may require assistance in participating in global markets.

## **Article 18.2. Areas of Economic and Trade Cooperation**

1. The Parties may undertake and strengthen economic and trade cooperation activities between them to assist in:

- (a) implementing the provisions of this Agreement;
- (b) capacity building to take advantage of the economic and trade opportunities created by this Agreement;
- (c) promoting and facilitating trade and investment; and
- (d) encouraging regional value chains in order to drive competitiveness and innovation.

2. Areas of economic and trade cooperation may include:

- (a) industrial and services sectors, including tourism;
- (b) innovation, science and technology, including information and communications technology; and
- (c) trade infrastructure, transport and urban mobility infrastructure.

3. Economic and trade cooperation activities may include:

- (a) dialogues, workshops, seminars and conferences;
- (b) collaborative programmes and projects;
- (c) technical cooperation;
- (d) sharing of best practices on policies and procedures;
- (e) the exchange of experts, information and technology;
- (f) the exchange of trade and investment data and of information to promote business opportunities; and
- (g) the organisation of missions, business events and trade fairs.

## **Article 18.3. Administration of this Chapter**

1. Matters relating to administration of this Chapter shall be considered by the Parties through the Other Issues Committee established under Article 22.5(c) (Establishment of Cross-Cutting Committees).

2. The Other Issues Committee shall have the following additional functions under this Chapter:

- (a) supervision of economic and trade cooperation between the Parties under this Chapter;
- (b) facilitation of the exchange of information in the relevant areas of economic and trade cooperation;
- (c) identification of mechanisms and opportunities for further economic and trade cooperation between the Parties;
- (d) considering the existing cooperative mechanisms between the Parties; and
- (e) sharing information and coordinate with such mechanisms to ensure effective and efficient implementation of cooperative activities and projects.

## **Article 18.4. Resources**

The Parties shall work to provide the appropriate resources for economic and trade cooperation activities conducted under this Chapter, taking into account the availability of resources and the comparative capabilities that different Parties possess to achieve the goals of this Chapter.

## **Article 18.5. Non-Application of Dispute Settlement**

No Party shall have recourse to dispute settlement under Chapter 23 (Dispute Settlement) for any matter arising under this Chapter.

# **Chapter 19. SMALL AND MEDIUM-SIZED ENTERPRISES**

## **Article 19.1. General Provisions**

1. The Parties acknowledge the importance of promoting an environment that facilitates and supports the development, growth and competitiveness of SMEs, recognising their participation in domestic markets as well as in international trade, and their contribution in achieving inclusive economic growth, sustainable development and enhanced productivity.

2. The Parties, recognising the important role of SMEs in their respective economies, shall cooperate in reducing barriers to, and promoting SMEs' integration into international trade to support the growth of the Parties' respective economies and job creation.

3. The Parties also acknowledge that improving SMEs' competitiveness may further enhance their ability to benefit from trade and investment opportunities that arise under this Agreement, and that such competitiveness may benefit from:

(a) a regulatory environment which does not impose undue burdens on SMEs and is conducive to entrepreneurship, innovation and growth;

(b) education and human resource management policies that foster an innovative and entrepreneurial culture, encourage mobility of human resources, and reduce skill disparities by improving the match between education and labour market demand;

(c) effective access to financial services, particularly to seed, working and development capital, including innovative financial instruments to reduce the risks and transaction costs of lending to SMEs;

(d) an environment that supports the development and diffusion of new technologies for and by SMEs to take advantage of the knowledge-based economy; and

(e) ensuring the cost-effectiveness of policies concerning SMEs and their consistency with other national policies, as well as with existing international programmes.

4. The Parties also recognise the importance of innovation for SMEs' competitiveness, the central role played by SMEs in national innovation systems, and the importance of enhanced access to information, financing and networking in facilitating the innovation process.

5. The Parties recognise the importance of current initiatives, efforts and work on SMEs developed under the aegis of the OECD, WTO, APEC and any other relevant fora, and the importance of taking into account their findings and recommendations, as appropriate.

## **Article 19.2. Information Sharing**

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

(a) the text of this Agreement, including all Annexes, tariff schedules and product specific rules of origin;

(b) a summary of this Agreement; and

(c) information designed for SMEs that contains:

(i) a description of the provisions in this Agreement that the Party considers to be relevant to SMEs; and

(ii) any additional information that the Party considers useful for SMEs interested in benefitting from the opportunities provided by this Agreement.

2. Each Party shall include in its website provided for in paragraph 1 links to:

(a) the equivalent website of the other Party; and

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

3. Subject to each Party's laws and regulations, the information described in paragraph 2(b) may include:

(a) customs regulations and procedures;

(b) regulations and procedures concerning intellectual property rights;

(c) technical regulations, standards, conformity assessment procedures, and sanitary and phytosanitary measures relating to importation and exportation;

(d) foreign investment regulations;

(e) government procurement regulations and procedures;

(f) business registration procedures;

(g) trade promotion programmes;

(h) competitiveness programmes;

(i) SME financing programmes;

(j) information related to the temporary entry of business persons;

(k) employment regulations; and

(l) taxation information.

4. Each Party shall regularly review the information and links on its website referred to in paragraphs 1 and 2 to ensure that the information and links are up-to-date and accurate.

### **Article 19.3. Cooperation Activities**

1. The Parties recognise the importance of cooperation activities between the Parties to support the objectives of this Chapter. The Parties also recognise the importance of involving the private sector in the development of such activities.

2. Cooperation activities may include:

(a) assessing the effects of globalisation on SMEs and, in particular, examining issues related to SMEs' access to financing and to support for innovation;

(b) working towards promoting a favourable environment for the development of SMEs by encouraging relevant private and governmental agencies to build on the capacities of SMEs;

(c) promoting the participation of SMEs in electronic commerce in order to take advantage of the opportunities resulting from this Agreement and facilitating SMEs' access to new markets;

(d) promoting the establishment of international networks between incubators, accelerators and export assistance centres for SME exporters of the Parties;

(e) promoting trade promotion networks, business fora, business cooperation instruments, and any other relevant information for SME exporters and importers;

(f) encouraging the development of venture capital markets for start-ups and high-growth businesses, including the establishment of regional seed capital funds or any other equivalent financial support scheme;

(g) promoting seminars, workshops or other activities to inform SMEs of the benefits available to them under this Agreement;

(h) exploring opportunities for capacity building to assist the Parties in developing and enhancing SMEs export counselling, assistance and training programmes;

- (i) facilitating the exchange of information on entrepreneurship education programmes, including for women, and youth; and
- (j) exploring opportunities for the development of joint programmes to assist SMEs to participate and integrate effectively into the global supply chain, including if possible, the development of business clusters and linkages between SMEs and larger enterprises of the Parties.

## **Article 19.4. Contact Points**

1. Each Party shall designate and notify the other Party its contact point in matters arising under this Chapter 60 days after the entry into force of this Agreement. Each Party shall promptly notify the other Party of any change to its contact point.
2. If appropriate, the contact points shall facilitate the coordination of meetings between government representatives of each Party to address any matter covered by this Chapter.

## **Article 19.5. Administration of this Chapter**

1. Matters relating to administration of this Chapter shall be considered by the Parties through the Other Issues Committee established under Article 22.5(c) (Establishment of Cross-Cutting Committees).
2. The Other Issues Committee shall have the following additional functions under this Chapter:
  - (a) discussing with a view to identifying ways to assist SMEs of the Parties to take advantage of the commercial opportunities under this Agreement;
  - (b) exchanging and discussing each Party's experiences and best practices in supporting and assisting SME exporters with respect to, among other things, training programmes, trade education, trade finance, trade missions, trade facilitation, electronic commerce, identifying commercial partners between the Parties and establishing good business credentials;
  - (c) recommending additional information that a Party may include on the website referred to in Article 19.2;
  - (d) encouraging Cross-Cutting Committees established under this Agreement to consider SME-related considerations and activities in their work;
  - (e) exchanging information to assist in monitoring the implementation of this Agreement as it relates to SMEs;
  - (f) collaborating, as agreed, with appropriate experts and international donor organisations in carrying out their programmes and activities; and
  - (g) considering any other matter pertaining to SMEs as the Parties may decide, including any issues raised by SMEs regarding their ability to benefit from this Agreement.

## **Article 19.6. Relation with other Chapters**

The Parties acknowledge that in addition to the provisions established in this Chapter, there are other provisions in this Agreement that may contribute to further enhance the participation of SMEs in trade and investment opportunities derived from this Agreement.

## **Article 19.7. Non-Application of Dispute Settlement**

A Party shall not have recourse to dispute settlement under Chapter 23 (Dispute Settlement) for any matter arising under this Chapter.

# **Chapter 20. GOOD REGULATORY PRACTICES**

## **Article 20.1. Definitions**

For the purposes of this Chapter:

covered regulatory measures means the regulatory measures determined by each Party to be covered by this Chapter in accordance with Article 20.3; and

regulatory measures means those measures of general application related to any matter covered by this Agreement adopted by regulatory authorities with which compliance is mandatory.

## **Article 20.2. General Provisions**

1. For the purposes of this Chapter, good regulatory practices refers to the use of best practices in the process of planning, designing, issuing, implementing and reviewing regulatory measures in order to facilitate the achievement of domestic policy objectives, and to the efforts by governments to enhance regulatory cooperation with the aim of achieving those objectives, as well as to promote international trade and investment, economic growth and employment.

2. The Parties affirm the importance of:

(a) maintaining and enhancing the benefits of integration promoted by this Agreement through good regulatory practices, facilitating increased trade in goods and services, as well as investment between the Parties;

(b) each Party's sovereign right to identify its regulatory priorities and to establish and implement regulatory measures to address these priorities, in the areas and levels of government that the Party considers appropriate;

(c) the role that regulation plays in achieving public policy objectives;

(d) taking into account input from interested persons in the development of regulatory measures; and

(e) developing measures to foster regulatory cooperation and capacity building between the Parties.

3. The Parties acknowledge that:

(a) regulatory cooperation, both formal and informal, can improve the alignment of domestic regulation between key trading partners to remove potential barriers caused by regulatory differences and to support trade; and

(b) bodies who develop or implement regulations have a key role to play in regulatory cooperation and should consider the range of regulatory cooperation activities available to increase the alignment of domestic regulation internationally and between key trading partners.

## **Article 20.3. Scope of Application**

Each Party shall, no later than two years after the date of entry into force of this Agreement, determine and make publicly available the scope of its covered regulatory measures, in accordance with its laws and regulations. In determining the scope of covered regulatory measures, each Party should aim to achieve significant coverage.

## **Article 20.4. Establishment of Coordination and Review Processes or Mechanisms**

1. The Parties recognise that good regulatory practices can be encouraged through domestic mechanisms that facilitate interagency coordination associated with processes for the elaboration and review of covered regulatory measures. Accordingly, each Party shall endeavour to ensure the existence of mechanisms or processes that facilitate the effective interagency coordination and review of proposed covered regulatory measures. For this purpose, each Party should consider establishing and maintaining a national or central coordinating body or mechanism.

2. The Parties recognise that while the mechanisms or processes referred to in paragraph 1 may vary between Parties depending on their respective circumstances, including differences in levels of development and political and institutional structures, these should, in general, be contained in documents that include a description of them and that may be made available to the public. These mechanisms or processes should have, as overarching characteristics, the ability to:

(a) review the proposed covered regulatory measures in order to determine whether good regulatory practices have been considered in their preparation, which may include, but are not limited to those set out in Article 20.5, and make recommendations based on that review;

(b) strengthen consultation and coordination among domestic authorities so as to identify potential overlap and duplication and to prevent the creation of inconsistent requirements across authorities;

(c) make recommendations for systemic regulatory improvements; and

(d) publicly report on covered regulatory measures that have been reviewed and any proposals for systemic regulatory improvement, as well as any updates on changes to the processes and mechanisms referred to in paragraph 1.



## **Article 20.5. Implementation of Core Good Regulatory Practices**

1. Each Party should encourage its competent regulatory authorities, in accordance with its laws and regulations, to conduct regulatory impact assessments when developing proposed covered regulatory measures that exceed a threshold of economic impact, or when appropriate, other criteria as established by the Party, to assist them in designing regulatory measures that best achieve the objective pursued by that Party. Regulatory impact assessments may encompass a range of procedures to determine possible impacts.
2. Recognising that differences in the Parties' institutional, social, cultural, legal and developmental circumstances may result in specific regulatory approaches, the regulatory impact assessment procedure should, among other things:
  - (a) assess the need for a proposed regulatory measure, including a description of the nature and significance of the problem;
  - (b) examine feasible alternatives, including, to the extent possible and consistent with their laws and regulations, the corresponding costs and benefits, recognising that some costs and benefits are difficult to quantify and monetise;
  - (c) explain the reasons for concluding that the selected alternative achieves the policy objectives in an efficient manner, including, if appropriate, reference to the costs and benefits and the potential for managing risks; and
  - (d) rely on the best reasonably obtainable existing information, including relevant scientific, technical, economic or other information, within the boundaries of the authorities, mandates, capacities and resources of the particular regulatory authority.
3. When conducting regulatory impact assessments, the regulatory authorities may take into consideration the potential impact of the proposed regulation on SMEs.
4. To the extent appropriate and consistent with its laws and regulations, each Party should encourage its relevant regulatory authorities to consider regulatory measures of the other Party, as well as relevant developments in international, regional and other fora when developing covered regulatory measures.
5. Each Party should ensure, that new covered regulatory measures are plainly written, concise, organised and easy to understand, recognising that some measures involve technical issues, for which specialised knowledge might be required to understand and apply them.
6. Subject to its laws and regulations, each Party should ensure that relevant regulatory authorities provide public access to information on new covered regulatory measures and, if possible, make this information available online.
7. Each Party should review its covered regulatory measures, at intervals it deems appropriate, to determine whether they should be modified, streamlined, expanded or repealed so as to make the regulatory regime of the Party more effective in achieving its policy objectives.
8. Each Party should, in a manner it deems appropriate and consistent with its laws and regulations, provide public notice, on an annual basis, of any covered regulatory measure that it reasonably expects its regulatory authorities to issue within the following twelve-month period.

## **Article 20.6. Contact Points**

1. Each Party shall designate and notify the other Party its contact point in matters arising under this Chapter 60 days after the entry into force of this Agreement. Each Party shall promptly notify the other Party of any change to its contact point.
2. Each contact point shall be responsible for:
  - (a) providing information relating to the implementation of this Chapter, at the request of the other Party;
  - (b) consulting and coordinating with its respective regulatory authorities, as appropriate, on matters arising under this Chapter;
  - (c) circulating the report of implementation submitted by each Party in accordance with Article 20.8; and
  - (d) facilitating the regulatory cooperation activities that may be undertaken in accordance with Article 20.7.

## **Article 20.7. Cooperation**

1. The Parties shall cooperate in order to implement this Chapter and maximise the benefits arising from it. Cooperation activities shall take into consideration each Party's needs, and may include:

(a) information exchanges, dialogues or meetings;

(b) information exchanges, dialogues or meetings with interested persons, including SMEs, of the other Party, and international organisations;

(c) training programmes, seminars and other assistance initiatives;

(d) strengthening cooperation and other relevant activities between regulatory authorities; and

(e) other activities that Parties may agree.

2. The Parties recognise that cooperation between Parties on regulatory matters can be enhanced through, among other things, ensuring that each Party's regulatory measures are available online.

3. The Parties may undertake regulatory cooperation activities on a voluntary basis.

## **Article 20.8. Report of Implementation and Review**

1. For the purposes of transparency, and to serve as a basis for cooperation and capacity building activities, each Party shall submit a report of implementation of this Chapter within three years of the date of entry into force of this Agreement and at least once every three years thereafter. Each Party shall circulate its report through the contact points designated pursuant to Article 20.6.

2. In its initial report, each Party shall describe the actions it has taken since the date of entry into force of this Agreement and the actions it plans to take to implement this Chapter, including those to:

(a) establish a body or mechanism to facilitate effective interagency coordination and review of proposed covered regulatory measures, in accordance with Article 20.4;

(b) encourage its regulatory authorities to conduct regulatory impact assessments in accordance with Articles 20.5.1 and 20.5.2;

(c) ensure that new covered regulatory measures are accessible, in accordance with Articles 20.5.5 and 20.5.6;

(d) review existing covered regulatory measures, in accordance with Article 20.5.7; and

(e) make known to the public the annual notice of covered regulatory measures that are intended to be issued or amended during the next 12 months, in accordance with Article 20.5.8.

3. In subsequent reports, each Party shall describe the actions it has taken since the previous reports, and those that it plans to adopt for the implementation of this Chapter.

4. At least once every three years after the date of entry into force of this Agreement, the Parties shall review developments in good regulatory practices and the Parties' experiences in implementing this Chapter, including the implementation reports submitted under paragraph 1, with a view towards considering whether to make recommendations to the Free Trade Commission for improving the provisions of this Chapter so as to further enhance the benefits of this Agreement. During this review, the Parties may discuss or raise questions on specific aspects of the report of a Party. Likewise, the Parties may identify opportunities for future assistance or cooperation activities.

## **Article 20.9. Relation to other Chapters**

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

## **Article 20.10. Non-Application of Dispute Settlement**

No Party shall have recourse to dispute settlement under Chapter 23 (Dispute Settlement) for any matter arising under this Chapter.

# **Chapter 21. TRANSPARENCY AND ANTI-CORRUPTION**

## **Section A. Transparency**

### **Article 21.1. Definitions**

For the purposes of this Chapter:

administrative ruling of general application means an administrative ruling or interpretation that applies to all persons and factual situations that fall generally within its scope and that establishes a norm of conduct, but does not include:

- (a) a determination or ruling made in an administrative or quasi-judicial proceeding that applies to a particular person, good or service of either Party in a specific case; or
- (b) a ruling that adjudicates with respect to a particular act or practice.

### **Article 21.2. Publication**

1. Each Party shall ensure, that its laws, regulations, procedures and administrative rulings of general application regarding a matter covered by this Agreement, are promptly published or otherwise made available in a manner that enables interested persons and the other Party to become acquainted with them.

2. Each Party shall, to the extent possible:

- (a) publish in advance any measure referred to in paragraph 1 that it proposes to adopt; and
- (b) provide interested persons and the other Party a reasonable opportunity to comment on the proposed measures.

3. To the extent possible, when introducing or changing the laws, regulations or procedures referred to in paragraph 1, each Party shall endeavour to provide a reasonable period between the date when those laws, regulations or procedures, proposed or final in accordance with its legal system, are made publicly available and the date when they enter into force.

4. Each Party shall, with respect to laws and regulations of general application adopted by its central level of government respecting any matter covered by this Agreement that are published in accordance with paragraph 1:

- (a) promptly publish the laws and regulations in an official journal of national circulation, or on a single official website that is freely accessible, searchable and updated regularly;
- (b) notify in writing that website, no later than 60 days after the date of entry into force of this Agreement; and
- (c) if appropriate, include with the publication an explanation of the purpose of and rationale for the regulation.

### **Article 21.3. Notification and Provision of Information**

1. Each Party shall, to the extent possible, inform the other Party of any proposed or actual measure that the Party considers might materially affect the operation of this Agreement, or that substantially affects the interests of the other Party under this Agreement.

2. On request of a Party, the other Party shall promptly provide information and answer questions related to a proposed or actual measure that the requesting Party considers might materially affect the operation of this Agreement, or substantially affect its interests under this Agreement, regardless of whether the requesting Party has been previously informed of that measure.

3. A Party shall convey any request or provide information under this Article through its contact point.

4. Information provided under this Article shall be without prejudice as to whether the measure in question is consistent with this Agreement.

### **Article 21.4. Administrative Proceedings**

In order to administer all measures of general application with respect to a matter covered by this Agreement in a consistent, impartial and reasonable manner, each Party shall ensure, in its administrative proceedings applying measures referred to in article 21.2 to a particular person, good or service of the other Party in specific cases, that:

- (a) whenever possible, a person of the other Party that is directly affected by a proceeding, is provided with reasonable

notice of the initiation of that proceeding, in accordance with the Party's domestic procedures, including a description of the nature of the proceeding, a statement of the legal authority under which the proceeding is initiated, and a general description of all the issues in dispute;

(b) a person of the other Party that is directly affected by a proceeding is afforded a reasonable opportunity to present facts and arguments in support of that person's positions prior to a final administrative action, when time, the nature of the proceeding and the public interest permit; and

(c) the procedures are in accordance with its laws and regulations.

## **Article 21.5. Review and Appeal**

1. Each Party shall establish or maintain judicial, quasi-judicial or administrative tribunals or procedures for the purpose of the prompt review and, if warranted, correction of final administrative actions concerning matters covered by this Agreement. Such tribunals shall be impartial and independent of the office or authority responsible for applying administrative measures and they shall not have any substantial interest in the outcome of the matter.

2. Each Party shall ensure that, with respect to such tribunals or procedures, the parties to a proceeding are provided with the right to:

(a) a reasonable opportunity to support or defend their respective positions; and

(b) a decision based on the evidence and arguments submitted or, if required by that Party's laws and regulations, the record compiled by the relevant authority.

3. Each Party shall ensure, subject to appeal or further review as provided in its laws and regulations, that the decision referred to in paragraph 2(b) shall be implemented by, and shall govern the practice of, the office or authority with respect to the administrative action that is the subject of the decision.

## **Section B. Anti-Corruption**

### **Article 21.6. Definitions**

For the purposes of this Section:

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

foreign public official means a person holding a legislative, executive, administrative or judicial office of a foreign country, at any level of government, whether appointed or elected, whether permanent or temporary, whether paid or unpaid, irrespective of that person's seniority; and a person exercising a public function for a foreign country, at any level of government, including for a public agency or public enterprise;

official of a public international organization means an international civil servant or a person who is authorised by a public international organisation to act on its behalf, and

public official means:

(a) a person holding a legislative, executive, administrative or judicial office of a Party, whether appointed or elected, whether permanent or temporary, whether paid or unpaid, irrespective of that person's seniority;

(b) a person who performs a public function for a Party, including for a public agency or public enterprise, or provides a public service, as defined under the Party's laws and regulations and as applied in the pertinent area of that Party's laws and regulations; or

(c) other person defined as a public official under a Party's laws and regulations.

### **Article 21.7. Scope**

1. The Parties affirm their resolve to prevent and combat corruption and bribery in international trade and investment.

2. The scope of this Section is limited to measures to prevent and combat bribery and corruption with respect to a matter covered by this Agreement.

3. The Parties recognise that the description of offences adopted or maintained in accordance with this Section, and of the applicable legal defences or legal principles controlling the lawfulness of conduct, is reserved to each Party's laws and regulations, and that those offences shall be prosecuted and punished in accordance with each Party's laws and regulations.

4. Each Party affirms its existing obligations, if applicable and to the extent it is a party under the United Nations Convention against Corruption, done at New York on October 31, 2003 (UNCAC), the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, done at Paris, France, on December 17, 1997 (OECD Convention), and the Inter-American Convention Against Corruption, done at Caracas on March 29, 1996 (IACAC).

## **Article 21.8. Measures to Combat Corruption**

1. Each Party shall adopt or maintain legislative and other measures as may be necessary to establish as criminal offences under its laws and regulations, in matters that affect international trade or investment, when committed intentionally, by a person subject to its jurisdiction:

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

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

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

(d) the aiding or abetting, or conspiracy (1) in the commission of any of the offences described in subparagraphs (a) through (c).

2. Each Party shall make the commission of an offence described in paragraph 1 or 5 liable to sanctions that take into account the gravity of that offence.

3. Each Party shall adopt or maintain measures as may be necessary, consistent with its legal principles, to establish the liability of legal persons for offences described in paragraphs 1 or 5. In particular, each Party shall ensure that there are measures that provide for legal persons held liable for offences described in paragraphs 1 or 5 to be subject to effective, proportionate and dissuasive criminal or non-criminal sanctions, including monetary sanctions.

4. No Party shall allow a person subject to its jurisdiction to deduct from taxes expenses incurred in connection with the commission of an offence described in paragraph 1.

5. In order to prevent corruption, each Party shall adopt or maintain measures as may be necessary, in accordance with its laws and regulations, regarding the maintenance of books and records, financial statement disclosures, and accounting and auditing standards, to prohibit the following acts carried out for the purpose of committing any of the offences described in paragraph 1:

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

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

(c) the recording of non-existent expenditure;

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

(e) the use of false documents; and

(f) the intentional destruction of bookkeeping documents earlier than foreseen by the law.

6. Each Party shall consider adopting or maintaining measures to protect, against unjustified treatment, a person who, in good faith and on reasonable grounds, reports to the competent authorities any facts concerning offences described in paragraphs 1 or 5.

7. The Parties recognise the harmful effects of facilitation payments given to foreign public officials, as they undermine

efforts to combat corruption and incentivise bribery in foreign countries. To this end, the Parties shall encourage enterprises to prohibit or discourage the use of facilitation payments by enterprises, recognising that they are generally illegal in the countries where they are made, and must in all cases be accurately accounted for in such companies' books and financial records.

(1) Parties may satisfy the commitment regarding conspiracy through applicable concepts within their legal systems, including *asociación ilícita*.

## **Article 21.9. Cooperation**

1. The Parties acknowledge the importance of cooperation to prevent and combat bribery and corruption in international trade and investment, including through regional and multilateral initiatives and shall endeavour to work together to advance these efforts, on a mutually agreed basis.

2. Recognising that the Parties can benefit by sharing their diverse experience and best practices in developing, implementing, and enforcing their anti-corruption laws and policies, the Parties shall undertake technical cooperation activities, including training programs, as mutually agreed by the Parties.

## **Article 21.10. Promoting Integrity Among Public Officials**

1. To fight corruption in matters that affect trade and investment, each Party should promote, among other things, integrity, honesty and responsibility among its public officials. To this end, each Party shall endeavour, in accordance with the fundamental principles of its legal system, to adopt or maintain:

(a) measures to provide adequate procedures for the selection and training of natural persons for public positions considered especially vulnerable to corruption, and, if appropriate, the rotation of those natural persons to other positions;

(b) measures to promote transparency in the behaviour of public officials in the exercise of public functions;

(c) appropriate policies and procedures to identify and manage actual or potential conflicts of interest of public officials;

(d) measures that require senior public officials and other appropriate public officials to make declarations to appropriate authorities regarding, among other things, their outside activities, employment, investments, assets and substantial gifts or benefits from which a conflict of interest may result with respect to their functions as public officials; and

(e) measures to facilitate reporting by public officials of acts of corruption (2) to appropriate authorities, if those acts come to their notice in the performance of their functions.

2. Each Party shall endeavour to adopt or maintain codes or standards of conduct for the correct, honourable and proper performance of public functions, and measures providing for disciplinary or other measures, if warranted, against public officials who violate the codes or standards established or maintained in accordance with this paragraph.

3. Each Party, to the extent consistent with the fundamental principles of its legal system, shall consider establishing procedures through which a public official accused of an offence described in Article 21.8.1 may, as considered appropriate by that Party, be removed, suspended or reassigned by the appropriate authority, bearing in mind respect for the principle of the presumption of innocence.

4. Each Party shall, in accordance with the fundamental principles of its legal system and without prejudice to judicial independence, adopt or maintain measures to strengthen integrity, and to prevent opportunities for corruption, among members of the judiciary in matters that affect international trade or investment. These measures may include rules with respect to the conduct of members of the judiciary.

(2) For the purposes of this Chapter, the term "acts of corruption" refers to the offences described in paragraphs 1 and 5 under Article 21.8.

## **Article 21.11. Participation of Private Sector and Society**

1. Each Party shall take appropriate measures, within its means and in accordance with fundamental principles of its legal system, to promote the active participation of individuals and groups outside the public sector, such as enterprises, civil society, non-governmental organisations and community-based organisations, in the prevention of and the fight against corruption in matters affecting international trade or investment, and to raise public awareness regarding the existence, causes and gravity of, and the threat posed by, corruption. To this end, a Party may:

- (a) undertake public information activities and public education programmes that contribute to non-tolerance of corruption;
- (b) adopt or maintain measures to encourage professional associations and other non-governmental organisations, if appropriate, in their efforts to encourage and assist enterprises, in particular SMEs, in developing internal controls, ethics and compliance programmes or measures for preventing and detecting bribery and corruption in international trade and investment;
- (c) adopt or maintain measures to encourage company management to make statements in their annual reports or otherwise publicly disclose their internal controls, ethics and compliance programmes or measures, including those that contribute to preventing and detecting bribery and corruption in international trade and investment; or
- (d) adopt or maintain measures that respect, promote and protect the freedom to seek, receive, publish and disseminate information concerning corruption.

2. Each Party shall endeavour to encourage private enterprises, taking into account their structure and size, to:

- (a) develop and adopt sufficient internal auditing controls to assist in preventing and detecting acts of corruption in matters affecting international trade or investment; and
- (b) ensure that their accounts and required financial statements are subject to appropriate auditing and certification procedures.

3. Each Party shall take appropriate measures to ensure that its relevant anti-corruption bodies are known to the public and shall provide access to those bodies, if appropriate, for the reporting, including anonymously, of an incident that may be considered to constitute an offence described in Article 21.8.1.

4. The Parties recognise the benefits of internal compliance programs in enterprises to combat corruption. In this regard, each Party shall endeavour to encourage enterprises, taking into account their size, legal structure, and the sectors in which they operate, to establish compliance programs for the purpose of preventing and detecting offenses described in Article 21.8.

## **Article 21.12. Application and Enforcement of Anti-Corruption Laws**

- 1. In accordance with the fundamental principles of its legal system, no Party shall fail to effectively enforce its laws or other measures adopted or maintained to comply with Article 21.8.1 through a sustained or recurring course of action or inaction, after the date of entry into force of this Agreement for that Party, as an encouragement for trade and investment. (3)
- 2. In accordance with the fundamental principles of its legal system, each Party retains the right for its law enforcement, prosecutorial and judicial authorities to exercise their discretion with respect to the enforcement of its anti-corruption laws. Each Party retains the right to take bona fide decisions with regard to the allocation of its resources.
- 3. The Parties affirm their commitments under applicable international agreements or arrangements to cooperate with each other, consistent with their respective legal and administrative systems, to enhance the effectiveness of law enforcement actions to combat the offences described in Article 21.8.1.

(3) For greater certainty, the Parties recognise that individual cases or specific discretionary decisions related to the enforcement of anti-corruption laws are subject to each Party's own domestic laws and legal procedures.

## **Article 21.13. Relation to other Agreements**

Nothing in this Agreement shall affect the existing rights and obligations of a Party, where applicable and to the extent it is a party, under the United Nations Convention against Transnational Organized Crime, done at New York on November 15, 2000, the UNCAC, the OECD Convention, or the IACAC.

## **Article 21.14. Dispute Settlement**

- 1. Chapter 23 (Dispute Settlement), as modified by this Article, shall apply to this Section.
- 2. No Party shall have recourse to dispute settlement under this Article or Chapter 23 (Dispute Settlement) for a matter arising under Article 21.9 and Article 21.12.

3. A Party may only have recourse to the procedures set out in this Article and Chapter 23 (Dispute Settlement) if it considers that a measure of the other Party is inconsistent with an obligation under this Section, or that the other Party has otherwise failed to carry out an obligation under this Section, in a manner affecting trade or investment between the Parties.

4. Article 23.6 (Consultations) shall apply to consultations under this Section, with the following modifications:

(a) a Party to the Pacific Alliance, which is not a consulting Party, may make a request in writing to the consulting Parties to participate in the consultations, no later than seven days after the date of circulation of the request for consultations, if it considers that its trade or investment is affected by the matter at issue. That Party to the Pacific Alliance shall include in its request an explanation of how its trade or investment is affected by the matter at issue. That Party to the Pacific Alliance may participate in consultations if the consulting Parties agree; and

(b) the consulting Parties shall involve officials of their relevant anti-corruption authorities in the consultations.

5. The consulting Parties shall make every effort to find a mutually satisfactory solution to the matter, which may include appropriate cooperative activities or a work plan.

6. The Parties are encouraged to appoint panellists with expertise in the area of anti-corruption to a Panel established under Article 23.8 (Establishment of a Panel) for any matter arising under this Section.

## **Chapter 22. ADMINISTRATION OF THE AGREEMENT**

### **Article 22.1. Free Trade Commission**

All Parties to the Pacific Alliance and Singapore hereby establish the Free Trade Commission. The Free Trade Commission shall be composed of government representatives of each Party to the Pacific Alliance and Singapore at the level of Ministers or senior officials. The Free Trade Commission shall be chaired by each Party to the Pacific Alliance or Singapore for a period of one year, on a rotational basis.

### **Article 22.2. Rules of Procedure of the Free Trade Commission**

1. The Free Trade Commission shall hold its first meeting within one year of the date of entry into force of this Agreement and thereafter as all Parties to the Pacific Alliance and Singapore may decide. The Free Trade Commission meetings may be held in person or through any technological means as mutually agreed by all Parties to the Pacific Alliance and Singapore. Such meetings shall be chaired by the Party chairing the Free Trade Commission.

2. The Free Trade Commission shall establish its own rules and procedures at its first meeting.

3. The Free Trade Commission shall adopt its decisions and recommendations by consensus.

4. The Free Trade Commission shall hold meetings with all Parties to the Pacific Alliance and Singapore present.

5. The Party chairing a meeting of the Free Trade Commission shall provide any necessary administrative support for such meeting.

6. The Free Trade Commission may hold meetings bilaterally or plurilaterally between Singapore and one or more Parties to the Pacific Alliance to discuss any matter exclusively relating to them, (1) provided that they give prior written notice to the other Parties to the Pacific Alliance. The written notice shall include a description of the matter exclusively relating to them.

7. If any other Party to the Pacific Alliance gives written notice to the Parties who hold meetings pursuant paragraph 6 expressing interest in the matter to be discussed at a meeting, together with the details of such interest, within five days of the date of receipt of the written notice mentioned in paragraph 6, that Party to the Pacific Alliance may attend the meeting as an observer and shall have no right of decision making in respect of the said matter.

(1) For greater certainty, only government representatives from Singapore and one or more Parties to the Pacific Alliance to which the matter exclusively relates may attend the meetings mentioned in this paragraph, subject to paragraph 7 of this Article.

### **Article 22.3. Functions of the Free Trade Commission**

1. The Free Trade Commission shall:



- (a) consider any matters relating to the implementation and operation of this Agreement;
- (b) review the general functioning of this Agreement;
- (c) consider ways to further enhance trade and investment between Singapore and each Party to the Pacific Alliance;
- (d) establish the Rules of Procedure referred to in Article 23.15 (Rules of Procedure of the Panel), the Code of Conduct referred to in Article 8.24 (Selection of Arbitrators) and the Code of Conduct referred to in Article 23.12 (Requirements of the Panellist), and, when appropriate, amend them;
- (e) supervise the work of the three Cross-Cutting Committees established under Article 22.5 and the work of any Cross-Cutting Committee established under Article 22.3.2(b);
- (f) consider any other matter of interest relating to an area covered by this Agreement; and
- (g) establish accession process referred in Article 25.7 (Accession).

2. The Free Trade Commission may (2):

- (a) consider and adopt, subject to completion of any necessary legal procedures by Singapore and each Party to the Pacific Alliance, a modification to this Agreement of:
  - (i) the Schedules to Annex 3-B (Elimination of Customs Duties), by accelerating tariff elimination;
  - (ii) the rules of origin established in Annex 4-A (Product Specific Rules of Origin); or
  - (iii) the lists of entities, covered goods and services, and thresholds contained in each Party's Schedule to Annex 14-A to Chapter 14 (Government Procurement);
  - (iv) the implementation annexes referred to in the Article 7.11 (Implementation Annexes).
- (b) establish, refer matters to, consider matters raised by, or allocate responsibilities or functions to a Cross-Cutting Committee;
- (c) merge or dissolve any Cross-Cutting Committees, working groups, or other subsidiary bodies established under this Agreement in order to improve the functioning of this Agreement;
- (d) develop arrangements for implementing this Agreement;
- (e) without prejudice to Chapter 23 (Dispute Settlement), seek to resolve differences or disputes that may arise regarding the interpretation or application of this Agreement;
- (f) issue interpretations of the provisions of this Agreement, which shall be binding on the panels or arbitral tribunals referred to under Chapter 8 (Investment) and Chapter 23 (Dispute Settlement);
- (g) seek the advice of non-governmental persons or groups that the Free Trade Commission considers appropriate; and
- (h) take any other action as all Parties to the Pacific Alliance and Singapore may agree.

(2) Chile shall implement the decisions of the Free Trade Commission referred to in Article 22.3.2 through executive agreements in accordance with Chilean law.

## **Article 22.4. Contact Points**

1. A Party shall designate an overall contact point and notify each Party in writing, no later than 60 days after the entry into force of this Agreement for that Party, to facilitate communications between Singapore and all Parties to the Pacific Alliance on any matter covered by this Agreement, as well as other contact points as required by this Agreement.

2. On the request of Singapore or a Party to the Pacific Alliance, the contact point of Singapore or a Party to the Pacific Alliance, as the case may be, shall identify the office or the official responsible for a matter and assist, as necessary, in facilitating communication between the requesting Party and the identified office or official.

## **Article 22.5. Establishment of Cross-Cutting Committees**

All Parties to the Pacific Alliance and Singapore hereby establish the following cross-cutting committees:

(a) Trade in Goods Committee to consider any matter arising under Chapter 3 (National Treatment and Market Access for Goods), Chapter 4 (Rules of Origin and Origin Procedures), Chapter 5 (Customs Administration and Trade Facilitation), Chapter 6 (Sanitary and Phytosanitary Measures), and Chapter 7 (Technical Barriers to Trade);

(b) Services, Investment and E-Commerce Committee to consider any matter arising under Chapter 8 (Investment), Chapter 9 (Cross-Border Trade in Services), Chapter 10 (International Maritime Transport Services), Chapter 11 (Temporary Entry for Business Persons), Chapter 12 (Telecommunications), and Chapter 13 (Electronic Commerce); and

(c) Other Issues Committee to consider any matter arising under Chapter 14 (Government Procurement), Chapter 16 (State-Owned Enterprises), Chapter 17 (Trade and Gender), Chapter 18 (Economic and Trade Cooperation), and Chapter 19 (Small and Medium- Sized Enterprises).

## **Article 22.6. General Provisions of Cross-Cutting Committees**

1. Each Committee established under Article 22.5 shall meet within one year of the date of entry into force of this Agreement, and thereafter as agreed by all the Parties to the Pacific Alliance and Singapore or upon request of the Free Trade Commission. The Committees shall meet in person or through any technological means as agreed by them.

2. Each Committee shall be composed of government representatives of Singapore and each Party to the Pacific Alliance who have expertise relevant to the matters under discussion.

3. The functions of each Committee shall be to:

(a) monitor the implementation and administration of the Chapters listed for its consideration in Article 22.5;

(b) report on its activities and findings, and make recommendations, as required, to the Free Trade Commission;

(c) at Singapore or any Party to the Pacific Alliance's request, enquire about any matter arising under the Chapters referred to in Article 22.5;

(d) establish and review its work programmes; and

(e) consider any other matter as all Parties to the Pacific Alliance and Singapore may agree or as provided for in the relevant Chapters.

4. A Committee may hold meetings bilaterally or plurilaterally between Singapore and one or more Parties to the Pacific Alliance to discuss any matter exclusively relating to them, (3) provided that they give prior written notice to the other Parties to the Pacific Alliance. The written notice shall include a description of the matter exclusively relating to them.

5. If any other Party to the Pacific Alliance gives written notice to the Parties who will hold meetings pursuant paragraph 4 expressing interest in the matter to be discussed at that meeting, together with the details of such interest, within five days of the date of receipt of the written notice mentioned in paragraph 4, that Party may attend the meeting as an observer and shall have no right of decision making in respect of the said matter.

6. Recommendations of a Committee shall be made by consensus.

7. Each Committee may work with, refer matters to, or consider matters raised by another Committee to achieve its objectives.

(3) For greater certainty, only government representatives from Singapore and one or more Parties to the Pacific Alliance to which the matter exclusively relates may attend the meetings mentioned in this paragraph, subject to paragraph 5 of this Article.

## **Chapter 23. DISPUTE SETTLEMENT**

### **Article 23.1. Definitions**

For the purposes of this Chapter:

complaining Party means a Party that requests the establishment of a Panel pursuant to Article 23.8.1;

consulting Party means the Party that requests consultations pursuant to Article 23.6.1 or the Party to which the request for

consultations is made;

disputing Party means a complaining Party or a responding Party; Panel means a panel established under Article 23.8;

perishable goods means perishable agricultural and fish goods classified in HS Chapters 1 through 24;

responding Party means a Party that has been complained against under Article 23.8;

Rules of Procedure means the rules referred to in Article 23.15 and established in accordance with Article 22.3 (Functions of the Free Trade Commission); and

third Party means a Party to the Pacific Alliance, other than a consulting Party or a disputing Party, that participates in the consultations in accordance with Article 23.6.9 or in the proceedings before the Panel in accordance with Article 23.9.

## **Article 23.2. General Provisions**

1. The Parties shall endeavour to agree on the interpretation and application of this Agreement and shall make every effort through cooperation and consultations to reach a mutually satisfactory resolution of any matter that may affect its operation or application.

2. The objective of this Chapter is to provide an effective, efficient and transparent process for consultations and settlement of disputes arising under this Agreement.

## **Article 23.3. Scope**

Unless otherwise provided for in this Agreement, the provisions of this Chapter shall apply:

(a) with respect to the avoidance or settlement of any dispute that arises between the Parties with regard to the interpretation or application of the provisions of this Agreement;

(b) when a Party considers that an actual or proposed measure of the other Party is or would be inconsistent with an obligation set out in this Agreement or that the other Party has otherwise failed to carry out an obligation under this Agreement; or

(c) when a Party considers that a benefit it could reasonably have expected to accrue to it under Chapter 3 (National Treatment and Market Access for Goods), Chapter 4 (Rules of Origin and Origin Procedures), Chapter 6 (Sanitary and Phytosanitary Measures), Chapter 7 (Technical Barriers to Trade), Chapter 9 (Cross-Border Trade in Services) or Chapter 14 (Government Procurement) is being nullified or impaired as a result of the application of a measure of the other Party that is not inconsistent with this Agreement.

## **Article 23.4. Urgent Circumstances**

1. In urgent circumstances, (1) unless otherwise provided in this Chapter the timeframes established in this Chapter shall be halved.

2. Notwithstanding the provisions of Article 23.17.2, the Panel shall apply the timeframe established in Article 23.17.1, where the complaining Party indicates this in the request for establishment of the Panel.

(1) For the purposes of this Chapter, it is understood that disputes related to perishable goods are urgent circumstances.

## **Article 23.5. Choice of Forum**

1. If a dispute regarding any matter arises under this Agreement and under another international trade agreement to which the disputing Parties are party, including the WTO Agreement, the complaining Party may select the forum in which to settle the dispute

2. Once a complaining Party has requested the establishment of a Panel under this Chapter or under one of the agreements referred to in paragraph 1, the forum selected shall be used to the exclusion of other fora.

## **Article 23.6. Consultations**

1. A Party may request consultations with the other Party with regard to a matter referred to in Article 23.3. The Party making the request for consultations shall do so in writing, explaining the reasons for its request, including identification of the actual or proposed measure (2) or other matter at issue and indication of the legal basis for the complaint. The requesting Party shall circulate the request simultaneously to the other Parties to the Pacific Alliance through the overall contact points designated under Article 22.4 (Contact Points).
2. The Party to which a request for consultations is made shall, unless otherwise mutually agreed, reply in writing to the request for consultations, no later than 10 days after the date of receipt of the request. (3) That Party shall circulate its reply simultaneously to the other Parties to the Pacific Alliance through the overall contact points.
3. The consultations shall be entered into in good faith.
4. The consulting Parties shall enter into consultations no later than 30 days after the date of receipt of the request, unless the consulting Parties agree otherwise.
5. The consulting Party which requested consultations may request the consulting Party to which the request for consultation was made to make available for the consultations personnel from their government agencies or other regulatory bodies with expertise in the subject matter of the consultations.
6. The consulting Parties shall make every attempt to reach a mutually satisfactory resolution of the matter through consultations under this Article. To this end, each consulting Party:
  - (a) shall provide sufficient information to enable a full examination of how the actual or proposed measure or subject matter of the consultations might affect the operation or application of this Agreement, and
  - (b) shall treat any information exchanged in the course of the consultations that is designated as confidential on the same basis as the Party providing the information.
7. The consultations shall be confidential and without prejudice to the rights of the consulting Parties in any other proceedings.
8. The consultations may be carried out in person or by any other technological means agreed by the consulting Parties. If the consultations are held in person, they shall be carried out in the territory of the consulting Party to which the request for consultations was made, unless the consulting Parties agree otherwise.
9. A third Party that considers itself to have a substantial interest in the subject matter of the consultations may participate, if it informs the consulting Parties in writing within eight days after the date of receipt of the request for consultations. The third Party shall include in its notice an explanation of its substantial interest in the matter of consultations.
10. A third Party may express its opinions during consultations and its involvement shall not affect the capacity of the consulting Parties for achieving a mutually satisfactory solution.

(2) The consulting Parties shall, in the case of a proposed measure, make every effort to make the request for consultation under this provision within 60 days of the date the proposed measure is made available to the public, without prejudice to the right to make such request at any time.

(3) For greater certainty, if the consulting Party to which a request for consultations is made does not reply within the time period specified in this paragraph, it shall be deemed to have received the request ten days after the date on which the Party making the request for consultations transmitted that request.

## **Article 23.7. Good Offices, Conciliation and Mediation**

1. The disputing Parties may agree at any time to the use of an alternative dispute resolution mechanism such as good offices, conciliation or mediation.
2. The disputing Parties shall agree on the procedures to implement the alternative dispute resolution mechanism.
3. If the disputing Parties agree, the alternative dispute resolution mechanism may continue while the dispute proceeds for resolution before a Panel established under Article 23.8.
4. Such alternative dispute resolution mechanisms are confidential and without prejudice to the rights of the disputing

Parties in any other proceedings.

5. Any of the disputing Parties may at any time suspend or terminate the proceedings established under this Article.

### **Article 23.8. Establishment of a Panel**

1. The complaining Party may make a written request to the responding Party for the establishment of a Panel if the consultations fail to resolve a matter within:

(a) 60 days after the date of receipt of the request for consultations under Article 23.6; or

(b) another period as the consulting Parties may agree.

2. The complaining Party shall deliver the written request for the establishment of a Panel to the responding Party. The complaining Party shall indicate the reasons for its request, including identification of the measure or other matter at issue and the indication of the legal basis for the complaint. A copy of the request shall be simultaneously sent to the other Parties to the Pacific Alliance through the overall contact points designated under Article 22.4 (Contact Points).

3. A Panel shall be established upon delivery of the request.

4. Unless the disputing Parties agree otherwise, the Panel shall be composed in a manner consistent with this Chapter and the Rules of Procedure.

5. A Panel shall not be established to review a proposed measure.

### **Article 23.9. Participation of a Third Party**

1. A Party that is not a disputing Party and that considers it has a substantial interest in the matter before the Panel may participate in the dispute resolution proceedings as a third Party, upon delivery of a written notice to the disputing Parties no later than 10 days after the date of receipt of the request for establishment of a Panel. In the event that a Party delivers such written notice after this timeframe has elapsed, the Panel may authorise its participation as a third Party.

2. Subject to the protection of confidential information, the disputing Parties shall provide to each third Party its written submissions, written versions of its oral statements to the Panel and its written responses to questions, other than those made subsequent to the issuance of the initial report, at the time such submissions, statements and responses are filed.

3. A third Party has the right to:

(a) make written submissions to and respond to questions from the Panel; and

(b) attend and submit oral arguments in all hearings of the Panel subject to the protection of confidential information.

4. Any submissions or other documents submitted by third Parties shall be simultaneously provided to the disputing Parties and other third Parties.

### **Article 23.10. Consolidation of Proceedings**

1. If a Panel has been established regarding a matter and a Party to the Pacific Alliance or Singapore requests the establishment of a Panel related to the same matter, a single Panel should be established to examine those requests whenever feasible.

2. The single Panel shall organise its examination and present its findings to the disputing Parties to the disputes in a manner that the rights which the disputing Parties would have enjoyed had separate panels examined the complaints are in no way impaired.

3. If more than one Panel is established to examine the complaints related to the same matter, the disputing Parties shall endeavour to ensure that the same persons serve as panellists for each Panel. The Panels shall consult with each other and all disputing Parties to ensure, to the extent possible, that the timetables for the Panels' processes are harmonised.

### **Article 23.11. Terms of Reference of the Panel**

1. Unless the disputing Parties agree otherwise no later than 15 days after the date of receipt of the request for the establishment of a Panel, the terms of reference for the Panel shall be:

"To examine, in the light of the relevant provisions of this Agreement, the matter referred to in the request for the establishment of the panel under Article 23.8 (Establishment of a Panel), and to make findings, determinations and recommendations, together with its reasons therefor, pursuant to the provisions of Articles 23.14 (Functions of Panels) and 23.16 (Suspension and Termination of Proceedings)."

2. If the complaining Party claims in the request for establishment of the Panel that a matter nullifies or impairs benefits pursuant to Article 23.3(c), the terms of reference shall so indicate.

## **Article 23.12. Requirements of the Panellist**

1. Each panellist shall:

(a) have expertise or experience in law, international trade, other matters covered by this Agreement, or in the resolution of disputes arising under international trade agreements;

(b) be selected strictly on the basis of objectivity, impartiality, reliability and sound judgement;

(c) be independent of, and not be affiliated with or take instructions from any Party; and

(d) comply with the Code of Conduct established by the Free Trade Commission under Article 22.3.1(d) (Functions of the Free Trade Commission).

2. Persons that have participated in any of the alternative dispute resolution mechanisms referred to in Article 23.7 may not serve as panellists in the same dispute.

## **Article 23.13. Selection of the Panel**

1. The Panel shall comprise three members.

2. Unless the disputing Parties agree otherwise, they shall apply the procedures set forth in paragraphs 3 to 5 to compose a Panel.

3. Within 30 days of the receipt of request for the establishment of the Panel under Article 23.8, the panellists of the Panel must be appointed. If the disputing Parties consist of Singapore and one Party to the Pacific Alliance, each disputing Party shall appoint a panellist who may be its national and propose up to four candidates to serve as chair of the Panel. If the disputing Parties consist of Singapore and two or more Parties to the Pacific Alliance, Singapore shall appoint a panellist who may be a Singapore national and propose up to four candidates to serve as chair of the Panel, and the Parties to the Pacific Alliance shall collectively appoint a panellist who may be a national of one of the Parties to the Pacific Alliance involved in the dispute and propose up to four candidates to serve as chair of the Panel. The chair of the Panel shall not be a national of the disputing Parties nor have his or her usual place of residence in the territory of the disputing Parties, nor be employed by any of the disputing Parties, nor have dealt with the dispute in any capacity. Each disputing Party shall notify in writing to the other disputing Parties the identities of their appointed panellist and candidates for chair of the Panel.

4. Within 20 days of the deadline established in paragraph 3, the disputing Parties shall endeavour to agree on the appointment of the chair of the Panel from among the proposed candidates.

5. If a disputing Party does not appoint a panellist within the timeframe stipulated in paragraph 3, or if the disputing Parties have not appointed a chair in the timeframe stipulated in paragraph 4, a disputing Party may request the Director-General of the WTO to appoint any remaining Member of the Panel. The Director-General shall appoint the panellist or the chair, as the case may be, in accordance with Article 23.12 and the conditions set forth in paragraph 3, after consulting with the disputing Parties or as agreed by the disputing Parties. Any lists of proposed candidates which were provided under paragraph 3 shall also be provided to the Director-General.

6. If a panellist cannot fulfil his or her role, resigns or is removed, either during the course of the proceeding or when the Panel is reconvened under Article 23.21 or Article 23.22 a successor shall be selected in accordance with this Article. Any procedural timeframe shall be suspended from the date on which the panellist cannot fulfil his or her role, resigns or is removed, until the date the successor is selected. The successor shall assume the role and responsibilities of the original panellist.

7. When a Panel is re-convened under Article 23.21 or Article 23.22, the reconvened Panel shall, if possible, have the same panellists as the original Panel. If this is not possible, the replacement panellist(s) shall be appointed in the same manner as prescribed for the appointment of the original panellist(s), and shall have all the powers and duties of the original panellist(s).

## **Article 23.14. Function of Panels**

1. A Panel's function is to make an objective assessment of the matter before it, which includes an examination of the facts and the applicability of and conformity with this Agreement, and to make the findings, determinations and recommendations as are called for in its terms of reference and necessary for the resolution of the dispute.
2. The Panel shall consider this Agreement in accordance with the rules of interpretation under international law as reflected in Articles 31 and 32 of the Vienna Convention on the Law of Treaties (1969). With respect to any provision of the WTO Agreement that has been incorporated into this Agreement, the Panel shall also consider relevant interpretations in reports of panels and the WTO Appellate Body adopted by the WTO Dispute Settlement Body. The findings, determinations and recommendations of the Panel shall not add to or diminish the rights and obligations of the Parties under this Agreement.
3. A Panel shall take its decisions by consensus, except that, if a Panel is unable to reach consensus, it may take its decisions by majority vote.

## **Article 23.15. Rules of Procedure of the Panel**

1. The Free Trade Commission shall approve the Rules of Procedure at its first meeting.
2. Unless the disputing Parties agree otherwise, a Panel established in accordance with this Chapter shall comply with the Rules of Procedure. A Panel may, after consulting the disputing Parties, adopt supplementary rules of procedure that do not conflict with the provisions of this Agreement and with the Rules of Procedure.
3. The Rules of Procedure shall ensure:
  - (a) that each disputing Party has the opportunity to provide at least initial and rebuttal written submissions;
  - (b) subject to subparagraph (g), any hearing before the Panel shall be open to the public, unless the disputing Parties agree otherwise;
  - (c) that the disputing Parties have the right to at least one hearing before the Panel, at which each disputing Party may make and listen to oral arguments;
  - (d) that written submissions and oral arguments shall be made either in English or Spanish;
  - (e) that the Panel shall consider requests from non-governmental entities located in the territory of a disputing Party to provide written views regarding the dispute that may assist the Panel in evaluating the submissions and arguments of the disputing Parties;
  - (f) that confidential information is protected; and
  - (g) unless the disputing Parties agree otherwise, hearings shall be held in the capital of the responding Party.
4. When a disputing Party submits information, documents or papers qualified as confidential, that Party shall also, upon request by the other disputing Party, submit a non-confidential summary of the information, documents or papers that may be made available to the public, no later than 30 days after the date of receipt of the request by the other disputing Party. 5. Subject to the protection of confidential information, each disputing Party shall:
  - (a) make its best efforts to release or make available to the public its written submissions, written version of oral statements and written responses to requests or questions from the Panel, if any, as soon as possible after those documents are filed; and
  - (b) if not already released, release or make available to the public all these documents by the time the final report of the Panel is issued.
6. After notifying the disputing Parties, the Panel may, at the request of a disputing Party, or on its own initiative, compile information and seek technical advice from a person or entity it deems appropriate pursuant to the Rules of Procedure. The disputing Parties shall have an opportunity to comment on any information or advice obtained under this paragraph.
7. Unless the disputing Parties otherwise agree, each disputing Party shall bear the cost of the panellist it appoints, as well as the panellist's expenses. The cost of the chair of the Panel and other expenses associated with proceedings shall be borne by the disputing Parties in equal parts, in accordance with the Rules of Procedure.

## **Article 23.16. Suspension and Termination of Proceedings**

1. The Panel may suspend the proceedings at any time at the request of the complaining Party or, if there is more than one complaining Party, at the joint request of the complaining Parties, for a period of no more than 12 months following the date of the request. The Panel shall suspend its work at any time if the disputing Parties request it to do so. If the proceedings of the Panel have been suspended for more than 12 months, the authority for establishment of the Panel shall lapse, unless the disputing Parties agree otherwise.

2. The disputing Parties may terminate the proceedings before a Panel at any time before the notification of the final report by jointly notifying the chair of the Panel.

## **Article 23.17. Initial Report of the Panel**

1. The Panel shall present its initial report to the disputing Parties no later than 90 days after the date of appointment of the last panellist, unless the disputing Parties agree on a different timeframe.

2. In urgent circumstances, the Panel shall present the initial report to the disputing Parties no later than 60 days after the date of appointment of the last panellist, unless the disputing Parties agree on a different timeframe.

3. In exceptional cases, should the Panel find that it cannot issue the initial report within 90 days or 60 days in urgent circumstances, it must inform the disputing Parties in writing of the reasons for the delay together with an estimate of when the initial report shall be issued. Any delay shall not exceed 30 days, unless the disputing Parties agree on a different timeframe.

4. The Panel shall base its initial report on the relevant provisions of this Agreement, interpretations issued by the Free Trade Commission, the arguments and submissions of the disputing Parties, and any information and technical advice that it has received in accordance with this Agreement.

5. The initial report shall include:

(a) a summary of the written and oral submissions;

(b) findings of fact;

(c) the determination of the Panel as to whether:

(i) the measure at issue is inconsistent with obligations in this Agreement;

(ii) a Party has otherwise failed to carry out its obligations in this Agreement; or

(iii) the measure at issue is causing nullification or impairment within the meaning of Article 23.3.

(d) any other determination requested in the terms of reference;

(e) recommendations, if any of the disputing Parties has requested them for the resolution of the dispute; and

(f) the reasons for the findings and determinations. 6. Panellists may present separate opinions on matters not unanimously agreed.

7. Any of the disputing Parties may submit written comments on the initial report to the Panel within 15 days following the disputing Party's receipt of the initial report, or within any other timeframe established by the Panel.

8. After considering any written comments by the disputing Parties on the initial report, the Panel may modify its report and make any further examination it considers appropriate.

## **Article 23.18. Final Report of the Panel**

1. The Panel shall present the final report to the disputing Parties, including any separate opinions on matters on which the decision was not unanimous, no later than 30 days after the date of the presentation of the initial report, unless the disputing Parties agree on a different timeframe.

2. Unless the disputing Parties agree otherwise, any of them may publish the final report of the Panel 15 days after the date the final report is presented, subject to the protection of confidential information.



3. The Panel may not reveal the identity of the panellists that voted with the majority or the minority.

### **Article 23.19. Request for Clarification by the Panel**

1. Within 10 days following a disputing Party's receipt of the final report, the disputing Party may make a written request for the Panel to clarify any conclusion, decision or recommendation of the final report that it considers ambiguous. The Panel shall reply to such request within 10 days following its submission.

2. Clarification by the Panel shall not affect its findings, determinations and recommendations.

3. The submission of a request as described in paragraph 1 of this Article shall not affect the timeframes referred to in Article 23.21.

### **Article 23.20. Compliance with the Final Report of the Panel**

1. The findings and determinations of the Panel shall be final and binding on the disputing Parties. The responding Party shall:

(a) if the Panel makes a determination that the measure at issue is not in conformity with the obligations of this Agreement, bring the measure into conformity;

(b) if the Panel makes a determination that the responding Party has otherwise failed to carry out its obligations under this Agreement, carry out those obligations; or

(c) if the Panel makes a determination that the measure at issue is causing nullification or impairment as described in Article 23.3(c), eliminate the nullification or impairment or reach a mutually satisfactory solution with the complaining Party.

2. Within 30 days of the date of the presentation of the Panel's final report to the disputing Parties, the responding Party shall notify the complaining Party of its intentions with respect to implementation and:

(a) if the responding Party considers it has fully complied with the obligation in paragraph 1, the responding Party shall notify the complaining Party without delay and provide a description of any measure that it had taken to comply with that obligation; or

(b) if it is impracticable to comply immediately with the obligation in paragraph 1, the responding Party shall notify the complaining Party of the reasonable period of time the responding Party considers it would need to comply with the obligation in paragraph 1, along with an indication of possible actions it may take for such compliance.

3. If the responding Party makes a notification under paragraph 2(b) that it is impracticable for it to comply immediately with the obligation in paragraph 1, it shall have a reasonable period of time to comply with that obligation.

4. The disputing Parties shall endeavour to agree on the reasonable period of time referred to in paragraphs 2(b) and 3. If the disputing Parties fail to agree on the reasonable period of time within a period of 45 days after the presentation of the final report under Article 23.18, any disputing Party may, no later than 60 days after the presentation of the final report under Article 23.18, refer the matter to the chair of the Panel to determine the reasonable period of time through arbitration.

5. The chair shall take into consideration as a guideline that the reasonable period of time should not exceed 15 months from the presentation of the final report under Article 23.18. However, that time may be shorter or longer, depending upon the particular circumstances.

6. The chair shall determine the reasonable period of time no later than 90 days after the date of referral to the chair under paragraph 4.

7. The disputing Parties may agree to vary the procedures set out in paragraphs 4 through 6 for the determination of the reasonable period of time referred to in paragraphs 2(b) and 3.

### **Article 23.21. Non-Implementation - Compensation and Suspension of Benefits**

1. The responding Party shall, if requested by the complaining Party or Parties, enter into negotiations with the complaining Party or Parties no later than 15 days after receipt of that request, with a view to developing mutually acceptable compensation, if:

(a) the responding Party has notified the complaining Party or Parties that it does not intend to eliminate the non-conformity or the nullification or impairment; or

(b) following the expiry of the reasonable period of time established in accordance with Article 23.20, there is disagreement between the disputing Parties as to whether the responding Party has eliminated the non-conformity or the nullification or impairment.

2. A complaining Party may suspend benefits in accordance with paragraph 3 if that complaining Party and the responding Party have:

(a) been unable to agree on compensation within a period of 30 days after the period for developing compensation has begun; or

(b) agreed on compensation but the relevant complaining Party considers that the responding Party has failed to observe the terms of the agreement.

3. A complaining Party may, at any time after the conditions set out in paragraph 2 are met in relation to that complaining Party, provide written notice to the responding Party that it intends to suspend benefits of equivalent effect. The notice shall specify the level of benefits that the Party proposes to suspend. (4) The complaining Party may begin suspending benefits 30 days after the later of the date on which it provides notice under this paragraph or the date that the Panel issues its determination under paragraph 5, as the case may be.

4. In considering what benefits to suspend under paragraph 3, the complaining Party shall apply the following principles and procedures:

(a) it should first seek to suspend benefits in the same subject matter as that in which the Panel has determined non-conformity or nullification or impairment to exist;

(b) if it considers that it is not practicable or effective to suspend benefits in the same subject matter, and that the circumstances are serious enough, it may suspend benefits in a different subject matter. In the written notice referred to in paragraph 3, the complaining Party shall indicate the reasons on which its decision to suspend benefits in a different subject matter is based; and

(c) in applying the principles set out in subparagraphs (a) and (b), it shall take into account:

(i) the trade in the good, the supply of the service or other subject matter in which the Panel has found the non-conformity or nullification or impairment, and the importance of that trade to the complaining Party;

(ii) that goods and services, other than financial services (5) are each distinct subject matters; and

(iii) the broader economic elements related to the nullification or impairment and the broader economic consequences of the suspension of benefits.

5. If the responding Party considers that:

(a) the level of benefits proposed to be suspended is manifestly excessive or the complaining Party has failed to follow the principles and procedures set out in paragraph 4; or

(b) it has eliminated the non-conformity or the nullification or impairment that the Panel has determined to exist,

it may, within 30 days of the date of delivery of the written notice provided by the complaining Party under paragraph 3, request that the Panel be reconvened to consider the matter. The responding Party shall deliver its request in writing to the complaining Party. The Panel shall reconvene as soon as possible after the date of delivery of the request and shall present its determination to the disputing Parties no later than 90 days after it reconvenes to review a request under subparagraph (a) or (b), or 120 days after it reconvenes for a request under both subparagraphs (a) and (b). If the Panel determines that the level of benefits the complaining Party proposes to suspend is manifestly excessive, it shall determine the level of benefits it considers to be of equivalent effect.

6. Unless the Panel has determined that the responding Party has eliminated the non-conformity or the nullification or impairment, the complaining Party may suspend benefits up to the level the Panel has determined under paragraph 5 or, if the Panel has not determined the level, the level the complaining Party has proposed to suspend under paragraph 3. If the Panel determines that the complaining Party has not followed the principles and procedures set out in paragraph 4, the Panel shall set out in its determination the extent to which the complaining Party may suspend benefits in which subject matter in order to ensure full compliance with the principles and procedures set out in paragraph 4. The complaining Party may suspend benefits only in a manner consistent with the Panel's determination.

(4) For greater certainty, the phrase "the level of benefits that the Party proposes to suspend" refers to the level of concessions under this Agreement, the suspension of which a complaining Party considers will have an effect equivalent to that of the non-conformity, or nullification or impairment in the sense of Article 23.3(c), determined to exist by the Panel in its final report issued under Article 23.18.1.

(5) For greater certainty, "services" does not include financial services as defined in paragraph 5(a) of the Annex of Financial Services of GATS.

## **Article 23.22. Compliance Review**

1. Without prejudice to the procedures in Article 23.21, if a responding Party considers that it has eliminated the non-conformity or the nullification or impairment found by the Panel, it may refer the matter to the Panel by providing a written notice to the complaining Party or Parties. The Panel shall issue its report on the matter no later than 90 days after the responding Party provides written notice.

2. If the Panel determines that the responding Party has eliminated the non-conformity or the nullification or impairment, the complaining Party or Parties shall promptly reinstate any benefits suspended under Article 23.21.

## **Article 23.23. Administration of Dispute Settlement Proceedings**

1. Each Party shall:

(a) designate an office to provide administrative support to a Panel covered by this Chapter, in accordance with the Rules of Procedure; and

(b) notify the other Parties of the location of its designated office.

2. Each Party shall be responsible for the operation of its designated office.

## **Article 23.24. Private Rights**

No Party shall provide for a right of action under its law against the other Party on the ground that a measure of that other Party is inconsistent with its obligations under this Agreement, or that the other Party has otherwise failed to carry out its obligations under this Agreement.

## **Article 23.25. Alternative Dispute Resolution**

1. The Parties shall, to the extent possible, encourage and facilitate the use of arbitration and other means of alternative dispute resolution for the settlement of international commercial disputes between private parties in the free trade area.

2. To this end, the Parties shall provide appropriate procedures to ensure observance of agreements to arbitrate and for the recognition and enforcement of arbitral awards in those disputes.

3. A Party shall be deemed to be in compliance with paragraph 2 if it is a party to, and is in compliance with, the United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards done at New York on 10 June 1958.

# **Chapter 24. EXCEPTIONS**

## **Article 24.1. General Exceptions**

1. For the purposes of Chapters 3 (National Treatment and Market Access for Goods), 4 (Rules of Origin and Origin Procedures), 5 (Customs Administration and Trade Facilitation), 6 (Sanitary and Phytosanitary Measures), and 7 (Technical Barriers to Trade), Article XX of GATT 1994 and its interpretive notes are incorporated into this Agreement and made part of this Agreement, *mutatis mutandis*.

2. The Parties understand that the measures referred to in Article XX(b) of GATT 1994 include environmental measures necessary for protecting human, animal or plant life or health, and that Article XX(g) of GATT 1994 applies to the measures related to the conservation of living and non-living exhaustible natural resources.

3. For the purposes of Chapters 9 (Cross-Border Trade in Services), 10 (International Maritime Transport Services), 11 (Temporary Entry for Business Persons), 12 (Telecommunications) and 13 (Electronic Commerce) (1), Article XIV of 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 GATS include environmental measures necessary for protecting human, animal or plant life or health.

(1) This paragraph is without prejudice to whether a digital product should be classified as a good or service.

## **Article 24.2. Security Exceptions**

Nothing In this Agreement shall be construed to:

- (a) require a Party to furnish or allow access to any information the disclosure of which it considers contrary to its essential security interests;
- (b) preclude a Party from applying measures that it considers necessary for the protection of its essential security interests; or
- (c) preclude a Party from taking any action in pursuance of its obligations under the United Nations Charter for the maintenance of international peace and security.

## **Article 24. Taxation Measures**

1. For the purposes of this Article:

designated authorities means:

- (a) for Chile, the Undersecretariat of Finance;
  - (b) for Colombia, the Technical Vice-Ministry of the Ministry of Finance and Public Credit;
  - (c) for Mexico, the Ministry of Finance and Public Credit; (d) for Peru, the Ministry of Economy and Finance;
  - (e) for Singapore, Chief Tax Policy Officer, Ministry of Finance, or any such public officer as may be designated by Singapore;
- or a successor of these designated authorities as notified in writing to the other Party.

tax convention means a convention for the avoidance of double taxation or other international taxation agreement or arrangement; and

taxes and taxation measures include excise duties, but do not include:

- (a) customs duty, as defined in Article 2.1 (General Definitions); or
  - (b) the measures listed in subparagraphs (b) and (c) of that definition.
2. Except as provided in this Article, this Agreement shall not apply to taxation measures.

3. This Agreement shall not affect the rights and obligations of either Party under any tax convention. In the event of any inconsistency between this Agreement and any such tax convention, that convention shall prevail to the extent of the inconsistency.

4. In the case of a tax convention to which one or more of the Parties to the Pacific Alliance and Singapore are party, if an issue arises as to whether any inconsistency exists between this Agreement and the tax convention, the issue shall be referred to the designated authorities of the relevant Parties to the Pacific Alliance and Singapore. The designated authorities of the relevant Parties to the Pacific Alliance and Singapore shall have six months from the date of referral of the issue to make a determination as to the existence and extent of any inconsistency. If the designated authorities agree, the period may be extended up to 12 months from the date of referral of the issue. No procedures concerning the measure giving rise to the issue may be initiated under Chapter 23 (Dispute Settlement) or Article 8.20 (Submission of a Claim to Arbitration) until the expiry of the six-month period, or any other period as may have been agreed by the designated authorities. A panel or tribunal established to consider a dispute related to a taxation measure shall accept as binding a determination of the designated authorities of the Parties made under this paragraph.

5. Notwithstanding paragraph 3:

- (a) Article 3.3 (National Treatment) and such other provisions of this Agreement as are necessary to give effect to that Article

shall apply to taxation measures to the same extent as does Article III of GATT 1994; and

(b) Article 3.10 (Export Duties, Taxes or Other Charges) shall apply to taxation measures.

6. Subject to paragraph 3:

(a) Article 9.3 (National Treatment) shall apply to taxation measures on income, on capital gains, on the taxable capital of corporations, or on the value of an investment or property (2) (but not on the transfer for that investment or property), that relate to the purchase or consumption of particular services, except that nothing in this subparagraph shall prevent a Party from conditioning the receipt or continued receipt of an advantage that relates to the purchase or consumption of particular services on requirements to provide the service in its territory; and

(b) Article 8.5 (National Treatment), Article 8.6 (Most-Favoured-Nation Treatment), Article 9.3 (National Treatment) and Article 9.4 (Most-Favoured-Nation Treatment) shall apply to all taxation measures, other than those on income, on capital gains, on the taxable capital of corporations, on the value of an investment or property (but not on the transfer of that investment or property), or taxes on estates, inheritances, gifts and generation-skipping transfers,

but nothing in the Articles referred to in subparagraphs (a) and (b) shall apply to:

(c) any most-favoured-nation obligation with respect to an advantage accorded by a Party pursuant to a tax convention;

(d) a non-conforming provision of any existing taxation measure;

(e) the continuation or prompt renewal of a non-conforming provision of any existing taxation measure;

(f) an amendment to a non-conforming provision of any existing taxation measure to the extent that the amendment does not decrease its conformity, at the time of the amendment, with any of those Articles;

(g) the adoption or enforcement of any new taxation measure aimed at ensuring the equitable or effective imposition or collection of taxes, including any taxation measure that differentiates between persons based on their place of residence for tax purposes, provided that the taxation measure does not arbitrarily discriminate between persons, goods or services of the Parties; (3)

(h) a provision that conditions the receipt or continued receipt of an advantage relating to the contributions to, or income of, a pension trust, pension plan, superannuation fund or other arrangement to provide pension, superannuation or similar benefits, on a requirement that the Party maintain continuous jurisdiction, regulation or supervision over that trust, plan, fund or other arrangement; or

(i) any excise duty on insurance premiums to the extent that such tax would, if levied by the other Party, be covered by subparagraph (d), (e) or (f).

7. Subject to paragraph 3, and without prejudice to the rights and obligations of the Parties under paragraph 5, Article 8.9.3 (Performance Requirements), Article 8.9.4, Article 8.9.5, Article 8.9.6, Article 8.9.7, Article 8.9.8, Article 8.9.9 and Article 8.9.11 shall apply to taxation measures.

8. Article 8.13 (Expropriation and Compensation) shall apply to taxation measures. However, no investor may invoke Article 8.13 (Expropriation and Compensation) as the basis for a claim if it has been determined pursuant to this paragraph that the measure is not an expropriation. An investor that seeks to invoke Article 8.13 (Expropriation and Compensation) with respect to a taxation measure must first refer to the designated authorities of the Party of the investor and the respondent Party, at the time that it gives its notice of intent under Article 8.20 (Submission of a Claim to Arbitration), the issue of whether that taxation measure is not an expropriation. If the designated authorities do not agree to consider the issue or, having agreed to consider it, fail to agree that the measure is not an expropriation within a period of six months of the referral, the investor may submit its claim to arbitration under Article 8.20 (Submission of a Claim to Arbitration).

9. This Agreement shall not prevent Singapore from adopting taxation measures no more trade restrictive than necessary to address Singapore's public policy objectives arising out of its specific constraints of space.

(2) This is without prejudice to the methodology used to determine the value of such investment or property under the Parties' respective laws.

(3) The Parties understand that this subparagraph must be interpreted by reference to the footnote to Article XIV(d) of GATS as if the Article was not restricted to services or direct taxes.

## **Article 24.4. Disclosure of Information**

1. Each Party shall in accordance with its laws and regulations, maintain the confidentiality of information provided in confidence by the other Party pursuant to this Agreement. When the disclosure of such information is necessary to comply with the laws and regulations of a Party, that Party shall notify the other Party which provided the information in confidence before such disclosure is made.
2. Nothing in this Agreement shall be construed to require a Party to furnish or allow access to information, the disclosure of which would be contrary to its laws and regulations or would impede law enforcement, or otherwise be contrary to the public interest, or which would prejudice the legitimate commercial interests of particular enterprises, public or private.

## **Article 24.5. Temporary Safeguard Measures**

1. Nothing in this Agreement shall be construed to prevent a Party from adopting or maintaining restrictive measures with regard to transfers or payments from the current account in the event of serious balance of payments and external financial difficulties or a threat thereof.
2. Nothing in this Agreement shall be construed to prevent a Party from adopting or maintaining restrictive measures with regard to the transfers or payments related to capital movements:
  - (a) in the event of serious balance of payment and external financial difficulties or a threat thereof, or
  - (b) if, in extraordinary circumstances, capital payments or transfers cause or threaten to cause serious difficulties in macro-economic management, in particular in monetary or foreign exchange policy.
3. Any measure that is adopted or maintained in accordance with paragraphs 1 or 2 shall:
  - (a) be applied in a non-discriminatory manner so that no Party receives a less favourable treatment than any other Party to the Pacific Alliance or non-Party;
  - (b) be consistent with the Articles of Agreement of the International Monetary Fund;
  - (c) avoid unnecessary damage to commercial, economic and financial interests of the other Party,
  - (d) not exceed those necessary to deal with the circumstances set out in paragraphs 1 or 2, and
  - (e) be temporary and be phased out progressively as soon as the circumstances set out in paragraphs 1 or 2 improve;
4. With regard to trade of goods, no provision of this Agreement shall be construed as preventing a Party from adopting measures to restrict importations in order to safeguard its external financial position or balance of payments. These measures which restrict importations must be consistent with the GATT 1994 and the Understanding of the Balance of Payments Provisions of the GATT 1994.
5. With regard to trade in services, no provision in this Agreement shall be construed to prevent a Party from taking restrictive trade measures in order to safeguard its external financial position or balance of payments. These restrictive measures must be consistent with the GATS.
6. A Party that adopts or maintains measures in accordance with paragraphs 1, 2, 4 or 5 shall:
  - (a) provide prompt notice of the measures adopted or maintained to the other Party, including any modification thereof; and
  - (b) promptly commence consultations with the other Party to review the measures maintained or adopted by it:
    - (i) in the case of capital movements, respond to the other Party that makes an enquiry on the measures adopted by it, provided that said enquiry is not otherwise taking place outside of this Agreement; and
    - (ii) in the case of current account transactions, provided that consultations related to the adopted measures are not carried out before the WTO, a Party shall, if requested to, promptly commence consultations with the other Party.

## **Chapter 25. FINAL PROVISIONS**

### **Article 25.1. Annexes, Appendices and Footnotes**

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

## **Article 25.2. Depositary**

The Republic of Colombia shall be the Depositary of this Agreement. (1)

(1) Notifications to the Depositary pursuant to Articles 25.3, 25.4 and 25.6 shall be made through diplomatic channels.

## **Article 25.3. Entry Into Force**

1. Each signatory shall notify the Depositary in writing of the completion of its applicable internal procedures required for entry into force of this Agreement. The Depositary shall promptly inform the other signatories, and provide them with the date and copy, of each notification under this paragraph.

2. This Agreement shall enter into force 60 days after the date on which the Depositary has received the last written notification in accordance with paragraph 1.

3. In the event that not all signatories have notified the Depositary in accordance with paragraph 1 within a period of two years after the date of signature of this Agreement, it shall enter into force 60 days after the expiry of this period if the Republic of Singapore and at least two other signatories have notified the Depositary in accordance with paragraph 1 within this period.

4. In the event that this Agreement does not enter into force under paragraph 2 or 3, it shall enter into force 60 days after the date by which the Depositary has received the notifications made by Singapore and at least two other signatories in accordance with paragraph 1.

5. After the date of entry into force of this Agreement under paragraph 3 or 4, for any signatory for which this Agreement has not entered into force, this Agreement shall enter into force 60 days after the date on which the Depositary has received the notification by the said signatory in accordance with paragraph 1.

## **Article 25.4. Amendments**

1. All Parties to the Pacific Alliance and Singapore may agree, in writing, to amend this Agreement.

2. An amendment to this Agreement shall enter into force for all Parties to the Pacific Alliance and Singapore 60 days after the date of receipt by the Depositary of the last written notification informing the completion of the applicable internal procedures, or such other date as the said Parties to the Pacific Alliance and Singapore may agree.

## **Article 25.5. Amended or Successor International Agreements**

If an international agreement or provision therein incorporated into this Agreement is amended, all Parties to the Pacific Alliance and Singapore shall, unless otherwise provided for in this Agreement, consult on whether to amend this Agreement on request by any Party to the Pacific Alliance or Singapore.

## **Article 25.6. Withdrawal and Termination**

1. Any Party to the Pacific Alliance or Singapore may withdraw from this Agreement by providing written notice of withdrawal to the Depositary.

2. A withdrawal shall take effect six months after the date of receipt of the notice by the Depositary unless a different date is agreed by:

(a) Singapore and a Party to the Pacific Alliance, if a Party to the Pacific Alliance withdraws from this Agreement; or

(b) Singapore and all the Parties to the Pacific Alliance, if Singapore or all Parties to the Pacific Alliance withdraw from this Agreement.

3. If a Party to the Pacific Alliance withdraws from this Agreement, this Agreement shall continue to be in force between the remaining Party or Parties to the Pacific Alliance and the Republic of Singapore.

4. This Agreement shall terminate if, pursuant to paragraph 1:

- (a) the Republic of Singapore withdraws; or
- (b) all Parties to the Pacific Alliance withdraw.

## **Article 25.7. Accession**

1. After the date of entry into force of this Agreement, in accordance with the accession process to be established under Article 22.3.1(g) (Functions of the Free Trade Commission), a new party to the Pacific Alliance Framework Agreement may accede to this Agreement, and negotiations between the acceding party and Singapore or the Parties to the Pacific Alliance shall be limited to the lists of mutual concessions and any procedural aspect necessary for the accession of the acceding party.

2. The Agreement shall enter into force for the acceding party, either:

- (a) 60 days after date of receipt by the Depositary of the instrument of accession indicating the acceding party accepts the terms and conditions referred to in paragraph 1; or
- (b) 60 days after date of receipt by the Depositary of the acceding party, all Parties to the Pacific Alliance and Singapore's written notifications informing the completion of their applicable legal procedures, whichever is later.

## **Article 25.8. Reservations**

This Agreement shall not be subject to reservations. For greater certainty, reservations in this Article do not mean limitations, exceptions or derogations from the obligations of any Party to the Pacific Alliance or Singapore that are specifically provided for in this Agreement.

## **Article 25.9. Review**

All Parties to the Pacific Alliance and Singapore may, as appropriate, undertake a review of the economic relationship and partnership between them with a view to updating and enhancing this Agreement.

## **Article 25.10. Authentic Texts**

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

In witness whereof the undersigned, being duly authorised by their respective Governments, have signed this Agreement.

DONE at Bahia Malaga, Buenaventura, Republic of Colombia, on January 26, 2022, in the Spanish and English languages, to be held in the custody of the Depositary, which shall provide each Party to the Pacific Alliance and Singapore with duly authenticated copies of this Agreement.

For the Republic of Chile

ANDRES ALLAMAND

Minister of Foreign Affairs

For the Republic of Colombia

MARIA XIMENA LOMBANA VILLALBA

Minister of Commerce, Industry and Tourism

For the United Mexican States

For the Republic of Peru

TATIANA CLOUTHIER CARRILLO

Secretary of Economy

ROBERTO HELBERT SANCHEZ PALOMINO



Minister of Foreign Trade and Tourism

For the Republic of Singapore

GAN KIM YONG

Minister for Trade and Industry

## **Annex I. CHILE - EXPLANATORY NOTES**

(a) Article 8.5 (National Treatment) or Article 9.3 (National Treatment);

(b) Article 8.6 (Most-Favoured-Nation Treatment) or Article 9.4 (Most-Favoured Nation Treatment);

(c) Article 8.9 (Performance Requirements);

(d) Article 8.10 (Senior Management and Boards of Directors);

(e) Article 9.5 (Local Presence); or

(f) Article 9.6 (Market Access).

2. Each Schedule entry sets out the following elements:

(a) Sector refers to the sector for which the entry is made;

(b) Sub-Sector, where referenced, refers to the specific subsector for which the entry is made;

(c) Industry Classification, where referenced, refers to the activity covered by the nonconforming measure, according to the provisional CPC codes as used in the Provisional Central Product Classification (Statistical Papers Series M No. 77, Department of International Economic and Social Affairs, Statistical Office of the United Nations, New York, 1991);

(d) Obligations Concerned specifies the obligations referred to in paragraph 1 that, pursuant to Article 8.11.1(a) (Non-Conforming Measures) and Article 9.7.1(a) (Non-Conforming Measures), do not apply to the listed measure(s) as indicated in the introductory notes for Chile's Schedule;

(e) Level of Government indicates the level of government maintaining the listed measures;

(f) Measures identifies the laws, regulations or other measures for which the entry is 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 subordinate measure adopted or maintained under the authority of and consistent with the measure; and

(g) Description, as indicated in the introductory notes for Chile's Schedule, either sets out the non-conforming measure or provides a general non-binding description of the measure for which the entry is made.

3. Article 9.5 (Local Presence) and Article 9.3 (National Treatment) are separate disciplines and a measure that is only inconsistent with Article 9.5 (Local Presence) need not be reserved against Article 9.3 (National Treatment).

## **Annex I. SCHEDULE OF CHILE**

### **INTRODUCTORY NOTES**

1. Description provides a general non-binding description of the measure for which the entry is made.

2. In accordance with Article 9.7 (Non-Conforming Measures) and Article 8.11 (Non-Conforming Measures), the articles of this Agreement specified in the Obligations Concerned element of an entry do not apply to the non-conforming aspects of the law, regulation or other measure identified in the Measures element of that entry.

Sector: All

Sub-Sector:

Obligations Concerned: National Treatment (Article 8.5)

Level of Government: Central

Measures: Decree Law 1.939, Official Gazette, November 10, 1977, Rules for acquisition, administration and disposal of State owned assets, Title I Decreto Ley 1.939, Diario Oficial, noviembre 10, 1977, Normas sobre adquisición, administración y disposición de bienes del Estado, Título I)

Decree with Force of Law (D.F.L.) 4 of the Ministry of Foreign Affairs, Official Gazette, November 10, 1967 (Decreto con Fuerza de Ley (D.F.L.) 4 del Ministerio de Relaciones Exteriores, Diario Oficial, noviembre 10, 1967)

Description: Investment

Chile may only dispose of the ownership or other rights over "State land" to Chilean natural or juridical persons, unless the applicable legal exceptions, such as in Decree Law 1939 (Decreto Ley 1.939), apply. "State land" for these purposes refers to State owned land up to a distance of 10 kilometres from the border and up to a distance of five kilometres from the coastline, measured from the high-tide line.

Immovable property situated in areas declared "the borderland zone" by virtue of D.F.L. 4 of the Ministry of Foreign Affairs, 1967 (D.F.L. 4 del Ministerio de Relaciones Exteriores, 1967) may not be acquired, either as property or in any other title, by (1) natural persons with nationality of a neighbouring country; (2) juridical persons with their principal seat in a neighbouring country; (3) juridical persons with 40 per cent or more of capital owned by natural persons with nationality of a neighbouring country; or (4) juridical persons effectively controlled by such natural persons. Notwithstanding the foregoing, this limitation may not apply if an exemption is granted by a Supreme Decree (Decreto Supremo) based on considerations of national interest.

Sector: All

Sub-Sector:

Obligations Concerned: National Treatment (Article 9.3)

Level of Government: Central

Measures: D.F.L. 1 of the Ministry of Labour and Social Welfare, Official Gazette, January 24, 1994, Labour Code, Preliminary Title, Book I,

Chapter III (D.F.L. 1 del Ministerio del Trabajo y Previsión Social, Diario Oficial, enero 24, 1994, Código del Trabajo, Título Preliminar, Libro I, Capítulo III)

Description: Cross-Border Trade in Services

A minimum of 85 per cent of employees who work for the same employer shall be Chilean natural persons or foreigners with more than five years of residence in Chile. This rule applies to employers with more than 25 employees under a contract of employment (contrato de trabajo (1)). Expert technical personnel shall not be subject to this provision, as determined by the Directorate of Labour (Dirección del Trabajo).

An employee shall be understood to mean any natural person who supplies intellectual or material services, under dependency or subordination, pursuant to a contract of employment.

(1) For greater certainty, a contract of employment (contrato de trabajo) is not mandatory for the supply of cross-border trade in services.

Sector: Communications

Sub-Sector:

Obligations Concerned: National Treatment (Article 8.5 and Article 9.3) Most-Favoured-Nation Treatment (Article 8.6 and Article 9.4) Performance Requirements (Article 8.9) Senior Management and Boards of Directors (Article 8.10) Local Presence (Article 9.5)

Level of Government: Central

Measures: Law 18.838, Official Gazette, September 30, 1989, National Television Council, Titles I, II and III (Ley 18.838, Diario Oficial, septiembre 30, 1989, Consejo Nacional de Televisión, Títulos I, II y III)

Law 18.168, Official Gazette, October 2, 1982, General Telecommunications Law, Titles I, II and III (Ley 18.168, Diario Oficial, octubre 2, 1982, Ley General de Telecomunicaciones, Títulos I, II y III)

Law 19.733, Official Gazette, June 4, 2001, Law on Liberties of Opinion and Information and the Exercise of Journalism, Titles I and III (Ley 19.733, Diario Oficial, junio 4, 2001, Ley sobre las Libertades de Opinión e Información y Ejercicio del Periodismo, Títulos I y III)

Description: Investment and Cross-Border Trade in Services

The owner of a social communication medium, such as those that transmit on a regular basis sounds, texts or images, or a national news agency shall, in the case of a natural person, have a duly established domicile in Chile, and in the case of a juridical person, shall be constituted with domicile in Chile or have an agency authorised to operate within the national territory.

Only Chilean nationals may be presidents, administrators or legal representatives of the juridical person.

The owner of a concession to supply (a) public telecommunication services; (b) intermediate telecommunication services supplied to telecommunications services through facilities and networks established for that purpose; and (c) sound broadcasting, shall be a juridical person constituted and domiciled in Chile.

Only Chilean nationals may be presidents, managers, administrators or legal representatives of the juridical person.

In the case of public radio broadcasting services, the board of directors may include foreigners, only if they do not represent the majority.

In the case of a social communication medium, the legally responsible director and the person who subrogates him or her must be Chilean, with domicile and residence in Chile, unless the social communication medium uses a language other than Spanish.

Requests for public radio broadcasting concessions submitted by juridical persons in which foreigners hold an interest exceeding 10 per cent of the capital shall be granted only if proof is previously provided verifying that similar rights and obligations as those that the applicants will enjoy in Chile are granted to Chilean nationals in their country of origin.

The National Television Council (Consejo Nacional de Televisión) may establish, as a general requirement that, programs broadcasted through public (open) television channels include up to 40 per cent of Chilean production.

Sector: Energy

Sub-Sector:

Obligations Concerned: National Treatment (Article 8.5) Performance Requirements (Article 8.9)

Level of Government: Central

Measures: Political Constitution of the Republic of Chile, Chapter III (Constitución Política de la República de Chile, Capítulo III)

Law 18.097, Official Gazette, January 21, 1982, Constitutional Organic Law on Mining Concessions, Titles I, II and III (Ley 18.097, Diario Oficial, enero 21, 1982, Orgánica Constitucional sobre Concesiones Mineras, Títulos I, II y III)

Law 18.248, Official Gazette, October 14, 1983, Mining Code, Titles I and II (Ley 18.248, Diario Oficial, octubre 14, 1983, Código de Minería, Títulos I y II)

Law 16.319, Official Gazette, October 23, 1965, Creates the Chilean Nuclear Energy Commission, Titles I, II and III (Ley 16.319, Diario Oficial, octubre 23, 1965, Crea la Comisión Chilena de Energía Nuclear, Títulos I, II y III)

Description: Investment

The exploration, exploitation, and treatment (beneficio) of liquid or gaseous hydrocarbons, deposits of any kind existing in sea waters subject to national jurisdiction, and deposits of any kind wholly or partially located in areas classified as important to national security with mining effects, which qualification shall be made by law only, can be the object of administrative concessions or special operating contracts, subject to the requirements and the conditions to be determined in each case by a Supreme Decree. For greater certainty, it is understood that the term "treatment" (beneficio) shall not include the storage, transportation or refining of the energy material referred to in this paragraph.

The production of nuclear energy for peaceful purposes may only be carried out by the Chilean Nuclear Energy Commission

(Comisión Chilena de Energía Nuclear) or, with its authorisation, jointly with third persons. Should the Commission grant such an authorisation, it may determine the terms and conditions thereof.

Sector: Mining

Sub-Sector:

Obligations Concerned: National Treatment (Article 8.5) Performance Requirements (Article 8.9)

Level of Government: Central

Measures: Political Constitution of the Republic of Chile, Chapter III (Constitución Política de la República de Chile, Capítulo III)

Law 18.097, Official Gazette, January 21, 1982, Constitutional Organic Law on Mining Concessions, Titles I, II and III (Ley 18.097, Diario Oficial, enero 21, 1982, Orgánica Constitucional sobre Concesiones Mineras, Títulos I, II y III)

Law 18.248, Official Gazette, October 14, 1983, Mining Code, Titles I and III (Ley 18.248, Diario Oficial, octubre 14, 1983, Código de Minería, Títulos I y III)

Law 16.319, Official Gazette, October 23, 1965, Creates the Chilean Nuclear Energy Commission, Titles I, II and III (Ley 16.319, Diario Oficial, octubre 23, 1965, Crea la Comisión Chilena de Energía Nuclear, Títulos I, II y III)

Description: Investment

The exploration, exploitation, and treatment (beneficio) of lithium, deposits of any kind existing in sea waters subject to national jurisdiction, and deposits of any kind wholly or partially located in areas classified as important to national security with mining effects, which qualification shall be made by law only, can be the object of administrative concessions or special operating contracts, subject to the requirements and the conditions to be determined, in each case by a Supreme Decree.

Chile has the right of first offer at market prices and terms for the purchase of mineral products when thorium and uranium are contained in significant quantities.

For greater certainty, Chile may require that producers separate from mining products the portion of:

(a) liquid or gaseous hydrocarbons;

(b) lithium;

(c) deposits of any kind existing in sea waters subject to national jurisdiction; and

(d) deposits of any kind wholly or partially located in areas classified as important to national security with mining effects, which qualification shall be made by law only, that exists, in significant amounts, in such mining products and that can be economically and technically separated, for delivery to or for sale on behalf of the State. For these purposes, "economically and technically separated" means that the costs incurred to recover the four types of substances referred to above through a sound technical procedure and to commercialise and deliver those substances shall be lower than their commercial value.

Furthermore, only the Chilean Nuclear Energy Commission (Comisión Chilena de Energía Nuclear), or parties authorised by the said Commission, may execute or enter into juridical acts regarding extracted natural atomic materials and lithium, as well as their concentrates, derivatives and compounds.

Sector: Fisheries

Sub-Sector: Aquaculture

Obligations Concerned: National Treatment (Article 8.5)

Level of Government: Central

Measures: Decree 430, consolidated, coordinated and systematized text of Law 18.892 from 1989 and its modifications, General Law on Fisheries and Aquaculture, Official Gazette, January 21, Titles I and VI (Decreto 430 fija el texto refundido, coordinado y sistematizado de la ley N° 18.892, de 1989 y sus modificaciones, Ley General de Pesca y Acuicultura Ley 18.892, Diario Oficial, enero 21, 1992, Títulos I y VI)

Description: Investment

Only Chilean natural or juridical persons constituted in accordance with Chilean law and foreigners with permanent residency may hold an authorisation or concession to carry out aquaculture activities.

Sector: Fisheries and Fishing Related Activities

Sub-Sector:

Obligations Concerned: National Treatment (Article 8.5 and Article 9.3) Most-Favoured-Nation Treatment (Article 8.6 and Article 9.4) Senior Management and Boards of Directors (Article 8.10) Local Presence (Article 9.5)

Level of Government: Central

Measures: Decree 430, consolidated, coordinated and systematized text of Law 18.892 from 1989 and its modifications, General Law on Fisheries and Aquaculture, Official Gazette, January 21, Titles I, III, IV and IX (Decreto 430 fija el texto refundido, coordinado y sistematizado de la ley N° 18.892, de 1989 y sus modificaciones, Ley General de Pesca y Acuicultura, diario oficial, enero 21, 1992, Títulos I, III, IV y IX)

Decree Law 2.222, Official Gazette, May 31, 1978, Navigation Law, Titles I and II (Decreto Ley 2.222, Diario Oficial, mayo 31, 1978, Ley de Navegación, Títulos I y II)

Description: Investment and Cross-Border Trade in Services

Only Chilean natural persons or juridical persons constituted in accordance with Chilean law and foreigners with permanent residency may hold permits to harvest and catch hydrobiological species.

Only Chilean vessels are permitted to fish in internal waters, in the territorial sea and in the exclusive economic zone. "Chilean vessels" are those defined in the Navigation Law (Ley de Navegación).

Access to industrial extractive fishing activities shall be subject to prior registration of the vessel in Chile.

Only a Chilean natural or juridical person may register a vessel in Chile. Such juridical person must be constituted in Chile with principal domicile and real and effective seat in Chile. The president, manager and the majority of the directors or administrators must be Chilean natural persons. In addition, more than 50 per cent of its equity capital must be held by Chilean natural or juridical persons. For these purposes, a juridical person with ownership participation in another juridical person that owns a vessel has to comply with all the requirements mentioned above.

A joint ownership (comunidad) may register a vessel if (1) the majority of the joint ownership is Chilean with domicile and residency in Chile; (2) the administrators are Chilean natural persons; and (3) the majority of the rights of the joint ownership (comunidad) belong to a Chilean natural or juridical person. For these purposes, a juridical person with ownership participation in a joint ownership (comunidad) that owns a vessel has to comply with all the requirements mentioned above.

An owner (natural or juridical person) of a fishing vessel registered in Chile prior to June 30, 1991 shall not be subject to the nationality requirement mentioned above.

In cases of reciprocity granted to Chilean vessels by any other country, fishing vessels specifically authorised by the maritime authorities pursuant to powers conferred by law may be exempted from the requirements mentioned above on equivalent terms provided to Chilean vessels by that country.

Access to artisanal fishing (pesca artesanal) activities shall be subject to registration in the Registry for Artisanal Fishing (Registro de Pesca Artesanal). Registration for artisanal fishing (pesca artesanal) is only granted to Chilean natural persons and foreign natural persons with permanent residency, or a Chilean juridical person constituted by the aforementioned persons.

Sector: Specialised Services

Sub-Sector: Customs agents (agentes de aduana) and brokers (despachadores de aduana)

Obligations Concerned: National Treatment (Article 9.3) Local Presence (Article 9.5)

Level of Government: Central

Measures: D.F.L. 30 of the Ministry of Finance, Official Gazette, April 13, 1983, Book IV (D.F.L. 30 del Ministerio de Hacienda, Diario Oficial, abril 13, 1983, Libro IV)

D.F.L. 2 of the Ministry of Finance, 1998 (D.F.L. 2 del Ministerio de Hacienda, 1998)

Description: Cross-Border Trade in Services

Only Chilean natural persons with residency in Chile may act as customs brokers (Despachadores de Aduana) or agents (Agentes de Aduana) in the territory of Chile.

Sector: Investigation and Security Services

Sub-Sector: Guard services

Obligations Concerned: National Treatment (Article 9.3)

Level of Government: Central

Measures: Decree 1.773 of the Ministry of Interior, Official Gazette, November 14, 1994 (Decreto 1.773 del Ministerio del Interior, Diario Oficial, noviembre 14, 1994)

Description: Cross-Border Trade in Services

Only Chilean nationals and permanent residents may provide services as private security guards.

Sector: Business Services

Sub-Sector: Research services

Obligations Concerned: National Treatment (Article 9.3)

Level of Government: Central

Measures: Supreme Decree 711 of the Ministry of National Defence, Official Gazette, October 15, 1975 (Decreto Supremo 711 del Ministerio de Defensa Nacional, Diario Oficial, octubre 15, 1975)

Description: Cross-Border Trade in Services

Foreign natural and juridical persons intending to conduct research in the Chilean 200-mile maritime zone shall be required to submit a request six months in advance to the Chilean Army Hydrographic Institute (Instituto Hidrográfico de la Armada de Chile) and shall comply with the requirements established in the corresponding regulation. Chilean natural and juridical persons shall be required to submit a request three months in advance to the Chilean Army

Hydrographic Institute (Instituto Hidrográfico de la Armada de Chile) and shall comply with the requirements established in the corresponding regulation.

Sector: Business Services

Sub-Sector: Research services

Obligations Concerned: National Treatment (Article 9.3)

Level of Government: Central

Measures: D.F.L. 11 of the Ministry of Economic Affairs, Development and Reconstruction, Official Gazette, December 5, 1968 (D.F.L. 11 del Ministerio de Economía, Fomento y Reconstrucción, Diario Oficial, diciembre 5, 1968)

Decree 559 of the Ministry of Foreign Affairs, Official Gazette, January 24, 1968 (Decreto 559 del Ministerio de Relaciones Exteriores, Diario Oficial, enero 24, 1968)

D.F.L. 83 of the Ministry of Foreign Affairs, Official Gazette, March 27, 1979 (D.F.L. 83 del Ministerio de Relaciones Exteriores, Diario Oficial, marzo 27, 1979)

Supreme Decree 1166 of the Ministry of Foreign Affairs, Official Gazette, July 20, 1999 (Decreto Supremo 1166 del Ministerio de Relaciones Exteriores, Diario Oficial, julio 20, 1991)

Description: Cross-Border Trade in Services

Natural persons representing foreign juridical persons, or natural persons residing abroad, intending to perform explorations for work of a scientific or technical nature, or mountain climbing, in areas that are adjacent to Chilean borders shall apply for the appropriate authorisation through a Chilean consul in the country of domicile of the natural person. The Chilean consul shall then send such application directly to the National Directorate of Borders and Frontiers of the State

(Dirección Nacional de Fronteras y Límites del Estado). The Directorate may order that one or more Chilean natural persons working in the appropriate related activities shall join the explorations in order to become acquainted with the studies to be undertaken.

The Operations Department of the National Directorate of Borders and Frontiers of the State (Departamento de Operaciones de la Dirección Nacional de Fronteras y Límites del Estado) shall decide and announce whether it authorises or rejects geographic or scientific explorations to be carried out by foreign juridical or natural persons in Chile. The National Directorate of Borders and Frontiers of the State (Dirección Nacional de Fronteras y Límites del Estado) shall authorise and will supervise all explorations involving work of a scientific or technical nature, or mountain climbing, that foreign juridical persons or natural persons residing abroad intend to carry out in areas adjacent to Chilean borders.

Sector: Business Services

Sub-Sector: Research in social sciences

Obligations Concerned: National Treatment (Article 9.3)

Level of Government: Central

Measures: Law 17.288, Official Gazette, February 4, 1970, Title V (Ley 17.288, Diario Oficial, febrero 4, 1970, Título V)

Supreme Decree 484 of the Ministry of Education, Official Gazette, April 2, 1991 (Decreto Supremo 484 del Ministerio de Educación, Diario Oficial, abril 2, 1991)

Description: Cross-Border Trade in Services

Foreign juridical or foreign natural persons intending to perform excavations, surveys, probing or collect anthropological, archaeological or paleontological material must apply for a permit from the National Monuments Council (Consejo de Monumentos Nacionales). In order to obtain the permit, the person in charge of the research must be engaged by a reliable foreign scientific institution and must be working in collaboration with a Chilean governmental scientific institution or a Chilean university.

The aforementioned permit can be granted to (1) Chilean researchers having the pertinent scientific background in archaeology, anthropology or palaeontology, duly certified as appropriate, and also having a research project and due institutional sponsorship; and (2) foreign researchers, provided that they are engaged by a reliable scientific institution and that they work in collaboration with a Chilean governmental scientific institution or a Chilean university.

Museum directors or curators recognised by the National Monuments Council (Consejo de Monumentos Nacionales), professional archaeologists, anthropologists or palaeontologists, as appropriate, and the members of the Chilean Society of Archeology (Sociedad Chilena de Arqueología) shall be authorised to perform salvage-related works. Salvage-related works involve the urgent recovery of data or archaeological, anthropological or paleontological artefacts or species threatened by imminent loss.

Sector: Business Services

Sub-Sector: Printing, publishing and other related industries

Obligations Concerned: National Treatment (Article 8.5 and Article 9.3) Most-Favoured-Nation Treatment (Article 8.6 and Article 9.4) Senior Management and Boards of Directors (Article 8.10) Local Presence (Article 9.5)

Level of Government: Central

Measures: Law 19.733, Official Gazette, June 4, 2001, Law on Liberties of Opinion and Information and the Exercise of Journalism, Titles I and III (Ley 19.733, Diario Oficial, junio 4, 2001, Ley sobre las Libertades de Opinión e Información y Ejercicio del Periodismo, Títulos I y III)

Description: Investment and Cross-Border Trade in Services

The owner of a social communication medium such as newspapers, magazines or regularly published texts whose publishing address is located in Chile, or a national news agency, shall, in the case of a natural person, have a duly established domicile in Chile and, in the case of a juridical person, shall be constituted with domicile in Chile or have an agency authorised to operate within the national territory.

Only Chilean nationals may be president, administrators or legal representatives of the juridical person operating in Chile, as described above.

The director legally responsible and the person who replaces him or her must be Chilean with domicile and residence in Chile. Chilean nationality will not be required in case a social communication medium uses a language different from Spanish.

Sector: Professional Services

Sub-Sector: Accounting, auditing, book-keeping and taxation services

Obligations Concerned: National Treatment (Article 9.3) Local Presence (Article 9.5)

Level of Government: Central

Measures: Law 18.046, Official Gazette, October 22, 1981, Corporations Law, Title V (Ley 18.046, Diario Oficial, octubre 22, 1981, Ley de Sociedades Anónimas, Título V)

Supreme Decree 702 of the Ministry of Finance, Official Gazette, July 6, 2012, Corporations Act (Decreto Supremo 702 del Ministerio de Hacienda, Diario Oficial, julio 6, 2012, Reglamento de Sociedades Anónimas)

Decree Law 1.097, Official Gazette, July 25, 1975, Titles I, II, III and IV (Decreto Ley 1.097, Diario Oficial, julio 25, 1975, Títulos I, II, III y IV)

Decree Law 3.538, Official Gazette, December 23, 1980, Titles I, II, III and IV (Decreto Ley 3.538, Diario Oficial, diciembre 23, 1980, Títulos I, II, III y IV)

Circular 2.714, October 6, 1992; Circular 1, January 17, 1989; Chapter 19 Updated Collection, Superintendence of Banks and Financial Institutions Norms on External Auditors (Circular 2.714, octubre 6, 1992; Circular 1, enero 17, 1989; Capítulo 19 de la Recopilación Actualizada de Normas de la Superintendencia de Bancos e Instituciones Financieras sobre Auditores Externos)

Circular 327, June 29, 1983 and Circular 350, October 21, 1983, Superintendence of Securities and Insurance (Circular 327, junio 29, 1983 y Circular 350, octubre 21, 1983, de la Superintendencia de Valores y Seguros)

Description: Cross-Border Trade in Services

External auditors of financial institutions must be registered in the Registry of External Auditors kept by the Financial Market Commission (Comisión para el Mercado Financiero). Only Chilean juridical persons legally incorporated as partnerships (sociedades de personas) or associations (asociaciones) and whose main line of business is auditing services may be inscribed in the Registry.

Sector: Professional Services

Sub-Sector: Legal services

Obligations Concerned: National Treatment (Article 9.3) Local Presence (Article 9.5)

Level of Government: Central

Measures: Tribunals Organic Code, Title XV, Official Gazette, July 9, 1943 (Código Orgánico de Tribunales, Título XV, Diario Oficial, julio 9, 1943)

Decree 110 of the Ministry of Justice, Official Gazette, March 20, 1979 (Decreto 110 del Ministerio de Justicia, Diario Oficial, marzo 20, 1979)

Law 18.120, Official Gazette, May 18, 1982 (Ley 18.120, Diario Oficial, mayo 18, 1982)

Description: Cross-Border Trade in Services

Only Chilean and foreign nationals with residence in Chile, who have completed the totality of their legal studies in the country, shall be authorised to practice as lawyers (abogados).

Only lawyers (abogados) duly qualified to practise law shall be authorised to plead a case in Chilean courts and to file the first legal action or claim of each party.

None of these measures apply to foreign legal consultants who practise or advise on international law or on the law of the other Party.

Sector: Professional, Technical and Specialised Services



Sub-Sector: Auxiliary services in the administration of justice

Obligations Concerned: National Treatment (Article 9.3) Local Presence (Article 9.5)

Level of Government: Central

Measures: Tribunals Organic Code, Titles XI and XII, Official Gazette, July 9, 1943, (Código Orgánico de Tribunales, Títulos XI y XII, Diario Oficial, julio 9, 1943)

Real State Custodian Registry Act, Titles I, II and III, Official Gazette, June 24, 1857 (Reglamento del Registro Conservador de Bienes Raíces, Títulos I, II y III, Diario Oficial, junio 24, 1857)

Law 18.118, Official Gazette, May 22, 1982, Title I (Ley 18.118, Diario Oficial, mayo 22, 1982, Título I)

Decree 197 of the Ministry of Economic Affairs, Development and Reconstruction, Official Gazette, August 8, 1985 (Decreto 197 del Ministerio de Economía, Fomento y Reconstrucción, Diario Oficial, agosto 8, 1985)

Law 18.175, Official Gazette, October 28, 1982, Title III (Ley 18.175, Diario Oficial, octubre 28, 1982, Título III)

Description: Cross-Border Trade in Services

Justice ancillaries (auxiliares de la administración de justicia) must have their residence in the same city or place where the court house for which they render services is domiciled. Public defenders (defensores públicos), public notaries (notarios públicos), and custodians (conservadores) shall be Chilean natural persons and fulfil the same requirements needed to become a judge.

Archivists (archiveros), public defenders (defensores públicos) and arbitrators at law (árbitros de derecho) must be lawyers (abogados) and, therefore, must be Chilean or foreign nationals with residence in Chile who have completed the totality of their legal studies in the country. The other Party's lawyers may assist in arbitration when dealing with the law of the other Party and international law and the private parties request it.

Only Chilean natural persons with the right to vote, and foreign natural persons with permanent residence and the right to vote, can act as process servers (receptores judiciales) and superior court attorneys (procuradores del número).

Only Chilean natural persons, foreign natural persons with permanent residence in Chile or Chilean juridical persons may be auctioneers (martilleros públicos).

Receivers in bankruptcy (síndicos de quiebra) must have a professional or technical degree granted by a university or a professional or technical institute recognised by Chile. Receivers in bankruptcy must have at least three years of experience in the commercial, economic or juridical field.

Sector: Transportation

Sub-Sector: Specialty Air Services

Obligations Concerned: National Treatment (Article 8.5 and Article 9.3) Most-Favoured-Nation Treatment (Article 8.6 and Article 9.4) Senior Management and Boards of Directors (Article 8.10) Local Presence (Article 9.5)

Level of Government: Central

Measures: Law 18.916, Official Gazette, February 8, 1990, Code of Aeronautics, Preliminary Title and Titles II and III (Ley 18.916, Diario Oficial, febrero 8, 1990, Código Aeronáutico, Título Preliminar y Títulos II y III)

Decree Law 2.564, Official Gazette, June 22, 1979, Commercial Aviation Norms (Decreto Ley 2.564, Diario Oficial, junio 22, 1979, Normas sobre Aviación Comercial)

Supreme Decree 624 of the Ministry of National Defence, Official Gazette, December 23, 1994 (Decreto Supremo 624 del Ministerio de Defensa Nacional, Diario Oficial, diciembre 23, 1994)

Law 16.752, Official Gazette, February 17, 1968, Title II (Ley 16.752, Diario Oficial, febrero 17, 1968, Título II)

Decree 34 of the Ministry of National Defence, Official Gazette, February 10, 1968 (Decreto 34 del Ministerio de Defensa Nacional, Diario Oficial, febrero 10, 1968)

Supreme Decree 102 of the Ministry of Transport and Telecommunications, Official Gazette, June 17, 1981 (Decreto Supremo 102 del Ministerio de Transportes y Telecomunicaciones, Diario Oficial, junio 17, 1981)

Supreme Decree 172 of the Ministry of National Defence, Official Gazette, March 5, 1974 (Decreto Supremo 172 del Ministerio de Defensa Nacional, Diario Oficial, marzo 5, 1974)

Supreme Decree 37 of the Ministry of National Defence, Official Gazette, December 10, 1991 (Decreto Supremo 37 del Ministerio de Defensa Nacional, Diario Oficial, diciembre 10, 1991)

Decree 222 of the Ministry of National Defence, Official Gazette, October 05, 2005 (Decreto 222 del Ministerio de Defensa Nacional, Diario Oficial, octubre 5, 2005)

Description: Investment and Cross-Border Trade in Services

Only a Chilean natural or juridical person may register an aircraft in Chile. Such juridical person must be constituted in Chile with principal domicile and real and effective seat in Chile. In addition, a majority of its ownership must be held by Chilean natural or juridical persons, which in turn must comply with the aforementioned requisites. The aviation authority may allow the registration of aircrafts owned by foreign natural or juridical persons, provided they are employed in Chile or exercise a permanent professional activity or industry in Chile.

The president, manager, majority of directors and administrators of the juridical person must be Chilean natural persons.

A foreign registered private aircraft engaged in non-commercial activities may not remain in Chile more than 30 days from its date of entry into Chile, unless authorised by the General Directorate for Civil Aeronautics (Dirección General de Aeronáutica Civil). For greater certainty, this measure shall not apply to specialty air services as defined in Article 9.1 (Definitions), except for glider towing and parachute jumping.

Foreign aviation personnel that do not hold a licence granted by Chilean civil aviation authorities, shall be allowed to work in that capacity in Chile, provided that Chilean civil aviation authorities validate the licence or authorisation granted by a foreign country. In the absence of an international agreement regulating such validation, the licence or authorisation shall be granted under conditions of reciprocity. In that case, proof shall be submitted showing that the licences or authorisations were issued or validated by the pertinent authorities in the country where the aircraft is registered, that the documents are in force, and that the requirements for issuing or validating such licences and authorisations meet or exceed the standards required in Chile for analogous cases.

Air services may be supplied by Chilean or foreign companies subject to the condition that foreigners grant similar rights to Chilean aviation companies when so requested. The Civil Aviation Board (Junta de Aeronáutica Civil), by means of a substantiated resolution (resolución fundada), may terminate, suspend or limit any class of commercial aviation services carried out solely in Chilean territory by foreign companies or aircraft, if in their country of origin the right to equal treatment for Chilean companies and aircraft is denied.

Sector: Transportation

Sub-Sector: Water transport services and shipping

Obligations Concerned: National Treatment (Article 8.5 and Article 9.3) Most-Favoured-Nation Treatment (Article 8.6 and Article 9.4)

Level of Government: Central

Measures: Decree Law 3.059, Official Gazette, December 22, 1979, Merchant Fleet Promotion Law, Titles I and II (Decreto Ley 3.059, Diario Oficial, 22 de diciembre de 1979, Ley de Fomento a la Marina Mercante, Títulos I y II)

Supreme Decree 237, Official Gazette, July 25, 2001, Act of Decree Law 3.059, Titles I and II (Decreto Supremo 237, Diario Oficial, julio 25, 2001, Reglamento del Decreto Ley 3.059, Títulos I y II)

Code of Commerce, Book III, Titles I, IV and V (Código de Comercio, Libro III, Títulos I, IV y V)

Description: Investment and Cross-Border Trade in Services

Cabotage shall be reserved for Chilean vessels. Cabotage shall include the ocean, river or lake shipping of passengers and cargo between different points of the national territory and between such points and naval artefacts installed in territorial waters or in the exclusive economic zone.

Foreign merchant vessels may be able to participate in cabotage when cargo volumes exceed 900 tons, following a public tender called by the user with due anticipation. When the cargo volumes involved are equal to or less than 900 tons, and no vessels flying the Chilean flag are available, the Maritime Authority may authorise embarking such cargo on foreign merchant vessels.

International maritime transport of cargo to or from Chile is subject to the principle of reciprocity. In the event that Chile should adopt, for reasons of reciprocity, a cargo reservation measure applicable to international cargo transportation between Chile and a non-Party, the reserved cargo shall be transported in Chilean-flag vessels or in vessels considered as such.

Sector: Transportation

Sub-Sector: Water transport services and shipping

Obligations Concerned: National Treatment (Article 8.5 and Article 9.3) Most-Favoured-Nation Treatment (Article 8.6 and Article 9.4) Senior Management and Boards of Directors (Article 8.10) Local Presence (Article 9.5)

Level of Government: Central

Measures: Decree Law 2.222, Official Gazette, May 31, 1978, Navigation Law, Titles I, II, III, IV and V (Decreto Ley 2.222, Diario Oficial, mayo 31, 1978, Ley de Navegación, Títulos I, II, III, IV y V)

Code of Commerce, Book III, Titles I, IV and V (Código de Comercio, Libro III, Títulos I, IV y V)

Description: Investment and Cross-Border Trade in Services

Only a Chilean natural or juridical person may register a vessel in Chile. Such juridical person must be constituted with principal domicile and real and effective seat in Chile. In addition, more than 50 per cent of its capital must be held by Chilean natural or juridical persons. For these purposes, a juridical person with ownership participation in another juridical person that owns a vessel has to comply with all the aforementioned requisites. The president, manager and majority of the directors or administrators must be Chilean natural persons.

A joint ownership (comunidad) may register a vessel if (1) the majority of the joint ownership is Chilean with domicile and residency in Chile; (2) the administrators are Chileans; and (3) the majority of the rights of the joint ownership belong to a Chilean natural or juridical person. For these purposes, a juridical person with ownership participation in a joint ownership (comunidad) that owns a vessel has to comply with all the aforementioned requisites to be considered Chilean.

Special vessels owned by foreign natural or juridical persons may be registered in Chile, if those persons meet the following conditions:

(1) domicile in Chile; (2) principal head office in Chile; or (3) undertaking a profession or commercial activity in a permanent way in Chile.

“Special vessels” are those used in services, operations or for specific purposes, with special features for the functions they perform, such as tugboats, dredgers, scientific or recreational vessels, among others. For the purposes of this paragraph, a special vessel does not include a fishing vessel.

The maritime authority may provide better treatment based on the principle of reciprocity.

Sector: Transportation

Sub-Sector: Water transport services and shipping

Obligations Concerned: National Treatment (Article 9.3) Most-Favoured-Nation Treatment (Article 9.4) Local Presence (Article 9.5)

Level of Government: Central

Measures: Decree Law 2.222, Official Gazette, May 31, 1978, Navigation Law, Titles I, II, III, IV and V (Decreto Ley 2.222, Diario Oficial, 31 mayo de 1978, Ley de Navegación, Títulos I, II, III, IV y V)

Supreme Decree 153, Official Gazette, March 11, 1966, Approves the Sea People, Fluvial and Lacustrine Personnel Registration General Act (Decreto Supremo 153, Diario Oficial, 11 marzo de 1966, Aprueba el Reglamento General de Matrícula del Personal de Gente de Mar, Fluvial y Lacustre)

Code of Commerce, Book III, Titles I, IV and V (Código de Comercio, Libro III, Títulos I, IV y V)

Description: Cross-Border Trade in Services

Foreign vessels shall be required to use pilotage, anchoring and harbour pilotage services when the maritime authorities so require. In tugging activities or other manoeuvres performed in Chilean ports, only tugboats flying the Chilean flag shall be

used.

Captains shall be required to be Chilean nationals and to be acknowledged as such by the pertinent authorities. Officers on Chilean vessels must be Chilean natural persons registered in the Officers' Registry (Registro de oficiales). Crewmembers of a Chilean vessel must be Chilean, have the permit granted by the Maritime Authority (Autoridad Marítima) and be registered in the respective Registry. Professional titles and licences granted by a foreign country may be considered valid for the discharge of officers' duties on Chilean vessels pursuant to a substantiated resolution (resolución fundada) issued by the Director of the Maritime Authority.

Ship captains (patrón de nave) shall be Chilean nationals. A ship captain is a natural person who, pursuant to the corresponding title awarded by the Director of the Maritime Authority, is empowered to exercise command on smaller vessels and on certain special larger vessels.

Fishing boat captains (patrones de pesca), machinists (mecánicos motoristas), machine operators (motoristas), sea-faring fishermen (marineros pescadores), small-scale fishermen (pescadores), industrial or maritime trade technical employees or workers, and industrial and general ship service crews on fishing factories or fishing boats shall be required to be Chilean nationals. Foreigners with domicile in Chile shall also be authorised to perform those activities when so requested by ship operators (armadores) for being indispensable to initiate those activities.

In order to fly the Chilean flag, the ship captain (patrón de nave), officers and crew must be Chilean nationals. Nevertheless, if indispensable, the General Directorate for the Maritime Territory and Merchant Fleet (Dirección General del Territorio Marítimo y de Marina Mercante), on the basis of a substantiated resolution (resolución fundada) and on a temporary basis, may authorise the hiring of foreign personnel, with the exception of the captain, who must always be a Chilean national.

Only Chilean natural or juridical persons shall be authorised to act in Chile as multimodal operators.

Sector: Transportation

Sub-Sector: Water transport services and shipping

Obligations Concerned: National Treatment (Article 8.5 and Article 9.3) Senior Management and Boards of Directors (Article 8.10) Local Presence (Article 9.5)

Level of Government: Central

Measures: Code of Commerce, Book III, Titles I, IV and V (Código de Comercio, Libro III, Títulos I, IV y V)

Decree Law 2.222, Official Gazette, May 31, 1978, Navigation Law, Titles I, II and IV (Decreto Ley 2.222, Diario Oficial, mayo 31, 1978, Ley de Navegación, Títulos I, II y IV)

Decree 90 of the Ministry of Labour and Social Welfare, Official Gazette, January 21, 2000 (Decreto 90 del Ministerio de Trabajo y Previsión Social, Diario Oficial, enero 21, 2000)

Decree 49 of the Ministry of Labour and Social Welfare, July 16, 1999 (Decreto 49 del Ministerio de Trabajo y Previsión Social, Diario Oficial, julio 16, 1999)

Labour Code, Book I, Title II, Chapter III, paragraph 2 (Código del Trabajo, Libro I, Título II, Capítulo III, párrafo 2)

Description: Investment and Cross-Border Trade in Services

Shipping agents or representatives of ship operators, owners or captains, whether they are natural or juridical persons, shall be required to be Chilean.

Work of stowage and dockage performed by natural persons is reserved to Chileans who are duly accredited by the corresponding authority to carry out such work and have an office established in Chile. Whenever these activities are carried out by juridical persons, they must be legally constituted in Chile and have their principal domicile in Chile. The chairman, administrators, managers or directors must be Chilean. More than 50 per cent of the corporate capital must be held by Chilean natural or juridical persons. Such enterprises shall designate one or more empowered agents, who will act in their representation and who shall be Chilean nationals. Anyone unloading, transshipping and, generally, using continental or insular Chilean ports, particularly for landing fish catches or processing fish catches on board, shall also be required to be a Chilean natural or juridical person.

Sector: Transportation

Sub-Sector: Land transportation

Obligations Concerned: National Treatment (Article 9.3) Most-Favoured-Nation Treatment (Article 9.4) Local Presence (Article 9.5)

Level of Government: Central

Measures: Supreme Decree 212 of the Ministry of Transport and Telecommunications, Official Gazette, November 21, 1992 (Decreto Supremo 212 del Ministerio de Transportes y Telecomunicaciones, Diario Oficial, noviembre 21, 1992)

Decree 163 of the Ministry of Transport and Telecommunications, Official Gazette, January 4, 1985 (Decreto 163 del Ministerio de Transportes y Telecomunicaciones, Diario Oficial, enero 4, 1985)

Supreme Decree 257 of the Ministry of Foreign Affairs, Official Gazette, October 17, 1991 (Decreto Supremo 257 del Ministerio de Relaciones Exteriores, Diario Oficial, octubre 17, 1991)

Description: Cross-Border Trade in Services

Foreign natural and juridical persons qualified to supply international transportation services in Chilean territory cannot supply local transportation services or participate in any manner whatsoever in the said activities in the national territory.

Only companies with actual and effective domicile in Chile and organised under the laws of Chile, Argentina, Bolivia, Brazil, Peru, Uruguay or Paraguay shall be authorised to supply international land transportation services between Chile and Argentina, Bolivia, Brazil, Peru, Uruguay or Paraguay.

Furthermore, to obtain an international land transport permit, in the case of foreign juridical persons, more than 50 per cent of its corporate capital and effective control shall be held by nationals of Chile, Argentina, Bolivia, Brazil, Peru, Uruguay or Paraguay.

Sector: Transportation

Sub-Sector: Land transportation

Obligations Concerned: National Treatment (Article 9.3) Most-Favoured-Nation Treatment (Article 9.4)

Level of Government: Central

Measures: Law 18.290, Official Gazette, February 7, 1984, Title IV (Ley 18.290, Diario Oficial, febrero 7, 1984, Título IV)

Supreme Decree 485 of the Ministry of Foreign Affairs, Official Gazette, September 7, 1960, Geneva Convention (Decreto Supremo 485 del Ministerio de Relaciones Exteriores, Diario Oficial, septiembre 7, 1960, Convención de Ginebra)

Description: Cross-Border Trade in Services

Motor vehicles bearing foreign licence plates that enter Chile on a temporary basis, pursuant to provisions set forth in the 1949 Geneva Convention on Road Traffic, shall circulate freely throughout the national territory for the period established therein, provided that they comply with the requirements established by Chilean law.

Holders of valid international driving licences or certificates issued in a foreign country in accordance with the Geneva Convention may drive anywhere within the national territory. The driver of a vehicle bearing foreign licence plates who holds an international driver's licence shall present, upon request by the authorities, the documents certifying both the roadworthiness of the vehicle and the use and validity of his or her personal documents.

## **Annex II. CHILE - EXPLANATORY NOTES**

1. The Schedule of Chile to this Annex sets out, pursuant to Article 8.11 (Non-Conforming Measures) and Article 9.7 (Non-Conforming Measures), the specific sectors, subsectors or activities for which Chile may maintain existing, or adopt new or more restrictive, measures that do not conform with obligations imposed by:

(a) Article 8.5 (National Treatment) or Article 9.3 (National Treatment);

(b) Article 8.6 (Most-Favoured-Nation Treatment) or Article 9.4 (Most-Favoured- Nation Treatment);

(c) Article 8.9 (Performance Requirements);

(d) Article 8.10 (Senior Management and Boards of Directors);

(e) Article 9.5 (Local Presence); or

(f) Article 9.6 (Market Access).

2. Each Schedule entry sets out the following elements:

(a) Sector refers to the sector for which the entry is made;

(b) Sub-Sector, where referenced, refers to the specific subsector for which the entry is made;

(c) Industry Classification, where referenced, refers to the activity covered by the non-conforming measure, according to the provisional CPC codes as used in the Provisional Central Product Classification (Statistical Papers Series M No. 77, Department of International Economic and Social Affairs, Statistical Office of the United Nations, New York, 1991);

(d) Obligations Concerned specifies the obligations referred to in paragraph 1 that, pursuant to Article 8.11.2 (Non-Conforming Measures) and Article 9.7.2 (Non-Conforming Measures), do not apply to the sectors, subsectors or activities listed in the entry;

(e) Description sets out the scope or nature of the sectors, subsectors or activities covered by the entry to which the reservation applies; and

(f) Existing Measures, where specified, identifies, for transparency purposes, a non-exhaustive list of existing measures that apply to the sectors, subsectors or activities covered by the entry.

3. In accordance with Article 8.11.2 (Non-Conforming Measures) and Article 9.7.2 (Non-Conforming Measures), the articles of this Agreement specified in the Obligations Concerned element of an entry do not apply to the sectors, subsectors and activities identified in the Description element of that entry.

4. With respect to Annex II entries on Most-Favoured-Nation Treatment relating to bilateral or multilateral international agreements, the absence of language regarding the scope of the reservation for differential treatment resulting from an amendment of those bilateral or multilateral international agreements in force or signed prior to the date of entry into force of this Agreement is without prejudice to Chile's interpretation of the scope of that reservation.

## **Annex II. SCHEDULE OF CHILE**

Sector: All

Sub-Sector:

Obligations Concerned: National Treatment (Article 8.5) Most-Favoured-Nation Treatment (Article 8.6)

Description: Investment

Chile reserves the right to adopt or maintain any measure relating to the ownership or control of land within five kilometres of the coastline that is used for agricultural activities. Such measure could include a requirement that the majority of each class of stock of a Chilean juridical person that seeks to own or control such land be held by Chilean persons or by persons residing in Chile for 183 days or more per year.

Existing Measures: Decree Law 1.939, Official Gazette, November 10, 1977, Rules for acquisition, administration and disposal of State owned assets, Title I (Decreto Ley 1.939, Diario Oficial, noviembre 10, 1977, Normas sobre adquisición, administración y disposición de bienes del Estado, Título I)

Sector: All

Sub-Sector:

Obligations Concerned: National Treatment (Article 8.5) Senior Management and Boards of Directors (Article 8.10)

Description: Investment

In the transfer or disposal of any interest in stock or asset held in an existing state enterprise or governmental entity, Chile reserves the right to prohibit or impose limitations on the ownership of said interest or asset and on the right of foreign investors or their investments to control any State company created thereby or investments made by the same. In connection with any such transfer or disposal, Chile may adopt or maintain any measure related to the nationality of senior management and members of the board of directors.

A "State company" (1) shall mean any company owned or controlled by Chile by means of an interest share in the ownership thereof, and it shall include any company created after the entry into force of this Agreement for the sole purpose of selling or disposing of its interest share in the capital or assets of an existing state enterprise or governmental entity.

Existing Measures:

(1) A list of existing state enterprises in Chile can be found on the following website: <http://www.dipres.gob.cl>.

Sector: All

Sub-Sector:

Obligations Concerned: Most-Favoured-Nation Treatment (Article 8.6 and Article 9.4)

Description: Investment and Cross-Border Trade in Services

Chile reserves the right to adopt or maintain any measure that accords differential treatment to countries under any bilateral or multilateral international agreement in force on, or signed prior to, the date of entry into force of this Agreement.

Chile reserves the right to adopt or maintain any measure that accords differential treatment to countries under any international agreement in force or signed after the date of entry into force of this Agreement involving:

(a) aviation;

(b) fisheries; or

(c) maritime matters, including salvage.

Existing Measures:

Sector: Communications

Sub-Sector: One way satellite broadcasting of digital telecommunication services, whether these involve direct home television broadcasting, direct broadcasting of television services and direct audio broadcasting; supplementary telecommunication services; and limited telecommunication services

Obligations Concerned: National Treatment (Article 9.3) Most-Favoured-Nation Treatment (Article 9.4) Local Presence (Article 9.5)

Description: Cross-Border Trade in Services

Chile reserves the right to adopt or maintain any measure related to cross-border trade in one way satellite broadcasting of digital telecommunication services, whether these involve direct home television broadcasting, direct broadcasting of television services and direct audio broadcasting; supplementary telecommunication services; and limited telecommunication services.

Existing Measures: Law 18.168, Official Gazette, October 2, 1982, General Telecommunications Law, Titles I, II, III, V and VI (Ley 18.168, Diario Oficial, octubre 2, 1982, Ley General de Telecomunicaciones, Títulos I, II, III, V y VI)

Sector: Communications

Sub-Sector: One way satellite broadcasting of digital telecommunication services, whether these involve direct home television broadcasting, direct broadcasting of television services and direct audio broadcasting; supplementary telecommunication services; and limited telecommunication services

Obligations Concerned: National Treatment (Article 8.5) Most-Favoured-Nation Treatment (Article 8.6) Performance Requirements (Article 8.9) Senior Management and Boards of Directors (Article 8.10)

Description: Investment

Chile reserves the right to adopt or maintain any measure related to the investors of the other Party or to their investments in one way satellite broadcasting of digital telecommunication services, whether these involve direct home television broadcasting, direct broadcasting of television services and direct audio broadcasting; supplementary telecommunication services; and limited telecommunication services.

Existing Measures: Law 18.168, Official Gazette, October 2, 1982, General Telecommunications Law, Titles I, II, III, V and VI (Ley 18.168, Diario Oficial, octubre 2, 1982, Ley General de Telecomunicaciones, Títulos I, II, III, V y VI)

Sector: Issues Involving Minorities

Sub-Sector:

Obligations Concerned: National Treatment (Article 8.5 and Article 9.3) Most-Favoured-Nation Treatment (Article 8.6 and Article 9.4) Performance Requirements (Article 8.9) Senior Management and Boards of Directors (Article 8.10) Local Presence (Article 9.5)

Description: Investment and Cross-Border Trade in Services

Chile reserves the right to adopt or maintain any measure according rights or preferences to socially or economically disadvantaged minorities.

Existing Measures:

Sector: Issues Involving Indigenous Peoples

Sub-Sector:

Obligations Concerned: National Treatment (Article 8.5 and Article 9.3) Most-Favoured-Nation Treatment (Article 8.6 and Article 9.4) Performance Requirements (Article 8.9) Senior Management and Boards of Directors (Article 8.10) Local Presence (Article 9.5)

Description: Investment and Cross-Border Trade in Services

Chile reserves the right to adopt or maintain any measure according rights or preferences to indigenous peoples.

Existing Measures:

Sector: Education

Sub-Sector:

Obligations Concerned: National Treatment (Article 8.5 and Article 9.3) Most-Favoured-Nation Treatment (Article 8.6 and Article 9.4) Performance Requirements (Article 8.9) Senior Management and Boards of Directors (Article 8.10) Local Presence (Article 9.5)

Description: Investment and Cross-Border Trade in Services

Chile reserves the right to adopt or maintain any measure relating to:

(a) investors and an investment of an investor of the other Party in education; and

(b) natural persons who supply educational services in Chile.

Subparagraph (b) includes teachers and auxiliary personnel supplying educational services in pre-school, kindergarten, special education, elementary, secondary or higher education, professional, technical or university education, and all other persons that supply services related to education, including sponsors of educational institutions of any kind, schools, lyceums, academies, training centres, professional and technical institutes or universities.

This reservation does not apply to investors and an investment of an investor of the other Party in kindergarten, pre-school, elementary or secondary private education institutions, that do not receive public resources, or to the supply of services related to second-language training, corporate, business, and industrial training and skill upgrading, which include consulting services relating to technical support, advice, curriculum, and programme development in education.

Existing Measures:

Sector: Government Finances

Sub-Sector:

Obligations Concerned: National Treatment (Article 8.5)

Description: Investment



Chile reserves the right to adopt or maintain any measure related to the acquisition, sale or disposal by the other Party's nationals of bonds, treasury securities or any other type of debt instruments issued by the Central Bank of Chile (Banco Central de Chile) or the Government of Chile. This entry is not intended to affect the rights of the other Party's financial institutions (banks) established in Chile to acquire, sell or dispose of such instruments when required for the purposes of regulatory capital.

Existing Measures:

Sector: Fisheries

Sub-Sector: Fishing related activities

Obligations Concerned: National Treatment (Article 8.5 and Article 9.3) Most-Favoured-Nation Treatment (Article 8.6 and Article 9.4)

Description: Investment and Cross-Border Trade in Services

Chile reserves the right to control the activities of foreign fishing, including fish landing, first landing of fish processed at sea and access to Chilean ports (port privileges).

Chile reserves the right to control the use of beaches, land adjacent to beaches (terrenos de playas), water-columns (porciones de agua) and sea-bed lots (fondos marinos) for the issuance of maritime concessions. For greater certainty, "maritime concessions" do not cover aquaculture.

Existing Measures: Decree Law 2.222, Official Gazette, May 31, 1978, Navigation Law, Titles I, II, III, IV and V (Decreto Ley 2.222, Diario Oficial, mayo 31, 1978, Ley de Navegación Títulos I, II, III, IV y V) D.F.L. 340, Official Gazette, April 6, 1960, about Maritime Concessions (D.F.L. 340, Diario Oficial, abril 6, 1960, sobre Concesiones Marítimas)

Supreme Decree 660, Official Gazette, November 28, 1988, Maritime Concession Act (Decreto Supremo 660, Diario Oficial, noviembre 28, 1988, Reglamento de Concesiones Marítimas) Supreme Decree 123 of the Ministry of Economic Affairs, Development and Reconstruction, Vice-Ministry of Fishing, Official Gazette, August 23, 2004, On Use of Ports (Decreto Supremo 123 del Ministerio de Economía, Fomento y Reconstrucción, Subsecretaría de Pesca, Diario Oficial, agosto 23, 2004, Sobre Uso de Puertos)

Sector: Arts and Cultural Industries

Sub-Sector:

Obligations Concerned: Most-Favoured-Nation Treatment (Article 8.6 and Article 9.4)

Description: Investment and Cross-Border Trade in Services

Chile reserves the right to adopt or maintain any measure that accords differential treatment to countries under any existing or future bilateral or multilateral international agreement, with respect to arts and cultural industries, such as audio-visual cooperation agreements.

For greater certainty, government supported subsidy programmes for the promotion of cultural activities are not subject to the limitations or obligations of this Agreement.

For the purposes of this entry, "arts and cultural industries" includes:

- (a) books, magazines, periodical publications, or printed or electronic newspapers, excluding the printing and typesetting of any of the foregoing;
- (b) recordings of movies or videos;
- (c) music recordings in audio or video format;
- (d) printed music scores or scores readable by machines;
- (e) visual arts, artistic photography and new media;
- (f) performing arts, including theatre, dance and circus arts; and
- (g) media services or multimedia.

Existing Measures:

Sector: Entertainment, Audio-visual and Broadcasting Services

Sub-Sector:

Obligations Concerned: National Treatment (Article 8.5 and Article 9.3)

Most-Favoured-Nation Treatment (Article 8.6 and Article 9.4) Performance Requirements (Article 8.9)

Description: Investment and Cross-Border Trade in Services

Chile reserves the right to adopt or maintain any measure relating to:

(a) the organisation and presentation in Chile of concerts and musical performances;

(b) the distribution or display of movies or videos; and

(c) radio broadcasts aimed at the public in general, as well as all radio, television and cable television-related activities, satellite programming services and broadcasting networks.

Notwithstanding the above, Chile shall extend to the persons and investors of the other Party, and their investments, treatment no less favourable than that Party accords persons and investors of Chile, and their investments.

Existing Measures:

Sector: Social Services

Sub-Sector:

Obligations Concerned: National Treatment (Article 8.5 and Article 9.3) Most-Favoured-Nation Treatment (Article 8.6 and Article 9.4) Performance Requirements (Article 8.9) Senior Management and Boards of Directors (Article 8.10) Local Presence (Article 9.5)

Description: Investment and Cross-Border Trade in Services

Chile reserves the right to adopt or maintain any measure with respect to the supply of public law enforcement and correctional services, and the following services to the extent that they are social services established or maintained for reasons of public interest: income security or insurance, social security or insurance, social welfare, education, public training, health care and child care.

Existing Measures:

Sector: Environmental Services

Sub-Sector:

Obligations Concerned: National Treatment (Article 9.3) Most-Favoured-Nation Treatment (Article 9.4) Local Presence (Article 9.5)

Description: Cross-Border Trade in Services

Chile reserves the right to adopt or maintain any measure imposing the requirement that the production and distribution of drinking water, the collection and disposal of waste water and sanitation services, such as sewage systems, waste disposal and waste water treatment may only be supplied by juridical persons incorporated under Chilean law or created in accordance with the requirements established by Chilean law.

This entry shall not apply to consultancy services retained by the said juridical persons.

Existing Measures:

Sector: Construction Services

Sub-Sector:

Obligations Concerned: National Treatment (Article 9.3) Local Presence (Article 9.5)

Description: Cross-Border Trade in Services

Chile reserves the right to adopt or maintain any measure with respect to the supply of construction services by foreign

juridical persons or legal entities.

These measures may include requirements such as residency, registration or any other form of local presence.

Existing Measures:

Sector: Transportation

Sub-Sector: International road transportation

Obligations Concerned: National Treatment (Article 8.5 and Article 9.3) Most-Favoured-Nation Treatment (Article 8.6 and Article 9.4) Local Presence (Article 9.5)

Description: Investment and Cross-Border Trade in Services

Chile reserves the right to adopt or maintain any measure relating to the international land transportation of cargo or passengers in border areas.

Additionally, Chile reserves the right to adopt or maintain the following limitations for the supply of international land transportation from Chile:

- (a) the service supplier must be a Chilean natural or juridical person;
- (b) the service supplier must have a real and effective domicile in Chile; and
- (c) in the case of juridical persons, the service supplier must be legally constituted in Chile and more than 50 per cent of its capital stock must be owned by Chilean nationals and its effective control must be by Chilean nationals.

Existing Measures:

Sector: Transportation Services

Sub-Sector: Road transportation services

Obligations Concerned: National Treatment (Article 9.3)

Description: Cross-Border Trade in Services

Chile reserves the right to adopt or maintain any measure that authorises only Chilean natural or juridical persons to supply land transportation of persons or merchandise inside the territory of Chile (cabotage). For this, the enterprises shall use vehicles registered in Chile.

Existing Measures:

Sector: All

Sub-Sector:

Obligations Concerned: Market Access (Article 9.6)

Description: Investment and Cross-Border Trade in Services

Chile reserves the right to adopt or maintain any measure relating to Article 9.6 (Market Access), except for the following sectors and subsectors subject to the limitations and conditions listed below:

Sector	
Legal services (part of CPC 861).	(1) and (3) None, except in the case of receivers in bankruptcy (síndicos de quiebra) who must be duly authorised by the Minister of Justice (Ministerio de Justicia), and they can only work in the place where they reside. (2) None.
Accounting, auditing, and bookkeeping	(1) and (3) None, except the external auditors of financial institutions must be inscribed in the Register of External Auditors of the Superintendence of Banks and Financial Institutions (Superintendencia de Bancos e Instituciones Financieras) and in the Superintendence of Securities and Insurance (Superintendencia de Valores

services (CPC 86211)	y Seguros). Only firms legally incorporated in Chile as partnerships (sociedades de personas) or associations (asociaciones), and whose main line of business is auditing services, may be inscribed in the Register. For (2) None.
Taxation Services (CPC 863)	(1), (2), and (3) None.
Architectural services (CPC 8671)	(1), (2) and (3) None.
Engineering services (CPC 8672)	(1), (2) and (3) None.
Integrated engineering services (CPC 86733)	(1) Unbound. (2) None (3) Unbound
Urban planning and landscape architectural service (CPC 8674)	(1), (2) and (3) None.
Veterinary services (CPC 932)	(1), (2), and (3) None.
Services provided by midwives, nurses, physiotherapists and paramedical personnel (CPC 93191)	(1), (2), and (3) None.
Computer related services (CPC 841, 842, 843, 844 and 845)	(1), (2), and (3) None.
Research and Development services on social sciences and humanities, Interdisciplinary Research and Development services, Research and Development services on natural sciences, and Related scientific and technical consulting services (part of CPC 851	(1), (3) None except: Any exploration of a scientific or technical nature, or related to mountain climbing (andinismo), that legal or natural persons domiciled abroad intend to carry out in border areas need to be authorized and supervised by the Directorate of Borders and Frontiers (Dirección de Fronteras y Límites del Estado). The Directorate of Borders and Frontiers may stipulate that an expedition include one or more representatives of relevant Chilean activities. These representatives would participate in and learn about the studies and their scope. (2) None.

part of CPC 853 and part of CPC 86751)	
Research and Development services on social sciences and humanities, Interdisciplinary Research and Development services (CPC 852 and 853)	(1), (2) and (3) None.
Real Estate services: involving owned or leased property or on a fee or contract basis (CPC 821 and 822)	(1), (2), and (3) None.
Rental/leasing services without crew/operators, related to vessels, other transport equipment and Relating to other machinery and equipment (CPC 8310, except 83104)	(1), (2), and (3) None.
Leasing or rental services concerning aircraft (without operator) (CPC 83104)	(1) and (2) No commitments. (3) None
Advertising services (CPC 871)	(1), (2), and (3) None.
Market research and public opinion polling services (CPC 864)	(1), (2), and (3) None.
Management consulting services (CPC 865)	(1), (2), and (3) None.
Services related to management consulting (CPC 866 except 86602)	(1), (2), and (3) None.

Technical testing and analysis services (CPC 8676)	(1), (2), and (3) None.
Services related to agriculture, hunting and forestry (CPC 881)	(1), (2), and (3) None.
Services related to mining (CPC 883)	(1), (2), and (3) None.
Placement and supply services of personnel (CPC 87201, 87202, 87203)	(1), (2), and (3) None.
Investigation and security services (CPC 87302, 87303, 87304, 87305)	(1), (2), and (3) None.
Maintenance and repair of equipment (not including vessels, aircraft, or other transport equipment) (CPC 633)	(1), (2), and (3) None.
Building-cleaning services (CPC 874)	(1), (2), and (3) None.
Photographic services (CPC 875)	(1), (2), and (3) None.
Packing services (CPC 876)	(1), (2), and (3) None.
Printing and publishing services (CPC 88442)	(1), (2), and (3) None.
Convention services (CPC 87909)	(1), (2), and (3) None.
International long-distance telecommunications services	(1), (2) and (3) Chile reserves the right to adopt or maintain any measure that is not inconsistent with Chile's obligations under Article XVI of the General Agreement on Trade in Services.
	(1), (2), and (3) a concession granted by means of a Supreme Decree (Decreto Supremo) issued by the Ministry of Transport and Telecommunications (Ministerio

Local basic telecommunication services and networks, intermediate telecommunications services, supplementary telecommunications services, and limited telecommunications services	de Transportes y Telecomunicaciones) shall be required for the installation, operation, and exploitation of public and intermediary telecommunications services in Chilean territory. Only juridical persons organized under the Chilean law shall be eligible for such concessions. An official decision issued by the Undersecretariat of Telecommunications (Subsecretaría de Telecomunicaciones) shall be required to render Supplementary Telecommunications Services, consisting of additional services provided by hooking up equipment to public networks. Said decision refers to compliance with the technical standards established by the Undersecretariat of Telecommunications (Subsecretaría de Telecomunicaciones) and non-alteration of the essential technical features of networks or of the permissible technological or basic service modalities provided through them. A permit issued by the Undersecretariat of Telecommunications (Subsecretaría de Telecomunicaciones) shall be required for the installation, operation, and development of limited telecommunications services. International traffic shall be routed through the installations of a company holding a concession granted by the Ministry of Transport and Telecommunications (Ministerio de Transporte y Telecomunicaciones).
Commission agent's services (CPC 621)	(1), (2), and (3) None.
Wholesale trade services (CPC 622) (CPC 61111) (CPC 6113) (CPC 6121)	(1), (2), and (3) None.
Retailing services (CPC 632) (CPC 61111) (CPC 6113) (CPC 6121)	(1), (2), and (3) None.
Franchising (CPC 8929)	(1), (2), and (3) None.
Environmental services (CPC 940)	(1) and (3) None, solely for consultancy services. (2) None.
Hotels and restaurants (including catering) (CPC 641, 642 and 643)	(1), (2), and (3) None.
Travel agencies and tour operators services (CPC 74710)	(1), (2), and (3) None.
Tourist guide services (CPC 74720)	(1), (2), and (3) None.
Entertainment services (including theatre, live bands	(1), (2), and (3) None.

and circus services) (CPC 9619)	
Libraries, archives, museums and other cultural services (CPC 963)	(1), (2), and (3) None.
Sporting and other Recreational Services, excluding gambling and betting services (CPC 9641)	(1), (2) and (3) None, except that a specific type of legal entity may be required for sporting organisations that develop professional activities. In addition, on a National Treatment basis: i) it is not permitted to participate with more than one team in the same category of a sport competition, ii) specific regulations may be established on equity ownership in sporting companies; iii) minimal capital requirement may be imposed.
Other recreational services n.e.c. (CPC 96499)	(1), (2), and (3) None.

For the purposes of this entry:

(1) refers to the supply of a service from the territory of one Party into the territory of the other Party;

(2) refers to the supply of a service in the territory of one Party to a person of the other Party; and

(3) refers to the supply of a service in the territory of a Party by an investor of the other Party or by a covered investment.

## **Annex I. COLOMBIA - EXPLANATORY NOTES**

1. The Schedule of a Colombia to this Annex sets out, pursuant to Articles 9.7 (Non- Conforming Measures) and 8.11 (Non- Conforming Measures), the Party's existing measures that are not subject to some or all of the obligations imposed by:

(a) Article or 8.5 (National Treatment) or 9.3 (National Treatment);

(b) Article 8.6 (Most-Favored Nation Treatment) or 9.4 (Most-Favored-Nation Treatment);

(c) Article 8.9 (Performance Requirements);

(d) Article 8.10 (Senior Management and Boards of Directors).

(e) Article 9.5 (Local Presence); or

(f) Article 9.6 (Market Access).

2. Each Schedule entry sets out the following elements:

(a) Sector refers to the sector for which the entry is made;

(b) Subsector refers to the specific subsector for which the entry is made;

(c) Obligations Concerned specifies the article(s) referred to in paragraph 1 that, pursuant to Articles 9.7.1(a) and 8.11.1(a), do not apply to the measure(s) listed.

(d) Measures identifies the laws, regulations, or other measures for which the entry is 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 subordinate measure adopted or maintained under the authority of and consistent with the measure; and

(e) Description gives information on the remaining non-conforming aspects of the measure for which the entry is made.

3. In the interpretation of a Schedule entry, all elements of the entry shall be considered. An entry shall be interpreted in light of the relevant articles of the Chapters against which the entry is made. The Measures element shall prevail over all other elements, unless any discrepancy between the Measures element and the other elements considered in their totality 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 that discrepancy.

4. In accordance with Articles 9.7.1(a) (Non-Conforming Measures) and 8.11.1(a) (Non-Conforming Measures), the articles of this Agreement specified in the Obligations Concerned element of an entry do not apply to the non-conforming aspects of the law, regulation, or other measure identified in the Measures element of that entry.

5. Article 9.5 (Local Presence) and Article 9.3 (National Treatment) are separate disciplines and a measure that is only inconsistent with Article 9.5 (Local Presence) need not be reserved against Article 9.3 (National Treatment).

6. Where Colombia maintains a measure that requires that a service provider be a citizen, permanent resident, or resident of its territory as a condition to the provision of a service in its territory, a Schedule entry for that measure taken with respect to Article 9.3 (National Treatment), 9.4 (Most-Favored-Nation Treatment), or 9.5 (Local Presence) shall operate as a Schedule entry with respect to Article 8.5 (National Treatment), 8.6 (Most-Favored-Nation Treatment), or 8.9 (Performance Requirements) to the extent of that measure.

## **Annex 8-A Annex 9-A. SCHEDULE OF COLOMBIA**

1. Sector: All Sectors

Subsector:

Obligations Concerned: Local Presence (Article 9.5)

Level of Government: Central

Measures: Código de Comercio de 1971, Arts. 469, 471 y 474

Description: Cross-Border Trade in Services

A juridical person constituted or organized under the laws of another country and with its principal domicile in another country, shall establish a branch in Colombia in order to develop a concession granted by the Colombian State.

2. Sector: All Sectors

Subsector:

Obligations Concerned: National Treatment (Article 8.5)

Level of Government: Central

Measures: Decreto 119 of 2017, Art. 2.17.2.2.2.3, unified by Art. 2.17.2.2.2.3. of Decreto 1068 of 2015 (Single Regulation Decree of the Finance And Public Credit Sector).

Description: Investment

Foreign investors shall make portfolio investments in securities in Colombia only through an Administrator (Administrador).

Only stock broker companies, fiduciary companies and investment management companies, subject to the inspection and surveillance of the Financial Superintendence of Colombia, may be Administrators.

3. Sector: All Sectors

Subsector:

Obligations Concerned: National Treatment (Article 8.5) Senior Management and Boards of Directors (Article 8.10)

Level of Government: Central

Measures: As set out in the Description element, including Arts. 3 and 11 of Ley 226 of 1995

#### Description: Investment

Colombia, when selling or disposing of its equity interests in, or the assets of, an existing state enterprise or an existing governmental entity, may prohibit or impose limitations on the ownership of such interests or assets, and on the ability of owners of such interests or assets to control any resulting enterprise, by investors of the other Parties or of a non-Party or their investments.

Relevant existing legislation concerning this nonconforming measure includes Ley 226 of 1995.

In this respect, if Colombia decides to sell all or part of its interest in an enterprise to a person other than a Colombian state enterprise or other Colombian government entity, it shall first offer such interest exclusively, and under the conditions established in article 11 of Ley 226 of 1995, to:

- (a) current, pensioned, and former employees (other than former employees terminated for just cause) of the enterprise and of other enterprises owned or controlled by the enterprise;
- (b) associations of employees and former employees of the enterprise;
- (c) employee unions;
- (d) federations and confederations of trade unions;
- (e) employee funds ("fondos de empleados");
- (f) pension and severance funds; and
- (g) cooperative entities (1)

However, once such interest has been transferred or sold, Colombia does not reserve the right to control any subsequent transfer or other disposal of such interest.

For purposes of this reservation:

- (a) any measure maintained or adopted after the date of entry into force of this Agreement that, 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 reservation shall be deemed to be an existing measure; and
- (b) "state enterprise" means an enterprise owned or controlled through ownership interests by Colombia and includes an enterprise established after the date of entry into force of this Agreement solely for the purposes of selling or disposing of equity interests in, or the assets of, an existing state enterprise or governmental entity.

(1) For greater certainty, Ley 454 de 1998 establishes the type of cooperative entities existing in Colombia, including, inter alia, "cooperativas de ahorro y crédito," "cooperativas financieras," and "cooperativas multiactivas o integrales".

#### 4. Sector: All Sectors

Subsector

Obligations Concerned: Local Presence (Article 9.5)

Level of Government: Central

Measures: Ley 915 of 2004, Art. 5

Description: Cross-Border Trade in Services

Only natural or juridical persons with their main office in the free port of San Andrés, Providencia, and Santa Catalina may supply services in this region.

For greater certainty, this measure does not affect the cross-border supply of services as defined in subparagraph (a) and (b) of the definition of crossborder trade in services or cross-border supply of services as defined in Article 9.1 (Definitions).

#### 5. Sector: Professional Services

Subsector: Accounting Services

Obligations Concerned: National Treatment (Article 9.3) Local Presence (Article 9.5)

Level of Government: Central

Measures: Ley 43 of 1990, Art. 3 Par. 1

Resolución No. 160 of 2004, Art. 2 Par. and Art. 6

Description: Cross-Border Trade in Services

Only persons registered with the Junta Central de Contadores may practice as accountants. A foreign national must have been domiciled continuously in Colombia for at least three years prior to the registration request and demonstrate accounting experience carried out in the territory of Colombia for a period of not less than one year. This experience may be acquired while engaging in public accounting studies or thereafter.

For natural persons, the term "domiciled" means being a resident of Colombia and having the intention of remaining in Colombia.

6. Sector: Professional Services

Subsector: Research and Development Services

Obligations Concerned: National Treatment (Article 9.3)

Level of Government: Central

Measures: Decreto 309 of 2000, Art. 7, unified by Art. 2.2.1.5.1.7 of Decreto 1076 of 2015 (Single Regulation Decree of the Environment and Sustainable Development Sector).

Description: Cross-Border Trade in Services

Any foreign person planning to undertake scientific research on biological diversity in the territory of Colombia must involve at least one Colombian researcher in the research or analysis of the results of such research.

For greater certainty, this measure does not require or prohibit foreign persons and Colombian researchers from reaching an agreement with respect to the rights in relation to the scientific research or analysis.

7. Sector: Other Business Services-Fishing

Subsector: Fishing and Services Related to Fishing

Obligations Concerned: National Treatment (Article 9.3 and Article 8.5) Most Favored Nation Treatment (Article 9.4) Market Access (Article 9.6)

Level of Government: Central

Measures: Decreto 2256 of 1991, Arts. 27, 28 and 67, unified by Arts. 2.16.3.2.3, 2.16.3.2.4. and 2.16.5.2.2.1 of Decreto 1071 of 2015 (Single Regulation Decree of the Rural Sector).

Acuerdo 005 of 2003, Sección II and VII

Description: Investment and Cross-Border Trade in Services

Only Colombian nationals may engage in artisanal fishing.

A foreign flagged vessel may obtain a permit and engage in commercial fishing and related activities in Colombian territorial waters only in association with a Colombian enterprise that owns a permit. In this case, the costs of the permit and fishing license are higher for foreign-flagged vessels than for Colombian-flagged vessels.

If the flag of a foreign-flagged vessel is that of a country that is a party to another bilateral agreement with Colombia, the terms of that other bilateral agreement shall determine whether or not the requirement to associate with a Colombian enterprise that owns a permit applies.

8. Sector: Other Business Services

Subsector: Services Directly Incidental to the Exploration and Exploitation of Minerals and Hydrocarbons

Obligations Concerned: Local Presence (Article 9.5)

Level of Government: Central

Measures: Ley 685 of 2001, Arts. 19 and 20

Decreto legislativo 1056 of 1953, Art. 10.

Código de Comercio of 1971, Arts. 471 and 474

Description: Cross-Border Trade in Services

To supply services directly related to the exploration and exploitation of minerals and hydrocarbons in Colombia, a juridical person organized under the laws of a foreign country must establish a branch, affiliate company, or subsidiary in Colombia.

For greater certainty, this entry does not apply to service suppliers engaged in those services for less than one year.

#### 9. Sector: Other Business Services

Subsector: Private Security and Surveillance Services

Obligations Concerned: National Treatment (Article 9.3 and Article 8.5) Market Access (Article 9.6) Local Presence (Article 9.5)

Level of Government: Central

Measures: Decreto 356 of 1994, Arts. 8, 12, 23 and 25.

Description: Investment and Cross-Border Trade in Services

Only an enterprise organized under Colombian law as a limited liability company or a private security and surveillance services cooperative (2) may provide private security and surveillance services in Colombia.

Partners or member of such enterprises must be Colombian nationals.

Enterprises established prior to February 11, 1994 with foreign capital may not increase the participation of foreign members. Cooperatives organized prior to February 11, 1994 may retain their juridical form.

(2) Article 23 of Decreto 356 of 1994 defines a "private security and surveillance services cooperative" as an employee-owned and employee-run non-profit associative enterprise created to provide private security and surveillance services, for remuneration.

#### 10. Sector: Professional Services

Subsector: Journalism

Obligations Concerned: Senior Management and Board of Directors (Article 8.10)

Level of Government: Central

Measures: Ley 29 of 1944, Art. 13

Description: Investment

The director or general manager of a newspaper published in Colombia that focuses on Colombian politics must be a Colombian national.

#### 11. Sector: Tourism and Travel Related Services

Subsector: Tourism and Travel Services

Obligations Concerned: National Treatment (Article 9.3) Local Presence (Article 9.5)

Level of Government: Central

Measures: Ley 32 of 1990, Art. 5

Decreto 502 of 1997, Arts. 1 through 7, unified by Art. 2.2.4.3.1.1. of Decreto 1074 of 2015 (Single Regulation Decree of the Trade Sector).

Description: Cross-Border Trade in Services

Foreign nationals must be domiciled in Colombia to provide travel and tourism agent services within the territory of Colombia.

For greater certainty, this entry does not apply to tour guide services, nor does it affect the cross-border supply of services as defined in subparagraph (a) and (b) of the definition of cross-border trade in services or cross-border supply of services as defined in Article 9.1 (Definitions).

## 12. Sector: Notary and Registrar Services

Subsector:

Obligations Concerned: National Treatment (Article 9.3) Market Access (Article 9.5)

Level of Government: Central

Measures: Decreto Ley 960 of 1970, Arts. 123, 124, 126, 127 and 132

Ley 1579 of 2012, Arts. 76 and 104

Description: Cross-Border Trade in Services

Only Colombian nationals may be notaries and/or registrars.

The establishment of new notaries is subject to an economic needs test that takes into account the population of the area of interest, the necessity of the services, and the availability of communication facilities, among other factors.

## 13. Sector: Domiciliary Public Services

Subsector:

Obligations Concerned: Market Access (Article 9.6) Local Presence (Article 9.5) National Treatment (Article 9.3)

Level of Government: Central

Measures: Ley 142 of 1994, Arts. 1, 17, 18, 19 and 23

Código de Comercio of 1971, Arts. 471 and 472

Description: Investment and Cross-Border Trade in Services

A domiciliary public service enterprise, must be organized under the Empresas de Servicios Públicos (E.S.P.) regime, must be domiciled in Colombia and organized under Colombian law as a share company (sociedad por acciones). The requirement to be organized as a share company does not apply to a decentralized entity that takes the form of a commercial and industrial enterprise of the State.

For purposes of this entry, domiciliary public services include the provision of water, sewage, refuse disposal, electric power, combustible gas distribution, and basic public-switched telephone services (PSTN) and any activities supplemental thereto. Activities supplemental to basic public-switched telephone services means long-distance public telephone and fixed wireless local loop telephone services in rural areas, but does not mean commercial mobile telephone services.

An enterprise in which a locally organized community holds a controlling interest shall be given a preference over enterprises with otherwise equivalent bids in the granting of a concession or license for the provision of domiciliary public services to that community.

## 14. Sector: Electrical Power

Subsector:

Obligations Concerned: Market Access (Article 9.6)

Level of Government: Central

Measures: Ley 143 of 1994, Art. 74

Description: Cross-Border Trade in Services

Only enterprises organized under Colombian law before July 12, 1994, may engage in marketing (comercialización) and transmission of electrical power or engage in more than one of the following activities at the same time: generation,

distribution, or transmission of electrical power.

For greater certainty, companies that are constituted after July 12, 1994, for the purpose of providing the public electricity service and that are part of the national interconnected system, cannot have more than one of the activities related to it, except for the commercialization, which can be carried out in combination with one of the generation and distribution activities, limiting the access of these companies within the chain of activities of the electricity market.

#### 15. Sector: Postal and Mensajería Especializada Services

Subsector:

Obligations Concerned: Local Presence (Article 9.5)

Level of Government: Central

Measures: Ley 1369 of 2009, Art. 4

Description: Cross-Border Trade in Services

Only juridical persons organized under Colombian law may supply postal services and “mensajería especializada” (3) in Colombia.

(3) “Servicio de mensajería especializada” means the class of postal services that is supplied independently of the official postal networks for national and international mail, and that requires the application and adoption of special procedures for the receipt, collection, and personal delivery of mail and other postal objects transported by land or air within or from the territory of Colombia.

#### 16. Sector: Communication Services

Subsector: Telecommunication Services

Obligations Concerned: National Treatment (Article 9.3) Local Presence (Article 9.5)

Level of Government: Central

Measures: Ley 671 of 2001

Decreto 1616 of 2003, Arts. 13 and 16

Decreto 2542 of 1997, Art. 2

Decreto 2926 of 2005, Art. 2

Decreto 2870 of 2007, Título II (Arts. 3 through 7), unified by Decreto 1078 of 2015 (Single Regulation Decree of the Telecommunications Sector).

Description: Cross-Border Trade in Services

Only enterprises organized under Colombian law may receive concessions for the supply of telecommunications services within Colombia.

Colombia may grant licenses to enterprises to provide long distance basic switched telecommunications services on less favorable terms, with respect only to payment and duration, than those provided to Colombia Telecomunicaciones S.A. E.S.P. under article 2 of Decreto 2542 of 1997, articles 13 and 16 of Decreto 1616 of 2003 and Decreto 2926 of 2005.

#### 17. Sector: Audiovisual services

Subsector: Cinematography

Obligations Concerned: Performance Requirements (Article 8.9) National Treatment (Article 9.3)

Level of Government: Central

Measures: Ley 814 of 2003, Arts. 5, 14, 15, 18 and 19

Description: Investment and Cross Border Trade in Services

The exhibition and distribution of foreign films is subject to the Cinematographic Development Fee, which is set at 8.5 per

cent of the monthly net income derived from such exhibition and distribution.

The fee applied to an exhibitor is reduced to 2.25 percent, when a foreign movie is exhibited together with a Colombian short film.

#### 18. Sector: Audiovisual services

Subsector: Radio Broadcasting Services

Obligations Concerned: National Treatment (Article 9.3 and Article 8.5) Market Access (Article 9.6) Senior Management and Board of Directors (Article 8.10) Local Presence (Article 9.5)

Level of Government: Central

Measures: Ley 1341 of 2009, Art. 57

Ley 74 of 1966, Art. 7

Decreto 1447 of 1995, Arts. 7, 9 and 18, unified by Decreto 1078 of 2015. (Single Regulation Decree of the Telecommunications Sector).

Description: Investment and Cross-Border Trade in Services

A concession to supply radio broadcasting services may be granted only to Colombian nationals or to juridical persons organized under Colombian law. The number of concessions to provide radio broadcasting services is subject to an economic needs test that applies criteria set forth by law.

The director of informative or journalist programs must be a Colombian national.

#### 19. Sector: Audiovisual services

Subsector: Free-to-air Television

Audio-Visual Production Services

Obligations Concerned: National Treatment (Article 9.3 and Article 8.5.) Market Access (Article 9.6) Performance Requirements (Article 8.9) Local Presence (Article 9.5)

Level of Government: Central

Measures: Ley 014 of 1991, Art. 37

Ley 680 of 2001, Arts. 1 and 4

Ley 335 of 1996, Arts. 13 and 24

Ley 182 of 1995, Art. 37 numeral 3, Arts. 47 and 48

Acuerdo 002 of 1995, Art. 10 Parágrafo

Acuerdo 023 of 1997, Art. 8 Parágrafo

Acuerdo 024 of 1997, Arts. 6 and 9

Acuerdo 020 of 1997, Arts. 3 and 4

Description: Investment and Cross-Border Trade in Services

Only Colombian nationals or juridical persons organized under Colombian law may be granted concessions to provide free-to-air television services.

To hold a concession for a privately operated national television channel that provides free-to-air television services, a juridical person must be organized as a corporation ("sociedad anónima").

The number of concessions to provide free-to-air national and local for-profit television services is subject to an economic needs test in accordance with the criteria set forth by law.

Foreign equity in any enterprise holding a free-to-air television concession is limited to 40 percent.

### National Television

Suppliers (operators and/or persons granted the right to use programming slots) of free-to-air national television services must broadcast nationally produced programming on each channel as follows:

- (a) a minimum of 70 per cent between 19:00 hours and 22:30 hours;
- (b) a minimum of 50 per cent between 22:30 hours and 24:00 hours;
- (c) a minimum of 50 per cent between 10:00 hours and 19:00 hours; and
- (d) a minimum of 50 per cent for Saturdays, Sundays, and holidays during the hours described in subparagraphs (a), (b) and (c).

### Regional and Local Television

Regional television may be supplied only by stateowned entities.

Suppliers of regional and local free-to-air television services must broadcast a minimum of 50 percent nationally produced programming on each channel.

20. Sector: Audiovisual services

Subsector: Subscription Television

Audio-visual Production Services

Obligations Concerned: Market Access (Article 9.6) Local Presence (Article 9.5) Performance Requirements (Article 8.9)

Level of Government: Central

Measures: Ley 680 of 2001. Arts. 4 and 11

Ley 182 of 1995, Art. 42

Acuerdo 014 of 1997, Arts. 14, 16 and 30

Ley 335 of 1996, Art. 8

Acuerdo 032 of 1998, Arts. 7 and 9

Description: Investment and Cross-Border Trade in Services

Only juridical persons organized under Colombian law may supply subscription television services. Such juridical persons must make available to subscribers, at no additional cost, those free-to-air Colombian national, regional, and municipal television channels available in the authorized area of coverage. The transmission of regional and municipal channels will be subject to the technical capacity of the subscription television operator.

Suppliers of satellite subscription television only have the obligation of including in their basic programming the transmission of the public interest channels of the Colombian State. When rebroadcasting free-to-air programming subject to a domestic content quota, a subscription television provider may not modify the content of the original signal.

### Subscription television not including satellite

The concessionaire of subscription television that transmits commercials different from those of origin must comply with the minimum percentages of nationally produced programming required of suppliers of free-to-air national television services as described in the entry on free-to-air television and audio-visual production services on entry 20 of this Annex. Colombia interprets Article 16 of Acuerdo 014 de 1997 as not requiring subscription television suppliers to comply with minimum percentages of nationally produced programming when commercials are inserted into programming outside the territory of Colombia. Colombia will continue to apply this interpretation, subject to Article 9.7.1(c) (NonConforming Measures).

There will be no restrictions on the number of subscription television concessions at the zonal, municipal, and district level once the current concessions at those levels expire and in no case after 31 October 2011.

Suppliers of cable television services must produce and broadcast in Colombia a minimum of one hour of programming each day between 18:00 hours and 24:00 hours.



## 21. Sector: Audiovisual services

Subsector: Community Television

Obligations Concerned: Market Access (Article 9.6) Local Presence (Article 9.5)

Level of Government: Central

Measures: Ley 182 of 1995, Art. 37 numeral 4

Acuerdo 006 of 1999, Arts. 3 and 4

Description: Cross-Border Trade in Services

Community television services may only be supplied by communities organized and legally constituted under Colombian law as foundations, cooperatives, associations, or corporations governed by civil law.

For greater certainty, such services are restricted with respect to area of coverage and number and type of channels; may be offered to no more than 6000 associates, or community members; and must be offered under the modality of a closed network local access channels.

## 22. Sector: Environmental Services

Subsector: Waste-Related Services

Obligations Concerned: National Treatment (Article 8.5)

Level of Government: Central

Measures: Decreto 119 of 2017, Art. 2.17.2.2.2.1, unified by Art. 2.17.2.2.3.1 of Decreto 1068 of 2015 (Single Regulation Decree of the Trade Sector).

Description: Investment

Foreign investment is not permitted in activities related to the processing, disposition, and disposal of toxic, hazardous, or radioactive waste not produced in Colombia

## 23. Sector: Transport Services

Subsector: Transportation

Obligations Concerned: Local Presence (Article 9.5)

Level of Government: Central

Measures: Ley 336 of 1996, Arts. 9 and 10

Decreto 149 of 1999, Art. 5, unified by Art. 2.4.4.1.5 of Decreto 1079 of 2015 (Single Regulation Decree of the Transport Sector).

Description: Cross-Border Trade in Services

Suppliers of public transportation services within the territory of Colombia must be enterprises organized under Colombian law and domiciled in Colombia.

Only foreign enterprises with an agent or representative domiciled in Colombia and legally responsible for its activities in Colombia, may supply multimodal transportation of cargo within and from the territory of Colombia.

## 24. Sector: Transport Services

Subsector: Maritime and Fluvial Transportation

Obligations Concerned: Performance Requirements (Article 8.9) Senior Management and Board of Directors (Article 8.10) National Treatment (Article 9.3 and Article 8.5) Local Presence (Article 9.5)

Level of Government: Central

Measures: Decreto 804 of 2001, Arts. 2 and 4 inciso 4

Código de Comercio of 1971, Arts. 1455 and 1492

Decreto Ley 2324 of 1984, Arts. 99, 101 and 124

Ley 658 of 2001, Art. 11

Decreto 1597 of 1988, Art. 23, unified by Decreto 1079 of 2015 (Single Regulation Decree of the Transport Sector).

Description: Investment and Cross-Border Trade in Services

Only enterprises organized under Colombian law using Colombian flag vessels may supply maritime and fluvial transport services between two points within the territory of Colombia (cabotage). For greater certainty, this reservation applies to maritime activities of a commercial nature, including repositioning of empty containers.

All foreign-flagged vessels entering a Colombian port must have a representative legally responsible for their activities in Colombia and domiciled in Colombia.

The maritime and fluvial public service of pilotage on Colombian territorial waters may only be performed by Colombian nationals.

In Colombian flag vessels and foreign-flagged vessels (except those relating to fishing) that operate in Colombian jurisdictional waters for a period of time longer than six months, continuous or discontinuous, from the date of the issuing of the respective permit, the captain, officials and at least 80 per cent of the rest of the crew must be Colombians.

## 25. Sector: Port Services

Subsector:

Obligations Concerned: National Treatment (Article 9.3) Market Access (Article 9.6) Local Presence (Article 9.5)

Level of Government: Central

Measures: Ley 1 of 1991, Arts. 5.20 and 6

Decreto 1423 of 1989, Art. 38, unified by Decreto 1079 of 2015 (Single Regulation Decree of the Transport Sector).

Description: Cross-Border Trade in Services

The holder of a concession to supply port services must be organized under Colombian law as a corporation (sociedad anónima) whose corporate objective is the construction, maintenance, and administration of ports.

Only Colombian flag vessels may supply port services in Colombian waters. However, in exceptional cases, the Dirección General Marítima may authorize supply of such services by foreign flag vessels if no Colombian vessel has the capacity to supply such service. The authorization will be issued for six months, but may be extended up to one year.

## 26. Sector: Transport Services

Subsector: Air Services

Obligations Concerned: National Treatment (Article 8.5) Performance Requirements (Article 8.9)

Level of Government: Central

Measures: Código de Comercio de 1971, Arts. 1795, 1803 y 1804

Description: Investment

Only Colombian nationals or juridical persons organized under Colombian law may own and maintain real and effective control of an airplane registered to supply commercial air services in Colombia.

All air services companies established in Colombia as an agency or branch shall employ Colombian workers in a proportion of no less than 90 percent for their operation in Colombia

## **Annex II. COLOMBIA - EXPLANATORY NOTES**

1. The Schedule of Colombia to this Annex sets out, pursuant to Articles 9.7 (Non-Conforming Measures) and 8.11 (Non-Conforming Measures), the specific sectors, subsectors, or activities for which that Party may maintain existing, or adopt

new or more restrictive, measures that do not conform with obligations imposed by:

- (a) Article 8.5 (National Treatment) or 9.3 (National Treatment);
- (b) Article 8.6 (Most-Favored Nation Treatment) or 9.4 (Most-Favored-Nation Treatment);
- (c) Article 8.9 (Performance Requirements)
- (d) Article 8.10 (Senior Management and Boards of Directors)
- (e) Article 9.5 (Local Presence); or
- (f) Article 9.6 (Market Access).

2. Each Schedule entry sets out the following elements:

- (a) Sector refers to the sector for which the entry is made;
- (b) Subsector refers to the specific subsector for which the entry is made;
- (c) Obligations Concerned specifies the article(s) referred to in paragraph 1 that, pursuant to Articles 9.7 (Non-Conforming Measures) and 8.11 (NonConforming Measures), do not apply to the sectors, subsectors or activities scheduled in the entry;
- (d) Description sets out the scope of the sectors, subsectors, or activities covered by the entry; and
- (e) Existing Measures identify, for a transparency purpose, the existing measures for sector, subsectors or activities covered by the entry.

3. In accordance with Articles 9.7 (Non-Conforming Measures) and 8.11 (NonConforming Measures), the articles of this Agreement specified in the Obligations Concerned element of an entry do not apply to the sectors, subsectors, and activities identified in the Description element of that entry.

4. In the interpretation of a Schedule entry, all elements of the entry shall be considered equally. The Description element shall prevail over all other elements.

## **ANNEX II. SCHEDULE OF COLOMBIA**

### **1. Sector: Certain Sectors**

Subsector:

Obligations Concerned:

Market Access (Article 9.6)

Description: Cross-Border Trade in Services

Colombia reserves the right to adopt or maintain any measure in the following sectors:

- (a) investigation and security services;
- (b) research and development services;
- (c) the establishment of exclusive areas for services incidental to energy distribution in order to ensure universal service;
- (d) distribution, wholesale and retail services in sectors in which the government establishes a monopoly, pursuant to Article 336 of the Constitución Política de Colombia, the revenue of which is dedicated for public or social services. As of the date of signing of this Agreement, Colombia has in place monopolies only with respect to liquor and gambling;
- (e) primary and secondary education services, and, with respect to higher education, requirements relating to the specific type of legal entity that may supply such services;
- (f) environmental services established or maintained for a public purpose;
- (g) health related and social services, and professional services related to health;
- (h) libraries, archives and museums;

(i) sporting and other recreational services;

(j) the number of concessions and the total number of operations for road transportation passenger services; passenger and freight rail transportation services; pipeline transport; services auxiliary to all modes of transport, and other transport services.

For greater certainty, no measure shall be inconsistent with Colombia's obligations under Article XVI of GATS.

## 2. Sector: All Sectors

Subsector:

Obligations Concerned: National Treatment (Article 8.5)

Description: Investment

Colombia reserves the right to adopt or maintain any measure related to ownership of real property by foreigners in border regions, national coasts, or insular territory of Colombia.

For purposes of this reservation:

- a) border region means a zone of two kilometers in width, parallel to the national border line;
- b) national coast means a zone of two kilometers in width, parallel to the line of the highest tide; and
- c) insular territory means islands, islets, keys, headlands, and shoals that are part of the territory of Colombia.

Existing Measures:

## 3. Sector: All Sectors

Subsector:

Obligations Concerned: Most Favored Nation Treatment (Article 8.6 and 9.4)

Description: Investment and Cross-Border Trade in Services

Colombia reserves the right to adopt or maintain any measure that accords differential 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 accords differential treatment to countries under any bilateral or multilateral international agreement in force or signed after the date of entry into force of this Agreement involving:

- (a) aviation;
- (b) fisheries; and
- (c) maritime matters, including salvage.

Existing Measures:

## 4. Sector: Social Services

Subsector:

Obligations Concerned: National Treatment (Article 8.5 and 9.3) Most Favored Nation Treatment (Article 8.6 and 9.4) Market Access (Article 9.6) Local Presence (Article 9.5) Performance Requirements (Article 8.9) Senior Management and Board of Directors (Article 8.10)

Description: Investment and Cross-Border Trade in Services

Colombia reserves the right to adopt or maintain any measure with respect to the provision of law enforcement and correctional services, and the following services to the extent they are social services established or maintained for a public purpose: social re-adaptation, income security or insurance, social security, social welfare, public training and education, health, and child care.

For greater certainty, the social security system (Sistema de Seguridad Social Integral) of Colombia is currently comprised of

the following mandatory systems: pensions (Sistema General de Pensiones), health insurance (Sistema General de Seguridad Social en Salud), workers compensation (Sistema General de Riesgos Profesionales), and severance pay (Régimen de Cesantía y Auxilio de Cesantía).

Existing Measures:

#### 5. Sector: Issues Related to Minorities and Ethnic Groups

Subsector:

Obligations Concerned: National Treatment (Article 8.5 and 9.3) Most Favored Nation Treatment (Article 8.6 and 9.4) Market Access (Article 9.6) Local Presence (Article 9.5) Performance Requirements (Article 8.9) Senior Management and Board of Directors (Article 8.10)

Description: Investment and Cross-Border Trade in Services

Colombia reserves the right to adopt or maintain any measure according rights or preferences to socially or economically disadvantaged minorities and ethnic groups, including with respect to the communal lands held by ethnic groups in accordance with Art. 63 of the Constitución Política de Colombia. The ethnic groups in Colombia are: indigenous and ROM (gypsy) people, Afro-Colombian communities and the Raizal community of the Archipelago of San Andres, Providencia, and Santa Catalina.

Existing Measures:

#### 6. Sector: Cultural Industries and Activities

Subsector:

Obligations Concerned: National Treatment (Article 8.5 and 9.3) Most Favored Nation Treatment (Article 8.6 and 9.4)

Description: Investment and Cross-Border Trade in Services

For purposes of this entry, the term "cultural industries and activities" means:

(a) publication, distribution, or sale of books, magazines, periodical publications, or printed or electronic newspapers, excluding the printing and typesetting of any of the foregoing;

(b) production, distribution, sale, or display of recordings of movies or videos;

(c) production, distribution, sale, or display of music recordings in audio or video format;

(d) production and presentation of performing arts;

(e) production and exhibition of visual arts;

(f) production, distribution, or sale of printed music scores or scores readable by machines;

(g) design, production, distribution, and sale of handicrafts;

(h) radiobroadcasts aimed at the public in general, as well as all radio, television, and cable television-related activities; satellite programming services; and broadcasting networks; or

(i) design and creation of advertising contents.

Colombia reserves the right to adopt or maintain any measure according preferential treatment to persons of any other country pursuant to any agreement between Colombia and such other country containing specific commitments regarding cultural cooperation or co- production in cultural industries and activities.

For greater certainty, articles 8.5 and 9.3 (National Treatment) and 8.6 and 9.4 (Most Favored Nation Treatment) do not apply to "government support" (1).

Colombia may adopt or maintain any measure that accords a person of another Party treatment equivalent to that accorded by that other Party to Colombian persons in the audiovisual, publishing, or music sector.

Existing Measures:

(1) For purposes of this entry, "government support" means tax incentives, incentives for the reduction of mandatory contributions,

government grants, government-supported loans, and guaranties, trusts, or insurance provided by a government, irrespective of whether a private entity is wholly or partially responsible for management of the government support.

## 7. Sector: Jewelry

Design

Performing Arts

Music

Visual Arts

Audiovisuals

Publishing

Subsector:

Obligations Concerned: Performance Requirements (Article 8.9) National Treatment (Article 8.5)

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, audiovisuals and publishing on the achievement by the recipient of a given level or percentage of domestic creative content. For the greater certainty, this entry does not apply to advertising and performance requirements shall in all cases be consistent with the WTO Agreement on Trade Related Investment Measures.

Existing Measures:

(2) As defined in the Foot Note of entry 6.

## 8. Sector: Handicraft Industries

Subsector:

Obligations Concerned: National Treatment (Article 8.5 and 9.3) Performance Requirements (Article 8.9)

Description: Investment and Cross-Border Trade in Services

Colombia reserves the right to adopt or maintain any measure relating to the design, distribution, retailing, or exhibition of handicrafts that are identified as handicrafts of Colombia.

For greater certainty, performance requirements shall in all cases be consistent with the WTO Agreement on Trade-Related Investment Measures.

Existing Measures:

## 9. Sector: Audiovisual Services

Subsector: Advertising

Obligations National Treatment (Article 8.5 and 9.3)

Concerned: Performance Requirements (Article 8.9)

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 15 per cent) of the total cinematographic works shown on an annual basis in cinemas or exhibition rooms in Colombia consist of Colombian cinematographic works. In establishing such a percentage, Colombia shall take into account national cinematographic production conditions, the existing exhibition infrastructure in the country, and attendance averages.

Cinematographic Works over Free-to-Air Television

(b) Colombia reserves the right to adopt or maintain any measure requiring that a specified percentage (not to exceed 10 per cent) of the total cinematographic works shown on an annual basis on free-to-air television channels consist of Colombian cinematographic works. In establishing such a percentage, Colombia shall take into account the availability of national cinematographic works for free-to-air television. Such works will count towards the domestic content requirements applied to the channel as described in the entry on free-to-air television and audio-visual production services on pages 20 and 22 of Annex I.

#### Community Television (3)

(3) As defined in Acuerdo 006 de 1999,

#### Existing Measures:

(c) Colombia reserves the right to adopt or maintain

any measure requiring that a specified portion of weekly programming for community television (not to exceed 56 hours per week) consist of national programming produced by the community television operator.

#### Multichannel Free-to-Air Commercial Television

(d) Colombia reserves the right to impose the minimum programming requirements appearing in the entry on free-to-air television and audio-visual production services on entry 20 of Annex II on multichannel free-to-air commercial television, except that such requirements may not be imposed on more than two channels or 25 per cent of the total number of channels (whichever is greater) made available by an individual service provider.

#### Advertising

(e) Colombia reserves the right to adopt or maintain any measure requiring that a specific percentage (not to exceed 20 per cent) of total advertising orders placed annually with media services companies established in Colombia, other than newspapers, daily newspapers, and subscription services with headquarters outside Colombia, be produced and created in Colombia. Any such measure shall not apply to: (i) the advertisement in cinemas and exhibition rooms of upcoming movies; and, (ii) any media where the programming or content originates outside Colombia or to the rebroadcast or retransmission of such programming within Colombia.

### 10. Sector: Traditional Expressions

#### Subsector:

Obligations Concerned: National Treatment (Article 8.5 and 9.3)

Description: Investment and Cross-Border Trade in Services

Colombia reserves the right to adopt or maintain any measure according rights or preferences to local communities with respect to the support and development of expressions relating to intangible cultural patrimony declared pursuant to Resolución No. 0168 of 2005.

Any such measure shall not be inconsistent with the agreement of Trade-Related Aspects of Intellectual Property Rights (TRIPS) from the WTO.

#### Existing Measures:

### 11. Sector: Interactive Audio and Video Services

#### Subsector:

Obligations Concerned: National Treatment (Article 8.5 and 9.3) Performance Requirements (Article 8.9)

Description: Investment and Cross-Border Trade in Services

Colombia reserves the right to adopt or maintain measures to ensure that, upon a finding by the Government of Colombia that Colombian audiovisual content is not readily available to Colombian consumers, access to Colombian audiovisual programming through interactive audio and/or video services is not unreasonably denied to Colombian consumers.

At least 90 days before any proposed measure is adopted, Colombia shall notify the other Parties of the proposed measure. The notification shall provide information with respect to the proposed measure, including information that forms the basis

for the Government of Colombia's finding that Colombian audiovisual content is not readily available to Colombian consumers and a description of the proposed measure. Such measures must be consistent with Colombia's obligations under the GATS.

Existing Measures:

12. Sector: Professional Services

Subsector:

Obligations Concerned: National Treatment (Article 9.3) Most-Favored-Nation Treatment (Article 9.4) Local Presence (Article 9.5) Market Access (Article 9.6)

Description: Cross-Border Trade in Services

Colombia reserves the right to adopt or maintain any measure that would allow a professional, who is a national of the other Party to practice only to the extent that the other Party in which that professional conducts his or her primary practice affords treatment consistent with the obligations referenced in this entry to a Colombian national who otherwise satisfies the relevant authorization, licensing, or certification requirements to practice that profession. Notwithstanding the preceding sentence, Colombia shall permit such professionals who were practicing in its territory prior to the date of entry into force of this Agreement in accordance with Colombian law to continue practicing in accordance with the existing law.

For purposes of this entry, the Party in which a professional conducts his or her primary practice is the territory within which the professional was licensed to practice and actually practiced most frequently in the preceding 12-month period.

This measure does not apply to a country that has a bilateral agreement in force with Colombia regarding mutual recognition of professional degrees.

Existing Measures:

13. Sector: Road and River Transport

Subsector:

Obligations Concerned: Most Favored Nation Treatment (Article 9.4)

Description: Cross-Border Trade in Services

Colombia reserves the right to adopt or maintain any measure that accords differential treatment to countries under any bilateral or multilateral international agreement signed after the date of entry into force of this Agreement involving road and river transport services.

Existing Measures:

14. Sector: Selling and marketing of air transport services

Subsector:

Obligations Concerned: National Treatment (Article 8.5 and 9.3) Market Access (Article 9.6) Local Presence (Article 9.5)

Description: Investment and Cross-Border Trade in Services

Colombia reserves the right to adopt or maintain any measure regarding commissions and/or payments that transporters apply to travel agents and to intermediaries in general.

Existing Measures:

## **Annex I. MEXICO - EXPLANATORY NOTES**

1. The Schedule of Mexico to this Annex sets out, pursuant to Article 8.11 (Non-Conforming Measures) and Article 9.7 (Non-Conforming Measures), Mexico's existing measures that are not subject to some or all of the obligations imposed by:

(a) Article 8.5 (National Treatment) or Article 9.3 (National Treatment);

(b) Article 8.6 (Most-Favoured-Nation Treatment) or Article 9.4 (Most-Favoured-Nation Treatment);

(c) Article 8.9 (Performance Requirements);



(d) Article 8.10 (Senior Management and Boards of Directors);

(e) Article 9.5 (Local Presence); or

(f) Article 9.6 (Market Access)

2. Each Schedule entry sets out the following elements:

(a) Sector refers to the sector for which the entry is made;

(b) Sub-Sector, where referenced, refers to the specific subsector for which the entry is made;

(c) Industry Classification, where referenced, refers to the activity covered by the non-conforming measure, according to the provisional CPC codes as used in the Provisional Central Product Classification (Statistical Papers Series M No. 77, Department of International Economic and Social Affairs, Statistical Office of the United Nations, New York, 1991);

(d) Obligations Concerned specifies the obligations referred to in paragraph 1 that, pursuant to Article 8.11.1(a) (Non-Conforming Measures) and Article 9.7.1(a) (Non-Conforming Measures), do not apply to the listed measure(s) as indicated in the introductory notes for Mexico's Schedule;

(e) Level of Government indicates the level of government maintaining the listed measures;

(f) Measures identifies the laws, regulations or other measures for which the entry is 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 subordinate measure adopted or maintained under the authority of and consistent with the measure; and

(g) Description, as indicated in the introductory notes for Mexico's Schedule, either sets out the non-conforming measure or provides a general non-binding description of the measure for which the entry is made.

3. Article 9.3 (National Treatment) and Article 9.5 (Local Presence) are separate disciplines and a measure that is only inconsistent with Article 9.5 (Local Presence) need not be reserved against Article 9.3 (National Treatment).

## **Annex I. SCHEDULE OF MEXICO - INTRODUCTORY NOTES**

1. Description either sets out the non-conforming aspects of the existing measure or provides a general non-binding description of the measure for which the entry is made.

2. In accordance with Article 8.11 (Non-Conforming Measures) and Article 9.7 (Non-Conforming Measures), the articles of this Agreement specified in the Obligations Concerned element of an entry do not apply to the non-conforming aspects of the law, regulation or other measure identified in the Measures element of that entry.

3. In the interpretation of an entry, all elements of the entry shall be considered. An entry shall be interpreted in the light of the relevant provisions of the Chapters against which the entry is taken. To the extent that:

(a) the Measures element is qualified by a liberalization commitment from the Description element, the Measures element as so qualified shall prevail over all other elements; and

(b) the Measures element is not so qualified, the Measures element shall prevail over all other elements, unless any discrepancy between the Measures element and the other elements considered in their totality 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 that discrepancy.

4. For the purposes of this Annex:

CMAF means Mexican Classification of Activities and Products (Clasificación Mexicana de Actividades y Productos) numbers as set out in the National Institute for Statistics and Geography (Instituto Nacional de Estadística y Geografía), Mexican Classification of Activities and Products (Clasificación Mexicana de Actividades y Productos), 1994;

CNIE means the National Commission on Foreign Investments (Comisión Nacional de Inversiones Extranjeras);

concession means an authorisation granted by the Mexican State to a person to exploit a natural resource or provide a service, for which Mexican nationals and Mexican enterprises are granted priority over foreigners;

foreigners' exclusion clause means the express provision in an enterprise's by-laws, and setting forth that the enterprise shall not admit, directly or indirectly, foreign investors or enterprises with foreigner's admission clause, as partners or shareholders of the enterprise;

SCT means the Ministry of Communications and Transportation (Secretaria de Comunicaciones y Transportes); and

SEMAR means Marine Secretariat (Secretaria de Marina).

## **Annex I. SCHEDULE OF MEXICO**

1. Sector: All

Sub-Sector:

Industry Classification:

Obligations Concerned: National Treatment (Article 8.5)

Level of Government: Central

Measures: United Mexican States Political Constitution (Constitución Política de los Estados Unidos Mexicanos), Article 27

Foreign Investment Law (Ley de Inversión Extranjera), Title Chapters I and II

Regulations to the Foreign Investment Law and the National Registry for Foreign Investment (Reglamento de la Ley de Inversión Extranjera y del Registro Nacional de Inversiones Extranjeras), Title II, Chapters I and II

Description: Investment

Foreign nationals or foreign enterprises may not acquire property rights (dominio directo) over land and water in a 100 kilometre strip along the country's borders or in a 50-kilometre strip inland from its coasts (Restricted Zone).

Mexican enterprises without a foreigners' exclusion clause may acquire property rights (dominio directo) over real estate located in the Restricted Zone, used for non-residential purposes. Notice of the acquisition must be given to the Ministry of Foreign Affairs (Secretaría de Relaciones Exteriores, SRE) within 60 business days following the date of acquisition.

Mexican enterprises without a foreigners' exclusion clause may not acquire property rights (dominio directo) over real estate located in the Restricted Zone, used for residential purposes.

Pursuant to the procedure described below, Mexican enterprises without a foreigners' exclusion clause may acquire rights for the use and enjoyment over real estate in the Restricted Zone, used for residential purposes. Such a procedure shall also apply when foreign nationals or foreign enterprises seek to acquire rights for the use and enjoyment over real estate in the Restricted Zone regardless of the purpose for which the real estate is used.

A permit from the SRE is required for credit institutions to acquire, as trustees, rights to real estate located in the Restricted Zone, when the purpose of the trust is to allow the use and enjoyment of such real estate, without granting real property rights thereof, and the trust beneficiaries are the Mexican enterprises without a foreigners' exclusion clause, or the foreign nationals or foreign enterprises referred to above.

The terms "use" and "enjoyment" of the real estate located in the Restricted Zone mean the rights to use or enjoy such real estate, including, as applicable, obtaining benefits, products and, in general, any yield resulting from lucrative operation and exploitation through third parties or through the credit institutions acting as trustees.

The duration of the trust referred to in this entry shall be for a maximum period of 50 years, which may be renewed on request by the interested party.

The SRE can verify at any time the compliance with the conditions under which the permits referred to in this entry are granted, as well as the submission and veracity of the notices mentioned above.

The SRE shall decide on the permits, considering the economic and social benefits that these operations could have on the Nation.

Foreign nationals or foreign enterprises seeking to acquire real estate outside the Restricted Zone, shall previously submit to the SRE a statement agreeing to consider themselves Mexican nationals for the above mentioned purposes, and waiving the right to invoke the protection of their governments with respect to such real estate.

2. Sector: All

Sub- Sector:

Industry Classification:

Obligations Concerned: National Treatment (Article 9.3 and Article 8.5) Market Access (Article 9.6)

Level of Government: Central

Measures: Foreign Investment Law (Ley de Inversión Extranjera), Title VI, Chapter III

Description: Investment and Cross-Border Trade in Services

The National Commission on Foreign Investment (Comisión Nacional de Inversiones Extranjeras, CNIE) shall take into account the following criteria, in order to evaluate applications submitted for its consideration (acquisitions or establishment of investments in restricted activities as set out in this Schedule):

(a) the effects on employment and training of workers;

(b) the technological contribution;

(c) the compliance with the environmental provisions contained in the environmental legislation; and

(d) in general, the contribution to increase the competitiveness of the Mexican productive system.

When deciding on an application, the CNIE may only impose requirements that do not distort international trade.

3. Sector: All

Sub- Sector:

Industry Classification:

Obligations Concerned: National Treatment (Article 8.5)

Level of Government: Central

Measures: Foreign Investment Law (Ley de Inversión Extranjera), Title I, Chapter III

As qualified by the Description element

Description: Investment

Favourable resolution from the National Commission on Foreign Investment (Comisión Nacional de Inversiones Extranjeras, CNIE) is required for investors of another Party or their investments to participate, directly or indirectly, in more than 49 per cent of the ownership interest of a Mexican enterprise in an unrestricted sector, only when the total value of the assets of the Mexican enterprise exceeds the applicable threshold at the time the application for acquisition is submitted.

The applicable threshold for the review of an acquisition of a Mexican enterprise shall be the amount determined by the CNIE. The threshold at the date of entry into force of this Agreement for Mexico will be the equivalent in Mexican pesos to 955,835,000 US dollars, using the official exchange rate on August 31, 2018.

Each year, the threshold will be adjusted according to the nominal growth rate of the Mexican Gross Domestic Product, as published by the National Institute for Statistics and Geography (Instituto Nacional de Estadística y Geografía, INEGI).

4. Sector: All

Sub-Sector:

Industry Classification:

Obligations Concerned: National Treatment (Article 8.5) Senior Management and Boards of Directors (Article 8.10)

Level of Government: Central

Measures: United Mexican States Political Constitution (Constitución Política de los Estados Unidos Mexicanos), Article 25

General Law of Cooperative Companies (Ley General de Sociedades Cooperativas), Title I, and Title II, Chapter II

Federal Labor Law (Ley Federal del Trabajo), Title I

Foreign Investment Law (Ley de Inversión Extranjera), Title I, Chapter III

Description: Investment

No more than 10 per cent of the persons participating in a Mexican cooperative production enterprise may be foreign nationals.

Investors of another Party or their investments may only own, directly or indirectly, up to 10 per cent of the ownership interest in a Mexican cooperative production enterprise.

No foreign nationals may engage in general administrative functions or perform managerial activities in that enterprise.

A cooperative production enterprise is an enterprise whose members join their personal work, whether physical or intellectual, with the purpose of producing goods or services.

5. Sector: All

Sub-Sector:

Industry Classification:

Obligations Concerned: National Treatment (Article 8.5 )

Level of Government: Central

Measures: Federal Law to Foster the Microindustry and Handicraft Activity (Ley Federal para el Fomento de la Microindustria y la Actividad Artesanal), Chapters I, II, III and IV

Description: Investment

Only Mexican nationals may apply for a licence (cédula) to qualify as a microindustry enterprise.

Mexican microindustry enterprises may not have foreign persons as partners.

The Federal Law to Foster the Microindustry and Handicraft Activity (Ley Federal para el Fomento de la Microindustria y Actividad Artesanal) defines "microindustry enterprise" as the enterprise integrated by up to 15 workers, that is engaged in the transformation of goods, and whose annual sales do not exceed the amount determined periodically by the Ministry of Economy (Secretaría de Economía, SE).

6. Sector: Agriculture, Livestock, Forestry, and Lumber Activities

Sub-Sector: Agriculture, livestock or forestry

Industry Classification: CMAP 1111 Agriculture

CMAP 1112 Livestock and hunting (limited to livestock)

CMAP 1200 Forestry and felling Trees

Obligations Concerned: National Treatment (Article 8.5)

Level of Government: Central

Measures: United Mexican States Political Constitution (Constitución Política de los Estados Unidos Mexicanos), Article 27

Agrarian Law (Ley Agraria), Title VI

Foreign Investment Law (Ley de Inversión Extranjera), Title I, Chapter III

Description: Investment

Only Mexican nationals or Mexican enterprises may own land for agriculture, livestock or forestry purposes. Such enterprises must issue a special type of share ("T" share) representing the value of that land at the time of its acquisition.

Investors of another Party or their investments may only own, directly or indirectly, up to 49 per cent of "T" shares.

7. Sector: Retail Trade

Sub-Sector: Sale of non-food products in specialised establishments

Industry Classification: CMAP 623087 Retail Trade of Firearms, Cartridges and Munitions

CMAP 612024 Wholesale Trade Not Elsewhere Classified (limited to firearms, cartridges and munitions)

Obligations Concerned: National Treatment (Article 8.5)

Level of Government: Central

Measures: Foreign Investment Law (Ley de Inversión Extranjera), Title I, Chapter III

Description: Investment

Investors of another Party or their investments may only own, directly or indirectly, up to 49 per cent of the ownership interest in an enterprise established or to be established in the territory of Mexico that is engaged in the sale of explosives, firearms, cartridges, ammunition and fireworks, excluding the acquisition and use of explosives for industrial and extractive activities, and the preparation of explosive mixtures for such activities.

8. Sector: Communications

Sub-Sector: Broadcasting (radio and free to air television)

Industry Classification: CMAP 720006 Other Telecommunications Services (limited to satellite communications)

CMAP 720006 Other Telecommunications services (Not including Enhanced or Value Added Services)

CMAP 502003 Telecommunications installations

CMAP 720006 Other Telecommunications Services (limited to resellers)

CMAP 941104 Private Production and Transmission of Radio Programs (limited to production and transmission of sound broadcasting (radio) programs)

CMAP 941105 Private Services of production, Transmission and Retransmission of Television Programming (limited to transmission and retransmission of free-to-air television programming)

Obligations Concerned: National Treatment (Article 8.5 and Article 9.3) Most-Favoured-Nation Treatment (Article 8.6 and 9.4) Local Presence (Article 9.5)

Level of Government: Central

Measures: United Mexican States Political Constitution (Constitución Política de los Estados Unidos Mexicanos), Articles 28 and 32, and Fifth Transitory Provision

Federal Telecommunications and Broadcasting Law (Ley Federal de Telecomunicaciones y Radiodifusión), Title IV, Chapters I, III and IV, Title XI, Chapter II

General Means of Communication Law (Ley de Vías Generales de Comunicación), Book I, Chapter III (when it does not oppose to the Federal Telecommunication and Broadcasting Law)

Foreign Investment Law (Ley de Inversión Extranjera), Title I, Chapters II and III

Regulations to the Foreign Investment Law and the National Registry for Foreign Investment (Reglamento de la Ley de Inversión Extranjera y del Registro Nacional de Inversiones Extranjeras), Title VI

General Guidelines for the granting of the concessions referred to in Title Four of the Federal Telecommunications and Broadcasting Law (Lineamientos Generales para el otorgamiento de las concesiones a que se refiere el Título Cuarto de la Ley Federal de Telecomunicaciones y Radiodifusión)

Description: Investment and Cross-Border Trade in Services

According to their purposes, sole concessions and frequency band concessions will be granted only to Mexican nationals or enterprises constituted under Mexican laws and regulations.

Investors of a Party or their investments may participate up to 49 per cent in concessionaire enterprises providing broadcasting services. This maximum foreign investment, will be applied according to the reciprocity existent with the

country in which the investor or trader who ultimately controls it, directly or indirectly, is constituted.

For the purposes of the above paragraph, a favourable opinion of the Mexican Foreign Investment Commission is required before granting the sole concession for providing broadcasting services in which foreign investment participate.

Under no circumstances may a concession, the rights conferred therein, facilities, auxiliary services, offices or accessories and properties affected thereto, be assigned, encumbered, pledged or given in trust, mortgaged, or transferred totally or partially to any foreign government or state.

Among concessions, concessions for indigenous social use shall be granted to indigenous people and indigenous communities of Mexico, with the objective to promote, develop and preserve languages, culture, knowledge, traditions, identity and their internal rules that, under principles of gender equality, enable the integration of indigenous women in the accomplishment of the purposes for which the concession is granted.

The State shall guarantee that the broadcasting promotes the values of national identity. The broadcasting concessions shall use and stimulate local and national artistic values and expressions of Mexican culture, the daily programming with starring actors shall include more time covered by Mexicans.

## 9. Sector: Communications

Sub-Sector: Telecommunications (including resellers and restricted television and audio service)

Industry Classification: CMAP 720006 Other Telecommunication Services

CMAP 720006 Other Telecommunications services (Not including enhanced or Value Added Services)

CMAP 502003 Telecommunications installation

CMAP 720006 Other Telecommunications Services (limited to resellers)

CMAP 502004 Other special installations

Obligations Concerned: National Treatment (Article 8.5 and Article 9.3) Local Presence (Article 9.5)

Level of Government: Central

Measures: Political Constitution of the United Mexican States (Constitución Política de los Estados Unidos Mexicanos), Article 28 and 32

Federal Telecommunications and Broadcasting Law (Ley Federal de Telecomunicaciones y Radiodifusión), Title IV, Chapters I, III and IV, Title V, Chapter VIII, and Title VI, Unique Chapter

General Means of Communication Law (Ley de Vías Generales de Comunicación)

Foreign Investment Law (Ley de Inversión Extranjera) Title I, Chapter II

Regulations to the Foreign Investment Law and the National Registry for Foreign Investments (Reglamento de la Ley de Inversión Extranjera y del Registro Nacional de Inversiones Extranjeras), Title VI

General Guidelines for the granting of the concessions referred to in Title Four of the Federal Telecommunications and Broadcasting Law (Lineamientos Generales para el otorgamiento de las concesiones a que se refiere el Título Cuarto de la Ley Federal de Telecomunicaciones y Radiodifusión)

Rules of general character that establish the terms and requisites for the granting of telecommunications authorizations established in the Federal Telecommunications and Broadcasting Law (Reglas de carácter general que establecen los plazos y requisites para el otorgamiento de autorizaciones en material de telecomunicaciones establecidas en la Ley Federal de Telecomunicaciones y Radiodifusión)

General Guidelines on the Authorization to Lease Radio Spectrum (Lineamientos Generales sobre la Autorización de Arrendamiento del Espectro Radioeléctrico)

Guidelines for the granting of the Authorization Registration, for the use and development of radio spectrum frequency bands for secondary use (Lineamientos para el otorgamiento de la Constancia de Autorización, para el uso y aprovechamiento de bandas de frecuencias del espectro radioeléctrico para uso secundario)

Description: Investment and Cross-Border Trade in Services

According to their purposes, sole concessions and frequency band concessions will be granted only to Mexican nationals or enterprises constituted under Mexican Laws and regulations.

Among concessions, concessions for indigenous social use shall be granted to indigenous people and indigenous communities of Mexico, with the objective to promote, develop and preserve languages, culture, knowledge, traditions, identity and their internal rules that, under principles of gender equality, enable the integration of indigenous women in the accomplishment of the purposes for which the concession is granted.

Concessions for indigenous social use shall only be granted to indigenous people and indigenous communities in Mexico without any kind of foreign investment.

Under no circumstances may a concession, the rights conferred therein, facilities, auxiliary services, offices or accessories and properties affected thereto, be assigned encumbered, pledged or given in trust, mortgaged, or transferred totally or partially to any foreign government or state.

Only Mexican nationals and enterprises established under Mexican laws may obtain authorization to provide telecommunication services as a reseller without being a concessionaire.

Under the General Guidelines on the Authorization to Lease Radio Spectrum, any company interested in becoming a lessee of frequency bands must obtain a Sole Concession for Commercial Use or a Sole Concession for Private Use.

Applicants for an Authorization for secondary use of radio spectrum frequency bands must appoint a legal address in Mexico City

#### 10. Sector: Communications

Sub-Sector: Transportation

Industry Classification: CMAP 7100 Transport

Obligations Concerned: National Treatment (Article 8.5)

Level of Government: Central

Measures: Ports Law (Ley de Puertos), Chapter IV

Regulatory Law of the Railway Service (Ley Reglamentaria del Servicio Ferroviario), Chapter II, Section III

Civil Aviation Law (Ley de Aviación Civil), Chapter III, Section III

Airports Law (Ley de Aeropuertos), Chapter IV

Roads, Bridges and Federal Road Transport Law (Ley de Caminos, Puentes y Autotransporte Federal), Title I, Chapter III

General Means of Communication Law (Ley de Vías Generales de Comunicación), Book I, Chapters III and V

Description: Investment

Foreign governments and foreign States may not invest, directly or indirectly, in Mexican enterprises engaged in communications, transportation and other general means of communications.

#### 11. Sector: Transportation

Sub-Sector: Land transportation and water transportation

Industry Classification: CMAP 501421 Construction of Maritime and River Works

CMAP 501422 Construction of Roadworks and Works for Land Transport

Obligations Concerned: National Treatment (Article 8.5 and Article 9.3) Local Presence (Article 9.5)

Level of Government: Central

Measures: United Mexican States Political Constitution (Constitución Política de los Estados Unidos Mexicanos), Article 32

Roads, Bridges and Federal Road Transport Law (Ley de Caminos, Puentes y Autotransporte Federal), Title I, Chapter III

Ports Law (Ley de Puertos), Chapter IV

## Navigation and Maritime Commerce Law (Ley de Navegación y Comercio Marítimos), Title I, Chapter II

### Description: Investment and Cross-Border Trade in Services

A concession granted by the Marine Secretariat (Secretaría de Marina, SEMAR) is required to construct and operate, or only operate, marine or riverworks.

A concession is also required to build, operate, exploit, conserve or maintain federal roads and bridges.

Only Mexican nationals and Mexican enterprises may obtain such a concession.

### 12. Sector: Energy

#### Sub-Sector: Oil and other hydrocarbons exploration and production

Transportation, treatment, refining, processing, storage, distribution, compression, liquefaction, decompression, regasification, sale to the public and commercialisation of hydrocarbons, petroleum products and petrochemicals, as well as the users of such products and services.

Exporting and importing of hydrocarbons and petroleum products

Industry Classification:

Obligations Concerned: Local Presence (Article 9.5) National Treatment (Article 8.5 and Article 9.3) Performance Requirements (Article 8.9) Market Access (Article 9.6)

Level of Government: Central

Measures: Political Constitution of the United Mexican States (Constitución Política de los Estados Unidos Mexicanos), Articles 25, 27 and 28.

Hydrocarbons Law (Ley de Hidrocarburos), Articles 1, 3, 5, 6, 8, 9, 11, 13, 15, 16, 17, 18, 19, 27, 37, 41, 46, 48, 49, 76, 83, 120, 128 and Twenty Fourth Transitory Provision.

Foreign Trade Law (Ley de Comercio Exterior).

Hydrocarbons Law Regulations (Reglamento de la Ley de Hidrocarburos), Articles 8, 9, 14, 16, 36, 37, 61, 92, 95, 96.

Regulation of the activities referred to in Title Three of the Hydrocarbons Law (Reglamento de las actividades a que se refiere el Título Tercero de la Ley de Hidrocarburos), Article 51.

Methodology for the Measurement of the National Content in the Entitlements and Exploration and Production Contracts of Hydrocarbons, and the permits in the Hydrocarbons Industry, issued by the Ministry of Economy (Metodología para la Medición del Contenido Nacional en Asignaciones y Contratos para la Exploración y Extracción de Hidrocarburos, así como para los permisos en la Industria de Hidrocarburos, emitida por la Secretaría de Economía).

Agreement establishing the values for 2015 and 2025 of national content in the activities of Exploration and Extraction of Hydrocarbons in deep and ultra-deep waters, issued by the Ministry of Economy, published in the Official Gazette on March 29th, 2016 (Acuerdo por el que se establecen los valores para 2015 y 2025 de contenido nacional en las actividades de Exploración y Extracción de Hidrocarburos en aguas profundas y ultra profundas, emitidos por la Secretaría de Economía).

### Description: Investment and Cross-Border Trade in Services

The Nation has the direct, inalienable and imprescriptible ownership of all hydrocarbons in the subsoil of the national territory, including the continental shelf and the exclusive economic zone located outside the territorial sea and adjacent thereto, in strata or deposits, regardless of their physical conditions. Only the Nation shall conduct the exploration and production of hydrocarbons, through entitlements or contracts. The exploration and production contracts shall invariably stipulate that the hydrocarbons in the subsoil are property of the Nation.

The Ministry of Energy (Secretaría de Energía) shall establish the appropriate contract model for each contractual area that undergoes a bidding process and is awarded according to the laws; for which it may choose among other contracting models: services, profit-sharing, production-sharing or licenses.

No bidding process shall be conducted in contracts for Exploration and Production for Natural Gas contained in coal seams and produced by it, which can be awarded directly to the mining concession holders.



The exploration and production activities of hydrocarbons conducted in the national territory through entitlements and exploration and production contracts must comply with a minimum national content percentage goal on average. This national content average goal will not take into account exploration and production of hydrocarbons in deep-water and ultra-deep water projects, which have different national content requirements established by the Ministry of Economy (Secretaría de Economía) with the opinion of the Ministry of Energy considering the characteristics of those activities.

The above mentioned mandate must comply with the methodology established by the Ministry of Economy, and must consider that it does not affect the competitive position of the Petróleos Mexicanos (PEMEX) or any other state productive enterprises and other economic agents developing exploration and production of hydrocarbons.

The Federal Executive shall establish safeguard zones in the areas in which the State decides to prohibit exploration and production activities, different from protected natural areas in which entitlements and contracts cannot be awarded.

The Mexican Government shall include within the conditions for the entitlements and exploration and production contracts, as well as in the permits, that under the same circumstances of prices, quality and timely delivery, preference should be given to the purchase of national goods and the contracting of domestic services, including the training and hiring, at a technical and management level, of Mexican nationals.

The activities of superficial exploration and recognition require an authorization issued by the National Hydrocarbons Commission, which doesn't grant rights for the exploration and production of hydrocarbons. The persons that have obtained an entitlement or an exploration and production contract don't require an authorization for reflection seismology in the areas covered by the entitlement or exploration and production contract.

The Ministry of Energy and/or the Energy Regulatory Commission (Comisión Reguladora de Energía) will establish the permit models for the transportation, treatment, refining, processing, storage, distribution, compression, liquefaction, decompression, regasification, sale to the public and commercialisation of hydrocarbons, petroleum products and petrochemicals, taking into account that permit-holders must have an enterprise incorporated under the Mexican legislation with a domicile in Mexico. The permits for the exporting and importing of hydrocarbons and petroleum products will be issued according to the Foreign Trade Law, which requires permit-holders to have an enterprise incorporated under the Mexican legislation with a domicile in Mexico.

### 13. Sector: Energy

#### Sub-Sector: Oil and other hydrocarbons exploration and production

Transportation, treatment, refining, processing, storage, distribution, compression, liquefaction, decompression, regasification, sale to the public and commercialisation of hydrocarbons, petroleum products and petrochemicals, as well as the users of such products and services

#### Industry Classification:

Obligations Concerned: Local Presence (Article 9.5) National Treatment (Article 8.5 and Article 9.3) Performance Requirements (Article 8.9) Market Access (Article 9.6)

Level of Government: Central

Measures: Political Constitution of the United Mexican States (Constitución Política de los Estados Unidos Mexicanos), Articles 25, 27 and 28.

Decree amending and supplementing various provisions of the Articles 25, 27 and 28 of the Political Constitution of the United Mexican States on Energy, issued December 18, 2017 (Decreto que reforma y adiciona diversas disposiciones de la Constitución Política de los Estados Unidos Mexicanos en materia de energía, del 18 de diciembre de 2013).

Hydrocarbons Law (Ley de Hidrocarburos), Articles 1, 3, 5, 6, 8, 9, 11, 12, 13, 15, 16, 17, 18, 19, 29, 41, 46, 48, 49, 76, 83, 122, 128 and Transitory provisions 8, 24, and 28.

Petróleos Mexicanos Law (Ley de Petróleos Mexicanos), Articles 2, 4, 5, 7, 8, 59, 63, and 76.

Hydrocarbons Law Regulations (Reglamento de la Ley de Hidrocarburos), Articles 9, 14, and 36.

Regulation of the activities referred to in Title Three of the Hydrocarbons Law (Reglamento de las actividades a que se refiere el Título Tercero de la Ley de Hidrocarburos), Article 51.

Description: Investment and Cross-Border Trade in Services

The Nation has the direct, inalienable and imprescriptible ownership of all hydrocarbons in the subsoil of the national territory, including the continental shelf and the exclusive economic zone located outside the territorial sea and adjacent thereto, in strata or deposits, regardless of their physical conditions. Only the Nation shall conduct the exploration and production of hydrocarbons, through entitlements or contracts, which must invariably stipulate that the hydrocarbons in the subsoil are property of the Nation.

The Ministry of Energy (Secretaría de Energía), with technical assistance from the National Hydrocarbons Commission (Comisión Nacional de Hidrocarburos), might award entitlements to Petróleos Mexicanos (PEMEX), as a state productive enterprise, for the exploration and production of hydrocarbons. In that regard, PEMEX may only transfer an entitlement to another state productive enterprise.

In order to perform the activities related to the entitlements, PEMEX shall only execute service contracts with private parties.

The State may mandate PEMEX through its entitlements, exploration and production contracts, and permits, to include preferences for the purchase of national goods, contracting domestic services, as well as a preference for nationals, including technicians and senior management.

The above mentioned mandate must comply with the methodology established by the Ministry of Economy (Secretaría de Economía), and consider that it does not affect the competitive position of the state productive enterprise and other economic agents developing exploration and production of hydrocarbons.

The Ministry of Energy (Secretaría de Energía) might establish a direct participation for PEMEX, or another state productive enterprise, in the contracts for exploration and production of hydrocarbons, when the contractual area coexists with an entitlement, when there are opportunities to transfer knowledge and technology, and when there is the possibility of finding a transboundary reservoir.

Until December 31, 2017 PEMEX may be the sole entity in charge of the commercialisation of hydrocarbons. Until December 31, 2016 PEMEX will be the only permit-holder for the importing and exporting of gasolines and diesel.

The Ministry of Energy and/or the Energy Regulatory Commission (Comisión Reguladora de Energía) will establish the permit models for the transportation, treatment, refining, processing, storage, distribution, compression, liquefaction, decompression, regasification, sale to the public and commercialisation of hydrocarbons, petroleum products and petrochemicals, taking into account that permit-holders must have an enterprise incorporated under the Mexican legislation with a domicile in Mexico. The permits for the exporting and importing of hydrocarbons and petroleum products will be issued according to the Foreign Trade Law, which requires permit-holders to have an enterprises incorporated under the Mexican legislation with a domicile in Mexico.

#### 14. Sector: Energy

Sub-Sector: Electricity

Oil and other hydrocarbons exploration and production

Industry Classification:

Obligations Concerned: Local Presence (Article 9.5) National Treatment (Article 8.5 and Article 9.3) Performance Requirements (Article 8.9) Market Access (Article 9.6)

Level of Government: Central

Measures: Decree amending and supplementing various provisions of Articles 25, 27 and 28 of the United Mexican States Political Constitution on Energy issued December 18, 2013 (Decreto por el que se reforman y adicionan diversas disposiciones de la Constitución Política de los Estados Unidos Mexicanos en materia de energía del 18 de diciembre de 2013).

Electric Industry Law (Ley de la Industria Eléctrica), Articles 30, 91, 93, 116 and 130.

Federal Electricity Commission Law (Ley de la Comisión Federal de Electricidad), Articles 5 and 78.

Hydrocarbons Law (Ley de Hidrocarburos), Article 128.

Geothermal Energy Law (Ley de Energía Geotérmica), Article 30.

Petróleos Mexicanos Law (Ley de Petróleos Mexicanos), Article 76.

Description: Investment and Cross-Border Trade in Services

Through contracts, private persons, on behalf of the Nation, may perform, among other activities, the financing, installation, maintenance, management, operation and expansion of the infrastructure needed to provide the public service of transmission and distribution of electricity.

The modalities of contracts to perform the above mentioned activities must be subject to a minimum percentage of national content, which will be determined by the Ministry of Energy (Secretaría de Energía) and the Energy Regulatory Commission (Comisión Reguladora de Energía) with the opinion of the Ministry of Economy (Secretaría de Economía), except when there are not national suppliers to fulfill that requirement.

Regarding all other corporate activities of the Federal Electricity Commission (Comisión Federal de Electricidad, CFE), and its subsidiary productive enterprises, according to CFE's Law the Board of Directors will issue regulations for the acquisition, leasing, contracting of services and execution of works. Among others, the Board may require minimum national content percentages according to the nature of the contracting, the tariff regulation and in accordance with the international treaties in which Mexico is a signatory.

The Ministry of Energy and the Energy Regulatory Commission, with the opinion of the Ministry of the Economy, should include within the conditions for the assignation and Exploration and Production contracts, as well as for the permits, that under the same circumstances of prices, quality, and timely delivery, preference should be given to the purchase of national goods and the hiring of domestic services, including training and hiring, at a technical and management level, persons with Mexican nationality.

The Ministry of Energy will grant permits for the exploration and concessions for the exploitation of areas with geothermal resources to natural persons or to enterprises incorporated under the Mexican legislation, in order to generate electricity or for other purposes. All permits granted under the Electric Industry Law will be granted by the Energy Regulatory Commission (Comisión Reguladora de Energía). Permit holders must be natural persons or enterprises incorporated under the Mexican legislation.

#### 15. Sector: Energy

Sub-Sector: Hydrocarbons and petroleum products

Industry Classification: CMAP 626000 Retail Trade of Gasoline and Diesel (including lubricants, oils and additives sold at service stations)

Obligations Concerned: Market Access (Article 9.6) Local Presence (Article 9.5)

Level of Government: Central

Measures: Hydrocarbons Law (Ley de Hidrocarburos), Article 48 and Transitory 14.

Regulation of the activities referred to in Title Three of the Hydrocarbons Law (Reglamento de las actividades a que se refiere el Título Tercero de la Ley de Hidrocarburos), Article 51.

Description: Cross-Border Trade in Services

Permits for the sale to the public of gasoline and diesel fuel shall be granted by the Energy Regulatory Commission (Comisión Reguladora de Energía) to economic agents established in the Mexican territory.

#### 16. Sector: Energy

Sub-Sector: Hydrocarbons and petroleum products (supply of fuel and lubricants for aircraft, ships and railway equipment)

Industry Classification:

Obligations Concerned: National Treatment (Article 8.5)

Level of Government: Central

Measures: Foreign Investment Law (Ley de Inversión Extranjera), Title I, Chapter III

Description: Investment

Investors of another Party or their investments may own, directly or indirectly, up to 49 per cent of the ownership interest of a Mexican enterprise which supplies fuel and lubricants for vessels, railway equipment and aviation fuels into plane supply.

## 17. Sector: Energy

Sub-Sector:

Industry Classification: CMAP 623090 Retail Trade of other Articles and Goods Not Elsewhere Classified (limited to distribution, transportation and storage of natural gas)

Obligations Concerned: Market Access (Article 9.6) Local Presence (Article 9.5)

Level of Government: Central

Measures: Hydrocarbons Law (Ley de Hidrocarburos), Article 48, Section II.

Regulation of the activities referred to in Title Three of the Hydrocarbons Law (Reglamento de las actividades a que se refiere el Título Tercero de la Ley de Hidrocarburos), Article 51.

Description: Cross-Border Trade in Services

A permit granted by the Energy Regulatory Commission (Comisión Reguladora de Energía) is required to provide services of commercialisation, distribution, transportation, storage compression, decompression, liquefaction, regasification and sale to the public of natural gas, to economic agents established in the Mexican territory. To obtain such permit the interested party must prove that they have their domicile in Mexico.

## 18. Sector: Printing, Editing and Associated Industries

Sub-Sector: Newspaper publishing

Industry Classification: CMAP 342001 Publishing of Newspapers, Magazines and Periodicals (limited to newspapers)

Obligations Concerned: National Treatment (Article 8.5)

Level of Government: Central

Measures: Foreign Investment Law (Ley de Inversión Extranjera), Title I, Chapter III

As qualified by the Description element

Description: Investment

Investors of another Party or their investments may only own, directly or indirectly, up to 49 per cent of the ownership interest in an enterprise established or to be established in the territory of Mexico engaged in the printing or publication of daily newspapers written primarily for a Mexican audience and distributed in the territory of Mexico.

For the purposes of this entry, daily newspapers are those whose distribution is not free and that are published at least seven days a week.

## 19. Sector: Manufacture of Goods

Sub-Sector: Explosives, fireworks, firearms and cartridges

Industry Classification: CMAP 352236 Manufacture of Explosives and Fireworks

CMAP 382208 Manufacture of Firearms and Cartridges

Obligations Concerned: National Treatment (Article 8.5)

Level of Government: Central

Measures: Foreign Investment Law (Ley de Inversión Extranjera), Title I, Chapter III

Description: Investment

Investors of another Party or their investments may only own, directly or indirectly, up to 49 per cent of the ownership interest in an enterprise established or to be established in the territory of Mexico that manufactures explosives, fireworks, firearms, cartridges and ammunition, excluding the preparation of explosive mixtures for industrial and extractive activities.

## 20. Sector: Fishing

Sub-Sector: Fishing-related

Industry Classification: CMAP 1300 Fishing

Obligations Concerned: National Treatment (Article 9.3) Most-Favoured-Nation Treatment (Article 9.4)

Level of Government: Central

Measures: United Mexican States Political Constitution (Constitución Política de los Estados Unidos Mexicanos), Article 32

General Law on Sustainable Fishing and Aquaculture (Ley General de Pesca y Acuacultura Sustentables), Title Six, Chapter IV; Title Seven, Chapter II

Navigation and Maritime Commerce Law (Ley de Navegación y Comercio Marítimos), Title I, Chapter I; Title II, Chapter IV, Title Three, Chapter II

Ports Law (Ley de Puertos), Chapters I, IV and VI

Regulations to the Fishing Law (Reglamento de la Ley de Pesca), Title Two, Chapter I; Chapter II, Sixth Section

Description: Cross-Border Trade in Services

A permit issued by the Secretariat of Agriculture, Livestock, Rural Development, Fisheries and Food (Secretaría de Agricultura, Ganadería, Desarrollo Rural, Pesca, y Alimentación, SAGARPA) through the National Commission of Aquaculture and Fishing (Comisión Nacional de Acuacultura y Pesca, CONAPESCA); or by the Marine Secretariat (Secretaría de Marina, SEMAR), within the scope of their competence, is required to engage in fishing activities.

A permit issued by SAGARPA is required to carry out activities, such as fishing jobs needed to justify applications for a concession, and the installation of fixed fishing gear in federal waters. Such permit shall be given preferentially to residents of local communities. In equal circumstances, applications of indigenous communities will be preferred.

An authorisation issued by SEMAR is required for foreign-flagged vessels to provide dredging services.

A permit issued by SEMAR is required to provide port services related to fishing, like loading operations and supply vessels, maintenance of communication equipment, electricity works, garbage or waste collection and sewage disposal. Only Mexican nationals and Mexican enterprises may obtain such permit.

## 21. Sector: Fishing

Sub-Sector: Fishing

Industry Classification: CMAP 130011 Fishing on the High Seas

CMAP 130012 Coastal Fishing

CMAP 130013 Fresh Water Fishing

Obligations Concerned: National Treatment (Article 8.5)

Level of Government: Central

Measures: General Law on Sustainable Fishing and Aquaculture (Ley General de Pesca y Acuacultura Sustentables), Title VI, Chapter IV; Title VII, Chapter I; Title XIII, Unique Chapter; Title XIV, Chapter I, II and III

Navigation and Maritime Commerce Law (Ley de Navegación y Comercio Marítimos), Title II, Chapter I

Sea Federal Law (Ley Federal del Mar), Title I, Chapters I and III

National Waters Federal Law (Ley de Aguas Nacionales), Title I, and Title IV, Chapter I

Foreign Investment Law (Ley de Inversión Extranjera), Title I, Chapter III

Regulations to the Fishing Law (Reglamento de la Ley de Pesca), Title I, Chapter I; Title II, Chapters I, III, IV, V, and VI: Title III, Chapters III and IV

Description: Investment

Investors of another Party or their investments may only own, directly or indirectly, up to 49 per cent of the ownership

interest in an enterprise established or to be established in the territory of Mexico performing coastal fishing, fresh water fishing and fishing in the Exclusive Economic Zone, excluding aquaculture.

A Favourable resolution from the National Commission on Foreign Investment (Comisión Nacional de Inversiones Extranjeras, CNIE) is required for investors of another Party or their investments to own, directly or indirectly, more than 49 per cent of the ownership interest in an enterprise established or to be established in the territory of Mexico performing fishing on the high seas.

## 22. Sector: Educational Services

Sub-Sector: Private schools

Industry Classification: CMAP 921101 Private Pre-school Educational Services

CMAP 921102 Private Primary Educational Services

CMAP 921103 Private Secondary Educational Services

CMAP 921104 Private High School Educational Services

CMAP 921105 Private Higher Education Services

CMAP 921106 Private Education Services that Combine Preschool, Primary, Secondary, High School and Higher Education Levels

Obligations Concerned: National Treatment (Article 8.5)

Level of Government: Central

Measures: Foreign Investment Law (Ley de Inversión Extranjera), Title I, Chapter III

Law for the Coordination of Higher Education (Ley para la Coordinación de la Educación Superior), Chapter II

General Law of Education (Ley General de Educación), Chapter III

Description: Investment

Favourable resolution from the National Commission on Foreign Investment (Comisión Nacional de Inversiones Extranjeras, CNIE) is required for investors of another Party or their investments to own, directly or indirectly, more than 49 per cent of the ownership interest in an enterprise established or to be established in the territory of Mexico that provides preschool, primary, secondary, high school, higher and combined private educational services.

## 23. Sector: Professional, Technical and Specialised Services

Sub-Sector: Medical services

Industry Classification: CMAP 9231 Medical, Dental and Veterinary Services provided by the Private Sector (limited to medical services)

Obligations Concerned: National Treatment (Article 9.3)

Level of Government: Central

Measures: Federal Labor Law (Ley Federal del Trabajo), Chapter I

Description: Cross-Border Trade in Services

Only Mexican nationals licensed as doctors in the territory of Mexico may supply in-house medical services in Mexican enterprises.

## 24. Sector: Professional, Technical and Specialised Services

Sub-Sector: Specialised personnel

Industry Classification: CMAP 951012 Services of Customs and Representative Agencies

Obligations Concerned: National Treatment (Article 8.5 and Article 9.3)

Level of Government: Central

Measures: Customs Law (Ley Aduanera), Title II, Chapters I and III, and Title VII, Chapter I

Foreign Investment Law (Ley de Inversión Extranjera), Title I, Chapter II

Description: Investment and Cross-Border Trade in Services

Only a Mexican national by birth may be a customs broker.

Only customs brokers acting as consignees or legal representatives (mandatarios) of an importer or exporter, as well as customs broker's assignees, may carry out the formalities related to the customs clearance of the goods of such importer or exporter.

Investors of another Party or their investments may not participate, directly or indirectly, in a customs broker's agency.

25. Sector: Professional, Technical and Specialised Services

Sub-Sector: Specialised services (Commercial Notary Public)

Industry Classification:

Obligations Concerned: National Treatment (Article 8.5 and Article 9.3) Local Presence (Article 9.5)

Level of Government: Central

Measures: Commercial Notary Public Federal Law (Ley Federal de Correduría Pública), Articles 7, 8, 12 and 15

Regulations to the Commercial Notary Public Federal Law (Reglamento de la Ley Federal de Correduría Pública), Chapter I, and Chapter II, Sections I and II

Foreign Investment Law (Ley de Inversión Extranjera), Title I, Chapter II

Description: Investment and Cross-Border Trade in Services

Only a Mexican national by birth may be licensed to be a commercial notary public (corredor público).

A commercial notary public may not have a business affiliation with any person for the supply of commercial notary public services.

A commercial notary public shall establish an office in the place where he has been authorised to practise.

Only Mexican nationals and Mexican enterprises with foreigners' exclusion clause may obtain such a licence. Foreign investment may not participate in commercial notary public activities and companies, directly or through trusts, agreements, social pacts or statutory, pyramiding schemes, or other mechanism that gives them some control or participation.

26. Sector: Professional, Technical and Specialised Services

Sub-Sector: Professional services

Industry Classification: CMAP 951002 Legal Services (including foreign legal consultancy)

Obligations Concerned: National Treatment (Article 8.5 and Article 9.3) Most-Favoured-Nation Treatment (Article 8.6 and Article 9.4)

Level of Government: Central

Measures:

Regulatory Law of the Constitutional Article 5th relating to the Practice of the Professions in the Federal District (Ley Reglamentaria del Artículo 5º Constitucional, relativo al Ejercicio de las Profesiones en el Distrito Federal), Chapter III, Section III, and Chapter V

Foreign Investment Law (Ley de Inversión Extranjera), Title I, Chapter III

Description: Investment and Cross-Border Trade in Services

Favourable resolution from the National Commission on Foreign Investment (Comisión Nacional de Inversiones Extranjeras, CNIE) is required for investors of another Party or their investments to own, directly or indirectly, more than 49 per cent of the ownership interest in an enterprise established or to be established in the territory of Mexico that provides legal services.

In the absence of an international treaty on the matter, the professional practice by foreigners will be subject to reciprocity in the place of residence of the applicant and to compliance with the rest of the requirements established in the Mexican laws and regulations.

Except as provided for in this entry, only lawyers licensed in Mexico may have an ownership interest in a law firm established in the territory of Mexico.

Lawyers licensed to practise in another Party will be permitted to form a partnership with lawyers licensed in Mexico.

The number of lawyers licensed to practise in another Party serving as partners in a firm in Mexico may not exceed the number of lawyers licensed in Mexico serving as partners of that firm. Lawyers licensed to practise in another Party may practise and provide legal consultations on Mexican law, whenever they comply with the requirements to practise as a lawyer in Mexico.

A law firm established by a partnership of lawyers licensed to practise in another Party and lawyers licensed to practise in Mexico may hire lawyers licensed in Mexico as employees.

For greater certainty, this entry does not apply to the supply, on a temporary fly-in, fly-out basis or through the use of web based or telecommunications technology, of legal advisory services in foreign law and international law and, in relation to foreign and international law only, legal arbitration and conciliation/mediation services by foreign lawyers.

## 27. Sector: Professional, Technical and Specialised Services

Sub-Sector: Professional services

Industry Classification: CMAP 9510 Provision of Professional, Technical and Specialised Services (limited to professional services)

Obligations Concerned: National Treatment (Article 9.3) Most-Favoured-Nation Treatment (Article 9.4)

Level of Government: Central

Measures: Regulatory Law of the Constitutional Article 5th relating to the Practice of the Professions in Mexico City (Ley reglamentaria del Artículo 5º Constitucional, relativo al Ejercicio de las Profesiones en la Ciudad de México), Chapter III, Section III, and Chapter V

Regulations to the Regulatory Law of the Constitutional Article 5th relating to the Practice of the Professions in the Federal District (Reglamento de la Ley Reglamentaria del Artículo 5º Constitucional, relativo al Ejercicio de las Profesiones en el Distrito Federal), Chapter III

Population General Law (Ley General de Población), Chapter III

Description: Cross-Border Trade in Services

Pursuant to the relevant international treaties of which Mexico is a party; foreigners may practice in Mexico City District the professions set forth in the Regulatory Law of the Constitutional Article 5 related to the Practice of the Professions in Mexico City.

In the absence of an international treaty on the matter, the professional practice by foreigners will be subject to reciprocity in the place of residence of the applicant and to compliance with the rest of the requirements established in the Mexican laws and regulations.

## 28. Sector: Religious Services

Sub-Sector:

Industry Classification: CMAP 929001 Services of Religious Organisations

Obligations Concerned: Senior Management and Boards of Directors (Article 8.10) Local Presence (Article 9.5)

Level of Government: Central



Measures: Religious Associations and Public Worship Law (Ley de Asociaciones Religiosas y Culto Público), Title II, Chapters I and II

Description: Investment and Cross-Border Trade in Services

Representatives of religious associations in Mexico must be Mexican nationals.

Religious associations must be associations constituted in accordance with the Religious Associations and Public Worship Law (Ley de Asociaciones Religiosas y Culto Público).

Religious associations must register before the Ministry of Internal Affairs (Secretaría de Gobernación, SEGOB). To be registered, the religious associations must be established in Mexico.

## 29. Sector: Agriculture Services

Sub-Sector:

Industry Classification: CMAP 971010 Provision of Agricultural Services

Obligations Concerned: National Treatment (Article 9.3) Local Presence (Article 9.5)

Level of Government: Central

Measures: United Mexican States Political Constitution (Constitución Política de los Estados Unidos Mexicanos), Article 32

Plant Health Federal Law (Ley Federal de Sanidad Vegetal), Title II, Chapter IV

Regulations to the Phytosanitary Law of the United Mexican States (Reglamento de la Ley de Sanidad Fitopecuaria de los Estados Unidos Mexicanos), Chapter VII

Description: Cross-Border Trade in Services

A concession granted by the Ministry of Agriculture, Livestock, Rural Development, Fishing and Food (Secretaría de Agricultura, Ganadería, Desarrollo Rural, Pesca y Alimentación, SAGARPA) is required to spray pesticides.

Only Mexican nationals or Mexican enterprises may obtain such a concession.

## 30. Sector: Transportation

Sub-Sector: Air transportation

Industry Classification: CMAP 384205 Manufacture, Assembly and Repair of Aircraft (limited to repair of aircrafts)

Obligations Concerned: Local Presence (Article 9.5)

Level of Government: Central

Measures: Civil Aviation Law (Ley de Aviación Civil), Chapter III, Section II

Civil Aviation Regulations (Reglamento de la Ley de Aviación Civil), Chapter VII

Description: Cross-Border Trade in Services

A permit issued by the Ministry of Communications and Transportation (Secretaría de Comunicaciones y Transportes, SCT) is required to establish and operate, or operate and exploit, an aircraft repair facility and centres for teaching and training of personnel.

To obtain such permission the interested party must prove that the aircraft repair facilities and centres for teaching and training of personnel have their domicile in Mexico.

## 31. Sector: Transportation

Sub-Sector: Air transportation

Industry Classification: CMAP 973302 Airport and Heliport Management Services

Obligations Concerned: National Treatment (Articles 8.5 and 9.3) Local Presence (Article 9.5)

Level of Government: Central

Measures: United Mexican States Political Constitution (Constitución Política de los Estados Unidos Mexicanos), Article 32

General Means of Communication Law (Ley de Vías Generales de Comunicación), Book I, Chapters I, II and III

Foreign Investment Law (Ley de Inversión Extranjera), Title I, Chapter III

Civil Aviation Law (Ley de Aviación Civil), Chapters I and IV

Airports Law (Ley de Aeropuertos), Chapter III

Regulations to the Airports Law (Reglamento de la Ley de Aeropuertos), Title II, Chapters I, II and III

Description: Investment and Cross-Border Trade in Services

A concession granted by the Ministry of Communications and Transportation (Secretaría de Comunicaciones y Transportes, SCT) is required to construct and operate, or operate, airports and heliports. Only Mexican enterprises may obtain such a concession.

Favourable resolution from the National Commission on Foreign Investment (Comisión Nacional de Inversiones Extranjeras, CNIE) is required for investors of another Party or their investments to own, directly or indirectly, more than 49 per cent of the ownership interest in an enterprise established or to be established in the territory of Mexico that is a concessionaire or permissionaire of airfields for public service.

When deciding, the CNIE will consider that the national and technological development be favored, and that the sovereign integrity of the Nation be protected.

32. Sector: Transportation

Sub-Sector: Air Transportation

Industry Classification: CMAP 713001 Scheduled Air Transport Services on Domestically Registered Aircraft

CMAP 713002 Non-Scheduled Air Transport (Air Taxis) Specialty Air Services

Obligations Concerned: National Treatment (Article 8.5) Senior Management and Boards of Directors (Article 8.10)

Level of Government: Central

Measures: Civil Aviation Law (Ley de Aviación Civil), Chapters IX and X Regulations to the Civil Aviation Law (Reglamento de la Ley de Aviación Civil), Title II, Chapter I

Foreign Investment Law (Ley de Inversión Extranjera), Title I, Chapter III

As qualified by the Description element

Description: Investment

Investors of the other Party or their investments may only own, directly or indirectly, up to 49 per cent of the voting interests in an enterprise established or to be established in the territory of Mexico that supplies a scheduled and non-scheduled domestic air transport service, a non-scheduled domestic air transport service, a non-scheduled international air transport service in the modality of air taxi, or specialty air service. The chairman and at least two-thirds of the boards of directors and two thirds of the managing officers of such an enterprise must be Mexican nationals.

Only Mexican nationals and Mexican enterprises in which 51 per cent of the voting interest is owned or controlled by Mexican nationals and of which the chairman and at least two-thirds of the managing officers are Mexican nationals, may register an aircraft in Mexico.

33. Sector: Transportation

Sub-Sector: Specialty air services

Industry Classification:

Obligations Concerned: National Treatment (Article 8.5 and Article 9.3) Senior Management and Boards of Directors (Article 8.10) Local Presence (Article 9.5)

Level of Government: Central

Measures: General Means of Communications Law (Ley de Vías Generales de Comunicación), Book I, Chapter III

Foreign Investment Law (Ley de Inversión Extranjera), Title I, Chapter III

Civil Aviation Law (Ley de Aviación Civil), Chapters I, II, IV and IX

As qualified by the Description element

Description: Investment and Cross-Border Trade in Services

Investors of another Party or their investments may only own, directly or indirectly, up to 49 per cent of the voting interests in an enterprise established or to be established in the territory of Mexico that provides specialty air services using Mexican registered aircraft. The chairman and at least two-thirds of the board of directors and two-thirds of the managing officers of such an enterprise must be Mexican nationals.

Only Mexican nationals and Mexican enterprises in which 75 per cent of the voting interests is owned or controlled by Mexican nationals and of which the chairman and at least two thirds of the managing officers are Mexican nationals may register an aircraft in Mexico.

A permit issued by the Ministry of Communications and Transportation (Secretaría de Comunicaciones y Transportes, SCT) is required to provide all specialty air services in the territory of Mexico. Such a permit may only be granted when the person interested in the supply of these services has domicile in the territory of Mexico.

#### 34. Sector: Transportation

Sub-Sector: Water transportation

Industry Classification: CMAP 973203 Maritime Port Administration, Lake and Rivers

Obligations Concerned: National Treatment (Article 8.5)

Level of Government: Central

Measures: Ports Law (Ley de Puertos), Chapters IV and V

Regulations to the Ports Law (Reglamento de la Ley de Puertos) Title I, Chapters I and VI

Foreign Investment Law (Ley de Inversión Extranjera), Title I, Chapter III

Description: Investment

Investors of another Party or their investments may only own, directly or indirectly, up to 49 per cent of the ownership interest of a Mexican enterprise authorised to act as an integral port administrator.

#### 35. Sector: Transportation

Sub-Sector: Water transportation

Industry Classification: CMAP 384201 Manufacture and Repair of Vessels

Obligations Concerned: National Treatment (Article 9.3) Local Presence (Article 9.5)

Level of Government: Central

Measures: United Mexican States Political Constitution (Constitución Política de los Estados Unidos Mexicanos), Article 32

General Means of Communication Law (Ley de Vías Generales de Comunicación), Book I, Chapters I, II and III Commercial and Navigation Maritimes Law (Ley de Navegación y Comercio Marítimos), Title I, Chapter II Ports Law (Ley de Puertos), Chapter IV

Description: Cross-Border Trade in Services

A concession granted by the Marine Secretariat (Secretaría de Marina, SEMAR) is required to establish and operate, or operate, a shipyard. Only Mexican nationals and Mexican enterprises may obtain such a concession.

#### 36. Sector: Transportation

Sub-Sector: Water transportation

Industry Classification: CMAP 973201 Water Transport Loading and Unloading Services (includes operation and maintenance of docks; loading and unloading of vessels at shore-side; marine cargo handling; operation and maintenance of piers; ship and boat cleaning; stevedoring; transfer of cargo between ships and trucks, trains, pipelines and wharves; waterfront terminal operations)

Obligations Concerned: National Treatment (Article 8.5 and Article 9.3) Local Presence (Article 9.5)

Level of Government: Central

Measures: United Mexican States Political Constitution (Constitución Política de los Estados Unidos Mexicanos), Article 32

Commercial and Navigation Maritimes Law (Ley de Navegación y Comercio Marítimos), Title I, Chapter II, and Title II, Chapters IV and V

Ports Law (Ley de Puertos), Chapters II, IV and VI

General Means of Communication Law (Ley de Vías Generales de Comunicación), Book I, Chapters I, II and III

Regulations to the Use and Enjoyment of the Territorial Sea, Water Ways, Beaches, Relevant Federal Coastal Zone and Lands Gained to the Sea (Reglamento para el Uso y Aprovechamiento del Mar Territorial, Vías Navegables, Playas, Zona Federal Marítimo Terrestre y Terrenos Ganados al Mar), Chapter II, Section II

As qualified by the Description element

Description: Investment and Cross-Border Trade in Services

A Favourable resolution from the National Commission on Foreign Investment (Comisión Nacional de Inversiones Extranjeras, CNIE) is required for investors of another Party or their investments to own, directly or indirectly, more than 49 per cent of the ownership interest in an enterprise, established or to be established in the territory of Mexico providing port services to vessels for inland navigation such as towing, mooring and tendering.

A concession granted by the Marine Secretariat (Secretaría de Marina, SEMAR) is required to construct and operate, or operate, maritime and inland port terminals, including docks, cranes and related facilities. Only Mexican nationals and Mexican enterprises may obtain such a concession.

A permit issued by the SEMAR is required to provide stevedoring and warehousing services. Only Mexican nationals and Mexican enterprises may obtain such a permit.

37. Sector: Transportation

Sub-Sector: Water transportation

Industry Classification: CMAP 973203 Maritime and Inland (Lake and Rivers Ports Administration)

Obligations Concerned: National Treatment (Article 8.5)

Level of Government: Central

Measures: Navigation and Maritimes Commerce Law (Ley de Navegación y Comercio Marítimos), Title III, Chapter III

Foreign Investment Law (Ley de Inversión Extranjera), Title I, Chapter III

Ports Law (Ley de Puertos), Chapters IV and VI

Description: Investment

Investors of another Party or their investments may only participate, directly or indirectly, up to 49 per cent in Mexican enterprises engaged in the supply of piloting port services to vessels operating in inland navigation.

38. Sector: Transportation

Sub-Sector: Water transportation

Industry Classification: CMAP 712011 International Maritime Transportation Services

CMAP 712012 Cabotage Maritime Services

CMAP 712013 International and Cabotage Towing Services

CMAF 712021 River and Lake Transportation Services

CMAF 712022 Internal Port Water Transportation Services

Obligations Concerned: National Treatment (Article 8.5 and Article 9.3) Most-Favoured-Nation Treatment (Article 8.6 and Article 9.4)

Level of Government: Central

Measures: Navigation and Maritimes Commerce Law (Ley de Navegación y Comercio Marítimos), Title III, Chapter I

Foreign Investment Law (Ley de Inversión Extranjera), Title I, Chapter III

Economic Competition Federal Law (Ley Federal de Competencia Económica), Chapter IV

As qualified by the Description element

Description: Investment and Cross-Border Trade in Services

The operation or exploitation of high-seas navigation vessels, including transport and international towing services is open to ship-owners and vessels of all countries, on the basis of reciprocity according to international treaties. With the prior opinion of the Federal Economic Competition Commission (Comisión Federal de Competencia Económica, COFECE), the Marine Secretariat (Secretaría de Marina, SEMAR) may reserve, totally or partially, certain international high-seas freight transportation services, which could only be carried out by Mexican shipping enterprises with Mexican-flagged vessels or vessels reputed as such when the principles of free competition are not respected or the national economy is affected.

The operation and exploitation of cabotage and inland navigation is reserved for Mexican ship-owners with Mexican vessels. When Mexican vessels are not appropriate and available with the same technical conditions, or it is required by the public interest, the SEMAR may provide temporary navigation permits to operate and exploit to Mexican ship-owners with a foreign vessel in accordance with the following priorities:

(a) Mexican ship-owner with a foreign vessel under a bareboat charter party; and

(b) Mexican ship-owner with a foreign vessel under any type of charter party.

The operation and exploitation in inland navigation and cabotage of tourist cruises as well as dredges and maritime devices for the construction, preservation and operation of ports may be carried out by Mexican or foreign shipping enterprises using Mexican or foreign vessels or maritime devices, on the basis of reciprocity with a Party, endeavouring to give priority to Mexican enterprises and complying with applicable laws.

With the prior opinion of the COFECE, the SEMAR may resolve that totally or partially, certain cabotage or high-seas traffic could only be carried by Mexican shipping enterprises with Mexican vessels or reputed as such in the absence of conditions of effective competition on the relevant market as per the terms of the Economic Competition Federal Law.

Investors of the Party or their investments may only own, directly or indirectly, up to 49 per cent of the ownership interest in a Mexican shipping enterprise or Mexican vessels, established or to be established in the territory of Mexico, which is engaged in the commercial exploitation of vessels for inland and cabotage navigation, excluding tourism cruises and exploitation of dredges and maritime devices for the construction, preservation and operation of ports.

A Favourable resolution from the National Commission of Foreign Investments (Comisión Nacional de Inversiones Extranjeras, CNIE) is required for investors of another Party or their investments to own, directly or indirectly, more than 49 per cent of the ownership interest in an enterprise established or to be established in the territory of Mexico engaged in highseas navigation services and port towing services.

39. Sector: Transportation

Sub-Sector: Non-energy pipelines

Industry Classification:

Obligations Concerned: National Treatment (Article 9.3) Local Presence (Article 9.5)

Level of Government: Central

Measures: United Mexican States Political Constitution (Constitución Política de los Estados Unidos Mexicanos), Article 32

General Means of Communication Law (Ley de Vías Generales de Comunicación), Book I, Chapters I, II and III

National Waters Federal Law (Ley de Aguas Nacionales), Title I, Chapter II, and Title IV, Chapter II

Description: Cross-Border Trade in Services

A concession granted by the Ministry of Communications and Transportation (Secretaría de Comunicaciones y Transportes, SCT) is required to construct and operate, or operate, pipelines carrying goods other than energy or basic petrochemicals. Only Mexican nationals and Mexican enterprises may obtain such a concession.

40. Sector: Transportation

Sub-Sector: Railway transportation services

Industry Classification: CMAP 711101 Railway Transport Services

Obligations Concerned: National Treatment (Article 8.5 and Article 9.3) Local Presence (Article 9.5)

Level of Government: Central

Measures: Foreign Investment Law (Ley de Inversión Extranjera), Title I, Chapter III

Regulatory Law of the Railway Service (Ley Reglamentaria del Servicio Ferroviario) Chapters I and II, Section III

Regulations to the Railway Service (Reglamento del Servicio Ferroviario), Title I, Chapters I, II and III, Title II, Chapters I and IV, and Title III, Chapter I, Sections I and II

Description: Investment and Cross-Border Trade in Services

A Favourable resolution from the National Commission of Foreign Investment (Comisión Nacional de Inversiones Extranjeras, CNIE) is required for investors of another Party or their investments to participate, directly or indirectly, in more than 49 per cent of the ownership interest of an enterprise established or to be established in the territory of Mexico engaged in the construction, operation and exploitation of railroads deemed general means of communication, or in the supply of railway transportation public service.

When deciding, the CNIE will consider that the national and technological development be favoured, and that the sovereign integrity of the Nation be protected.

A concession granted by the Ministry of Communications and Transportation (Secretaría de Comunicaciones y Transportes, SCT) is required to construct, operate and exploit railway transportation services and to provide railway transportation public service. Only Mexican enterprises may obtain such a concession.

A permit issued by SCT is required to provide auxiliary services; the construction of entry and exit facilities, crossings and marginal facilities in the right of way; the installation of advertisements and publicity signs in the right of way; and the construction and operation of bridges over railway lines. Only Mexican nationals and Mexican enterprises may obtain such a permit.

41. Sector: Transportation

Sub-Sector: Land transportation

Industry Classification: CMAP 973101 Management Services of Passenger Bus Terminals and Auxiliary Services (limited to main bus and truck terminals and bus and truck stations)

Obligations Concerned: National Treatment (Article 9.3) Most-Favoured-Nation Treatment (Article 9.4 ) Local Presence (Article 9.5)

Level of Government: Central

Measures: Roads, Bridges and Federal Road Transport Law (Ley de Caminos, Puentes y Autotransporte Federal), Title I, Chapter III

Regulations to the Enjoyment of the Right of Way of the Federal Roads and Surrounding Zones (Reglamento para el Aprovechamiento del Derecho de Vía de las Carreteras Federales y Zonas Aledañas), Chapters II and IV

Regulations to the Federal Road Transport and Auxiliary Services (Reglamento de Autotransporte Federal y Servicios Auxiliares), Chapter I

Description: Cross-Border Trade in Services

A permit issued by the Ministry of Communications and Transportation (Secretaría de Comunicaciones y Transportes, SCT) is required to establish, or operate, a bus or truck station or terminal. Only Mexican nationals and Mexican enterprises may obtain such a permit.

To obtain such permit the interested party must prove that they have their domicile in Mexico.

42. Sector: Transportation

Sub-Sector: Land transportation

Industry Classification: CMAP 973102 Management Services of Roads, Bridges and Auxiliary Services

Obligations Concerned: National Treatment (Article 9.3) Local Presence (Article 9.5)

Level of Government: Central

Measures: United Mexican States Political Constitution (Constitución Política de los Estados Unidos Mexicanos), Article 32

Roads, Bridges and Federal Road Transport Law (Ley de Caminos, Puentes y Autotransporte Federal), Title I, Chapter III

Regulations to the Federal Road Transport and Auxiliary Services (Reglamento de Autotransporte Federal y Servicios Auxiliares), Chapters I and V.

Description: Cross-Border Trade in Services

A permit granted by the Ministry of Communications and Transportation (Secretaría de Comunicaciones y Transportes, SCT) is required to provide auxiliary services to federal road transportation. Only Mexican nationals and Mexican enterprises may obtain such a permit.

For greater certainty, auxiliary services are not part of federal road transportation of passengers, tourism or cargo, but they complement their operation and exploitation.

43. Sector: Transportation

Sub-Sector: Land transportation

Industry Classification: CMAP 711201 Construction Materials Transport Services

CMAP 711202 Moving Services

CMAP 711203 Other Specialised Freight Transport Services

CMAP 711204 General Freight Transport Services

CMAP 711311 Long-Distance Passenger Bus and Coach Transport Services

CMAP 711318 School and Tourist Transport Services (limited to tourist transport services)

CMAP 720002 Courier services

Obligations Concerned: National Treatment (Article 8.5 and Article 9.3) Local Presence (Article 9.5)

Level of Government: Central

Measures: Foreign Investment Law (Ley de Inversión Extranjera), Title I, Chapter II

Roads, Bridges and Federal Road Transport Law (Ley de Caminos, Puentes y Autotransporte Federal), Title I, Chapter I and III

Regulations to the Federal Road Transport and Auxiliary Services (Reglamento de Autotransporte Federal y Servicios Auxiliares), Chapter I

As qualified by the Description element

Description: Investment and Cross-Border Trade in Services

Investors of the other Party or their investments may not own, directly or indirectly, an ownership interest in an enterprise established or to be established in the territory of Mexico, engaged in transportation services of domestic cargo between

points in the territory of Mexico, except for parcel and courier services.

A permit issued by the Ministry of Communications and Transportation (Secretaría de Comunicaciones y Transportes, SCT) is required to provide inter-city bus services, tourist transportation services or truck services for the transportation of goods or passengers to or from the territory of Mexico.

Only Mexican nationals and Mexican enterprises with a foreigners' exclusion clause, using Mexican registered equipment that is Mexican-built or legally imported, and drivers who are Mexican nationals, may provide bus or truck services for transportation of goods or passengers between points in the territory of Mexico.

A permit issued by the SCT is required to provide parcel and courier services. Only Mexican nationals and Mexican enterprises may provide such services.

#### 44. Sector: Transport

Sub-Sector: Railway transportation services

Industry Classification: CMAP 711101 Transport Services Via Railway (limited to railway crew)

Obligations Concerned: National Treatment (Article 9.3)

Level of Government: Central

Measures: Federal Labor Law (Ley Federal del Trabajo), Title VI, Chapter V

Description: Cross-Border Trade in Services

Railway crew members must be Mexican nationals.

#### 45. Sector: Transportation

Sub-Sector: Land transportation

Industry Classification: CMAP 711312 Urban and Suburban Passenger Bus and Coach Transport Services

CMAP 711315 Motor Vehicle Taxi Transport Services

CMAP 711316 Motor Vehicle Fixed Route Transport Services

CMAP 711317 Transport Services in Motor Vehicles from Taxi-Ranks

CMAP 711318 School and Tourist Transport Services (limited to school transport services)

Obligations Concerned: National Treatment (Article 8.5 and Article 9.3)

Level of Government: Central

Measures: Foreign Investment Law (Ley de Inversión Extranjera), Title I, Chapter II

General Means of Communication Law (Ley de Vías Generales de Comunicación), Book I, Chapters I and II

Roads, Bridges and Federal Road Transport Law (Ley de Caminos, Puentes y Autotransporte Federal), Title I, Chapter III

Regulations to the Federal Road Transport and Auxiliary Services (Reglamento de Autotransporte Federal y Servicios Auxiliares), Chapter I

Description: Investment and Cross-Border Trade in Services

Only Mexican nationals and Mexican enterprises with a foreigners' exclusion clause may supply local urban and suburban passenger bus services, school bus services, and taxi and other collective transportation services.

#### 46. Sector: Communications

Sub-Sector: Entertainment services (Cinema)

Industry Classification: CMAP 941103 Private Exhibition of Films

Obligations Concerned: Most-Favoured-Nation Treatment (Article 8.6 and Article 9.4) National Treatment (Article 8.5 and Article 9.3)



Level of Government: Central

Measures: Federal Cinematography Law (Ley Federal de Cinematografía), Chapter III

Regulations to the Federal Cinematography Law (Reglamento de la Ley Federal de Cinematografía), Chapter V

Description: Investment and Cross-Border Trade in Services

Exhibitors shall reserve 10 per cent of the total screen time to the projection of national films.

47. Sector: All

Sub-Sector:

Industry Classification:

Obligations Concerned: National Treatment (Article 8.5 and Article 9.3) Most-Favoured-Nation Treatment (Article 8.6 and Article 9.4) Performance Requirements (Article 8.9) Senior Management and Boards of Directors (Article 8.10) Local Presence (Article 9.5)

Level of Government: Regional

Measures: All existing non-conforming measures of all states of the United Mexican States

Description: Investment and Cross-Border Trade in Services

## **Annex II . MEXICO - EXPLANATORY NOTES**

1. The Schedule of Mexico to this Annex sets out, pursuant to Article 8.11 (Non-Conforming Measures) and Article 9.7 (Non-Conforming Measures), the specific sectors, subsectors or activities for which Mexico may maintain existing, or adopt new or more restrictive, measures that do not conform with obligations imposed by:

- (a) Article 8.5 (National Treatment) or Article 9.3 (National Treatment);
- (b) Article 8.6 (Most-Favoured-Nation Treatment) or Article 9.4 (Most-Favoured-Nation Treatment);
- (c) Article 8.9 (Performance Requirements);
- (d) Article 8.10 (Senior Management and Boards of Directors);
- (e) Article 9.5 (Local Presence); or
- (f) Article 9.6 (Market Access).

2. Each Schedule entry sets out the following elements:

- (a) Sector refers to the sector for which the entry is made;
- (b) Sub-Sector, where referenced, refers to the specific subsector for which the entry is made;
- (c) Industry Classification, where referenced, refers to the activity covered by the non-conforming measure, according to the provisional CPC codes as used in the Provisional Central Product Classification (Statistical Papers Series M No. 77, Department of International Economic and Social Affairs, Statistical Office of the United Nations, New York, 1991);
- (d) Obligations Concerned specifies the obligations referred to in paragraph 1 that, pursuant to Article 8.11.2 (Non-Conforming Measures) and Article 9.7.2 (Non-Conforming Measures), do not apply to the sectors, subsectors or activities listed in the entry;
- (e) Description sets out the scope or nature of the sectors, subsectors or activities covered by the entry to which the reservation applies; and
- (f) Existing Measures, where specified, identifies, for transparency purposes, a non-exhaustive list of existing measures that apply to the sectors, subsectors or activities covered by the entry.

3. For greater certainty, in the interpretation of an entry, all elements of the entry shall be considered, and the Description element prevails over all elements.

4. In accordance with Article 8.11.2 (Non-Conforming Measures) and Article 9.7.2 (Non-Conforming Measures), the articles of this Agreement specified in the Obligations Concerned element of an entry do not apply to the sectors, subsectors and activities identified in the Description element of that entry.

5. With respect to Annex II entries on Most-Favoured-Nation Treatment relating to bilateral or multilateral international agreements, the absence of language regarding the scope of the reservation for differential treatment resulting from an amendment of those bilateral or multilateral international agreements in force or signed prior to the date of entry into force of this Agreement is without prejudice to Mexico's interpretation of the scope of that reservation.

## **Annex II . SCHEDULE OF MEXICO - INTRODUCTORY NOTES**

For the purposes of this Annex:

The term "CMAP" means Mexican Classification of Activities and Products (Clasificación Mexicana de Actividades y Productos) numbers as set out in National Institute for Statistics and Geography (Instituto Nacional de Estadística y Geografía), Mexican Classification of Activities and Products (Clasificación Mexicana de Actividades y Productos), 1994.

## **Annex II . SCHEDULE OF MEXICO**

1. Sector: All

Sub-Sector:

Industry Classification:

Obligations Concerned: National Treatment (Article 9.3)

Level of Government: Central

Description: Cross-Border Trade in Services

Mexico reserves the right to adopt or maintain any measure restricting the acquisition, sale or other disposition of bonds, treasury bills or any other kind of debt security issued by the central, regional or local governments.

Existing Measures:

2. Sector: Energy

Sub-Sector: Oil and other hydrocarbons

Electricity

Industry Classification:

Obligations Concerned: National Treatment (Article 8.5 and Article 9.3) Most Favoured Nation Treatment (Article 8.6 and Article 9.4) Performance Requirements (Article 8.9) Senior Executive and Board of Directors (Article 8.10) Market Access (Article 9.6)

Level of Government: Central

Description: Investment

Mexico allows private investment exclusively through contractual arrangements with respect to the exploration and production of oil and other hydrocarbons, and the public service of transmission and distribution of electricity.

If Mexican law is amended to allow private investment in a different modality from that set out in the first paragraph, or to allow the sale of assets or ownership interest in an enterprise engaged in the activities set out in the first paragraph, Mexico reserves the right to impose restrictions on such investment.

Any such restrictions shall be deemed to be existing Annex I non-conforming measures and shall be subject to paragraphs 1 and 3 of Article 8.11 (Non-Conforming Measures).

For greater certainty, Mexico affirms the principle reflected in Articles 25, 27 and 28 of the Constitution that the exploration and production of oil and other hydrocarbons, the planning and control of the National Electric System and the public service of transmission and distribution of electricity are reserved to the State.

Existing Measures: Political Constitution of the United Mexican States (Constitución Política de los Estados Unidos Mexicanos), Articles 25, 27 and 28.

Federal Electricity Commission Law (Ley de la Comisión Federal de Electricidad).

Foreign Investment Law (Ley de Inversión Extranjera).

Hydrocarbons Law (Ley de Hidrocarburos).

Petroleos Mexicanos Law (Ley de Petróleos Mexicanos).

Electric Industry Law (Ley de la Industria Eléctrica).

### 3. Sector: Entertainment Services

Sub-Sector: Recreational and leisure services

Industry Classification: CMAP 949104 Other Private Recreational and Leisure Services (limited to gambling and betting services)

Obligations Concerned: National Treatment (Article 8.5 and Article 9.3) Most-Favoured-Nation Treatment (Article 8.6 and Article 9.4) Senior Management and Boards of Directors (Article 8.10) Local Presence (Article 9.5)

Level of Government: Central

Description: Investment and Cross-Border Trade in Services

Mexico reserves the right to adopt or maintain any measure relating to investment in, or the supply of, gambling and betting services.

Existing Measures:

### 4.Sector: Minority Affairs

Sub-Sector:

Industry Classification:

Obligations Concerned: National Treatment (Article 9.3) Local Presence (Article 9.5)

Level of Government: Central

Description: Cross-Border Trade in Services

Mexico reserves the right to adopt or maintain any measure according rights or preferences to socially or economically disadvantaged groups.

Existing Measures: Political Constitution of the United Mexican States, Article 4 (Constitución Política de los Estados Unidos Mexicanos)

### 5.Sector: Social Services

Sub-Sector:

Industry Classification:

Obligations Concerned: National Treatment (Article 8.5 and Article 9.3) Most-Favoured-Nation Treatment (Article 8.6 and Article 9.4) Performance Requirements (Article 8.9) Senior Management and Boards of Directors (Article 8.10) Local Presence (Article 9.5)

Level of Government: Central

Description: Investment and Cross-Border Trade in Services

Mexico reserves the right to adopt or maintain any measure with respect to the supply of public law enforcement and correctional services, and the following services to the extent they are social services established or maintained for a public purpose: income security or insurance, social security or insurance, social welfare, public education, public training, health and child care.

Existing Measures: Political Constitution of the United Mexican States (Constitución Política de los Estados Unidos Mexicanos), Articles 4, 17, 18, 25, 26, 28 and 123.

## 6. Sector: Transportation

Sub-Sector: Specialised personnel

Industry Classification: CMAP 951023 Other Professional,

Technical and Specialised Services (limited to ship captains; aircraft pilots; ship masters; ship machinists; ship mechanics; airport administrators (comandantes de aeródromos); harbour masters; harbour pilots; crew on Mexican flagged vessels or aircrafts)

Obligations Concerned: National Treatment (Article 9.3) Most-Favoured-Nation Treatment (Article 9.4) Local Presence (Article 9.5)

Level of Government: Central

Description: Cross-Border Trade in Services

Mexico reserves the right to adopt or maintain any measure with respect to specialised personnel. Only Mexican nationals by birth may serve as:

(a) captains, pilots, ship masters, machinists, mechanics and crew members manning vessels or aircraft under the Mexican flag; and

(b) harbour pilots, harbour masters and airport administrators.

Existing Measures: Political Constitution of the United Mexican States (Constitución Política de los Estados Unidos Mexicanos), Article 32.

## 7. Sector: All

Sub-Sector: Telegraph, radiotelegraph and postal services Issuance of bills (currency) and minting of coinage Control, inspection and surveillance of maritime and inland ports Control, inspection and surveillance of airports and heliports, nuclear energy and radioactive minerals and materials

Obligations Concerned: National Treatment (Article 8.5 and Article 9.3) Most-Favored-Nation Treatment (Article 8.6 and Article 9.4) Local Presence (Article 9.5) Senior Management and Boards of Directors (Article 8.10)

Level of Government: Central

Description: Investment

The activities set out in this list are reserved to the Mexican State, and private equity investment is prohibited under Mexican Law. Where Mexico allows private investment to participate in such activities through service contracts, concessions, lending arrangements or any other type of contractual arrangement, such participation shall not be construed to affect the State's reservation of those activities.

If Mexican law is amended to allow private equity investment in an activity set out in this list, Mexico may impose restrictions on foreign investment participation and those restrictions shall be deemed existing Annex I non-conforming measures and shall be subject to paragraphs 1 and 3 of Article 8.11 (Non-Conforming Measures). Mexico may also impose restrictions on foreign equity investment participation when selling an asset or ownership interest in an enterprise engaged in activities set out in this list, and those restrictions shall be deemed existing Annex I non-conforming measures and shall be subject to paragraphs 1 and 3 of Article 8.11 (Non-Conforming Measures).

(a) Telegraph, radiotelegraph and postal services;

(b) Issuance of bills (currency) and mining of coinage;

(c) Control, inspection and surveillance of maritime and inland ports;

(d) Control, inspection and surveillance of airports and heliports;

(e) Nuclear Power and radioactive minerals and materials.

Existing Measures: United Mexican States Political Constitution (Constitución Política de los Estados Unidos Mexicanos)

Articles 25 and 28.

Law of the Mexican Bank (Ley del Banco de México) Law of the House of Currency of Mexico (Ley de la Casa de Moneda de México)

United Mexican States Monetary Law (Ley Monetaria de los Estados Unidos Mexicanos).

Commercial and Navigation Maritimes Law (Ley de Navegación y Comercio Marítimos)

Ports Law (Ley de Puertos)

Airports Law (Ley de Aeropuertos)

Federal Telecommunication and Broadcasting Law (Ley Federal de Telecomunicaciones y Radiodifusión) Decree that establish the decentralized agency of Navigation Services in the Mexican Airspace, SENEAM (by its acronym in Spanish) (Decreto que Crea el Organismo Desconcentrado de Servicios a la Navegación en el Espacio Aéreo Mexicano, SENEAM)

General Means of Communication Law (Ley de Vías Generales de Comunicación)

The Mexican Postal Service Law (Ley del Servicio Postal Mexicano), Title I, Chapter III

Foreign Investment Law (Ley de Inversión Extranjera)

8. Sector: All

Sub-Sector:

Obligations Concerned: Most-Favoured-Nation Treatment (Article 8.6)

Level of Government: Central

Description: Investment

Mexico reserves the right to adopt or maintain any measure granting different treatment to countries accorded under all bilateral or multilateral international agreements in force prior to the date of the entry into force of this Agreement.

Mexico reserves the right to adopt or maintain any measure granting different treatment to countries accorded under all international agreements in force or signed after the date of entry into force of this Agreement involving:

(a) aviation;

(b) fisheries; or

(c) maritime matters, including salvage.

9.Sector: All

Sub-Sector:

Obligations Concerned: Market Access (Article 9.6)

Level of Government: Central and Regional

Description: Cross-Border Trade in Services

Mexico reserves the right to adopt or maintain any measure related to Article 9.6 (Market Access), except for the following sectors and sub-sectors subject to the limitations and conditions listed below.

For the purpose of this entry:

(a) "1)" refers to the supply of a service from the territory of one Party into the territory of any other Party;

(b) "2)" refers to the supply of a service in the territory of one Party by a person of that Party to a person of the other Party;

(c) "3)" refers to the supply of a service in the territory of one Party by an investor of the other Party or a covered investment; and

(d) "4)" refers to the supply of a service by a national of one Party, in the territory of any other Party.

This entry:

(a) applies to central level of government;

(b) applies to regional level of government in accordance with specific commitments of Mexico under the Article XVI of GATS which exist at the date of entry into force of this Agreement; and

(c) does not apply to municipal or local level.

This entry does not apply to entries listed in Annex I with respect to Article 9.6 (Market Access). Mexico's limitations on market access in this entry are only those limitations which are not discriminatory.

Sector or Subsector	Limitations on market access
1. A. Professional services (1)	
a) Legal services (CPC 861)	1), 2) and 3) None 4) Unbound except as indicated in the Temporary Entry for Business Persons Chapter.
b) Accounting, auditing and bookkeeping services (CPC 862)	1), 2) and 3) None 4) Unbound, except as indicated in Temporary Entry for Business Persons Chapter.
d) Consultancy and technical studies for architecture (CPC 8671)	1), 2) and 3) None 4) Unbound, except as indicated in Temporary Entry for Business Persons Chapter.
e) Consultancy and technical services for engineering (CPC 8672)	1), 2) and 3) None 4) Unbound, except as indicated in Temporary Entry for Business Persons Chapter.
f) Integrated engineering services (CPC 8673)	1), 2) and 3) None 4) Unbound, except as indicated in Temporary Entry for Business Persons Chapter.
g) Urban planning and landscape architectural services (CPC 8674)	1), 2) and 3) None 4) Unbound, except as indicated in Temporary Entry for Business Persons Chapter.
h) Related scientific and technical consulting services (CPC 8675)	1), 2) and 3) None 4) Unbound, except as indicated in the Temporary Entry for Business Persons Chapter
i) Medical and dental services (CPC 9312)	1), 2) and 3) None 4) Unbound, except as indicated in Temporary Entry for Business Persons Chapter.
k) Other services - Religious services (CPC 95910)	1), 2) and 3) None 4) Unbound, except as indicated in Temporary Entry for Business Persons Chapter.

(1) In order to practise a profession in Mexico, it is necessary to have a degree that has been recognised or confirmed by the Ministry of Public Education (Secretaría de Educación Pública) and also to obtain a professional licence. There are special requirements to be met by engineers, architects and doctors

Sector or Subsector	Limitations on market access
1. B. Computer and Related Services	

a) Consultancy services related to the installation of computer hardware (CPC 841)	1), 2) and 3) None 4) Unbound, except as indicated in Temporary Entry for Business Persons Chapter.
b) Software implementation services (CPC 842)	1), 2) and 3) None 4) Unbound, except as indicated in Temporary Entry for Business Persons Chapter.
c) Data processing services (CPC 843)	1), 2) and 3) None 4) Unbound, except as indicated in Temporary Entry for Business Persons Chapter.
d) Data base services (CPC 844)	1), 2) and 3) None 4) Unbound, except as indicated in Temporary Entry for Business Persons Chapter.
e) Other (CPC 845+849)	1), 2) and 3) None 4) Unbound, except as indicated in Temporary Entry for Business Persons Chapter.
1. C. Research and Development Services (CPC 85) (other than research and technological development centres)	1), 2) and 3) None 4) Unbound, except as indicated in Temporary Entry for Business Persons Chapter.
- Research and experimental development services on engineering and technology (CPC 85103)	1), 2) and 3) None 4) Unbound, except as indicated in Temporary Entry for Business Persons Chapter.
- Research and development services on social sciences and humanities (CPC 852)	1), 2) and 3) None 4) Unbound, except as indicated in Temporary Entry for Business Persons Chapter.
1.D. Real estate services	
a) Real estate services involving own or leased property (CPC 821) Other than: Real estate services involving own property	1) Unbound 2) and 3) None 4) Unbound, except as indicated in Temporary Entry for Business Persons Chapter.

b) Real estate services on a fee or contract basis (CPC 822)	1) Unbound 2) and 3) None 4) Unbound, except as indicated in Temporary Entry for Business Persons Chapter.
1. E. Rental/Leasing Services without Operators	
a) Leasing or rental services concerning vessels without operator (CPC 83103)	1), 2) and 3) None 4) Unbound, except as indicated in Temporary Entry for Business Persons Chapter.
b) Leasing or rental services concerning aircraft without operator (CPC 83104)	1), 2) and 3) None 4) Unbound, except as indicated in Temporary Entry for Business Persons Chapter.
c) Leasing or rental services concerning other means of transport without operator (limited to private cars without operator CPC 83101)	1) Unbound 2) and 3) None 4) Unbound, except as indicated in Temporary Entry for Business Persons Chapter.
-Leasing or rental services concerning means of maritime transport without operator	1) Unbound 2) and 3) None 4) Unbound, except as indicated in Temporary Entry for Business Persons Chapter.
d) Leasing or rental services concerning other machinery and equipment without operator:	1) Unbound 2) and 3) None 4) Unbound, except as indicated in Temporary Entry for Business Persons Chapter.
- Rental services concerning agricultural and fishery machinery and equipment (CPC 83106)	1), 2) and 3) None 4) Unbound, except as indicated in Temporary Entry for Business Persons Chapter.
- Rental services concerning machinery and equipment for industry (CPC 83109)	1), 2) and 3) None 4) Unbound, except as indicated in Temporary Entry for Business Persons Chapter.
e) Other - Rental	



services concerning electronic equipment for data processing (CPC 83108)	1), 2) and 3) None 4) Unbound, except as indicated in Temporary Entry for Business Persons Chapter.
- Leasing or rental services concerning other personal or household goods (CPC 83209)	1), 2) and 3) None 4) Unbound, except as indicated in Temporary Entry for Business Persons Chapter
- Rental services concerning office equipment and furniture (CPC 83108)	1), 2) and 3) None 4) Unbound, except as indicated in Temporary Entry for Business Persons Chapter.
- Rental services concerning televisions, sound equipment, video-cassette recorders and musical instruments (CPC 83201)	1), 2) and 3) None 4) Unbound, except as indicated in Temporary Entry for Business Persons Chapter.
- Rental services concerning professional photographic equipment and projectors (CPC 83209)	1), 2) and 3) None 4) Unbound, except as indicated in Temporary Entry for Business Persons Chapter.
- Rental services concerning other machinery, equipment and furniture not mentioned above (CPC 83109)	1), 2) and 3) None 4) Unbound, except as indicated in Temporary Entry for Business Persons Chapter.
1. F. Other Business Services	
a) Advertising and related activities (excluding broadcasting as well as restricted radio and television services) (CPC 871)	1), 2) and 3) None 4) Unbound, except as indicated in Temporary Entry for Business Persons Chapter.
b) Market research	1), 2) and 3) None 4) Unbound, except as indicated in Temporary Entry for

services (CPC 8640)	Business Persons Chapter.
c) Management consulting services (CPC 8650)	1), 2) and 3) None 4) Unbound, except as indicated in Temporary Entry for Business Persons Chapter.
d) Administrative formalities and collection services (CPC 8660)	1), 2) and 3) None 4) Unbound, except as indicated in Temporary Entry for Business Persons Chapter.
e) Technical testing and analysis services (CPC 8676)	1), 2) and 3) None 4) Unbound, except as indicated in Temporary Entry for Business Persons Chapter.
f) Services incidental to agriculture, hunting and forestry -Services incidental to agriculture (CPC 8811 limited to professional services incidental to agriculture)	1) and 2) None 3) None except as indicated in 1.A 4) Unbound, except as indicated in Temporary Entry for Business Persons Chapter.
-Services incidental to animal husbandry (CPC 8812 limited to professional services incidental to animal husbandry).	1) and 2) None 3) None except as indicated in 1.A 4) Unbound, except as indicated in Temporary Entry for Business Persons Chapter.
- Services incidental to forestry and logging (CPC 88104)	1) and 2) None 3) None except as indicated in 1.A 4) Unbound, except as indicated in Temporary Entry for Business Persons Chapter.
g) Services incidental to fishing (CPC 882)	1), 2) and 3) None 4) Unbound except as indicated in Temporary Entry for Business Persons Chapter.
k) Placement and supply of services of personnel (CPC 8720)	1), 2) and 3) None 4) Unbound, except as indicated in Temporary Entry for Business Persons Chapter.
l) Protection and guard services (CPC 8730)	1) Unbound 2) None 3) None, except that the requirements laid down for each specific means of transport must be fulfilled. 4) Unbound, except as indicated in Temporary Entry for Business Persons Chapter.
n) Maintenance and repair of equipment except maritime vessels, aircraft and other transport	1), 2) and 3) None 4) Unbound, except as indicated in Temporary Entry for Business Persons Chapter.

equipment:	
- Repair and maintenance of industrial machinery and equipment (CPC 8862)	1), 2) and 3) None 4) Unbound, except as indicated in Temporary Entry for Business Persons Chapter.
- Repair and maintenance of professional technical equipment and instruments (CPC 8866)	1), 2) and 3) None 4) Unbound, except as indicated in Temporary Entry for Business Persons Chapter.
- Repair services incidental to metal products, machinery and equipment. (CPC886)	1), 2) and 3) None 4) Unbound, except as indicated in Temporary Entry for Business Persons Chapter.
- Repair and maintenance of machinery and equipment for general use, not assignable to any specific activity (CPC 886)	1), 2) and 3) None 4) Unbound, except as indicated in Temporary Entry for Business Persons Chapter.
o) Building-cleaning services (CPC 8740)	1) None 2) Unbound* 3) None 4) Unbound, except as indicated in Temporary Entry for Business Persons Chapter.
p) Photographic services	
- Photography and motion-picture processing services (CPC 87505 and 87506)	1) None 2) Unbound* 3) None 4) Unbound, except as indicated in Temporary Entry for Business Persons Chapter.
r) Printing, publishing (CPC 88442) Only includes: - Publishing of books and similars - Printing and binding (except newsprint for circulation exclusively in the Mexican territory) - Auxiliary and related industries with editing and printing	1), 2) and 3) None 4) Unbound, except as indicated in Temporary Entry for Business Persons Chapter.

(excludes manufacturing for printing types which are classified into 3811 branch, "casting and moulding of ferrous and nonferrous metal parts").	
s) Convention services (CPC 87909***)	1) Unbound* 2) None 3) None 4) Unbound, except as indicated in Temporary Entry for Business Persons Chapter.
t) Other	
- Credit reporting services (CPC 87901)	1) Unbound 2) None 3) None 4) Unbound, except as indicated in Temporary Entry for Business Persons Chapter.
- Speciality design services (CPC 87907)	1), 2) and 3) None 4) Unbound, except as indicated in Temporary Entry for Business Persons Chapter.
- Industrial design services (CPC 86725)	1), 2) and 3) None 4) Unbound, except as indicated in Temporary Entry for Business Persons Chapter.
- Photocopying and similar services (CPC 87904)	1), 2) and 3) None 4) Unbound, except as indicated in Temporary Entry for Business Persons Chapter.
- Translation and interpretation services (CPC 87905)	1), 2) and 3) None 4) Unbound, except as indicated in Temporary Entry for Business Persons Chapter.
- Laundry collection services (CPC 97011)	1) Unbound* 2) None 3) None 4) Unbound, except as indicated in Temporary Entry for Business Persons Chapter.
2.COMMUNICATION SERVICES	
B. Courier services - Courier services (CPC 7512)	1) Unbound 2) None 3) None, except that the requirements laid down for each specific means of transport must be fulfilled. 4) Unbound, except as indicated in Temporary Entry for Business Persons Chapter.
C. Telecommunication Services. Telecommunications services supplied by facilities based public telecommunications network (wire-based and radioelectric)	1) The international traffic only may be routed through international ports of a natural person or juridical person with a concession granted by the regulatory agency to install, operate or use a public telecommunication network in the Mexican territory authorised to provide long distance service. 2) None 3) The Federal Telecommunications Institute (Instituto Federal de Telecomunicaciones, IFT) shall reserve for community indigenous FM radio stations ten per cent of broadcasting band of FM that goes from 88 to 108 MHz. Such percentage shall be granted as concession for the upper part of the referred band. The Institute shall directly assign 90 MHz of the 700 MHz band for the operation and exploitation of a wholesale shared network through a concession for commercial use. Resellers of telecommunications of long distance and international long distance may

through any technological medium, included in subparagraphs (a), (b), (c), (f), (g) and (o).	contract telecommunications services (exclusively) with authorised concessionaires. The economic agent who has been declared preponderant in the telecommunications sector or the concessionaires that are part of the economic group to which the declared preponderant agent belongs to may not participate directly or indirectly in any reseller. 4) Unbound, except as indicated in Temporary Entry for Business Persons Chapter.
a) Telephony services (CPC 75211, 75212)	1) As indicated in 2.C.1). 2) None 3) None 4) Unbound, except as indicated in Temporary Entry for Business Persons Chapter.
b) Packet-switched data transmission services (CPC 7523**) )	1) As indicated in 2.C.1). 2) None 3) None 4) Unbound, except as indicated in Temporary Entry for Business Persons Chapter.
c) Circuit-switched data transmission services (CPC 7523**) )	1) As indicated in 2.C.1). 2) None 3) None 4) Unbound, except as indicated in Temporary Entry for Business Persons Chapter.
f) Facsimile services (CPC 7521 **+7529**) )	1), 2) and 3) None 4) Unbound, except as indicated in Temporary Entry for Business Persons Chapter.
g) Private leased circuit services (CPC 7522**+7523**) )	1) As indicated in 2.C.1). In Mexico it is not allowed the resale of private leased circuits to private networks. 2) None 3) None 4) Unbound, except as indicated in Temporary Entry for Business Persons Chapter.
o) Others	
- Paging services (CPC 75291)	1) As indicated in 2.C.1). 2) None 3) As indicated in 2.C.3). 4) Unbound, except as indicated in Temporary Entry for Business Persons Chapter.
- Cellular telephony (75213**) )	1) As indicated in 2.C.1). 2) None 3) None 4) Unbound, except as indicated in Temporary Entry for Business Persons Chapter.
- Resellers (2)	1) As indicated in 2.C.1). 2) None 3) None, except that the establishment and operation of resellers is invariably subject to the relevant regulations. The Federal Telecommunications Institute (Instituto Federal de Telecomunicaciones, IFT) will not issue permits for the establishment of a reseller until the corresponding regulations are issued. 4) Unbound, except as indicated in Temporary Entry for Business Persons Chapter.
- Other telecommunication services. Value-added services (Services that use public telecommunication network and have effect on the format, content, code, protocol, storage or	1) Registration before the Federal Telecommunications Institute (Instituto Federal de Telecomunicaciones, IFT) is required to provide Value Added Services. The

similar aspects of the information transmitted by a user and which market users with additional information, different and restructured, or involve interaction user with information stored). (3)	Value Added Services originated overseas destined to the Mexican territory may only be taken and delivered in Mexico through infrastructure or facilities of a public telecommunications network concessioner. 2) None 3) None 4) Unbound, except as indicated in the Temporary Entry for Business Persons Chapter.
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(2) Companies which, without owning transmission means, provide third parties with telecommunications services by using capacity leased from a public network concessionaire.

(3) Value Added Services are not those services for which its establishment, operation or exploitation make use of transmission infrastructure owned by the service provider, unless the service provider has the appropriate license or permit to establish, operate or exploit a public telecommunications network. It does not include those value-added services, the provision requiring the obtaining of licenses and permits including, without limitation, the following services: voice telephony, regardless of the technology used (VoIP) in its modalities of local service; long distance telephony; simple resale of leased private circuits, mobile telephony, mobile or fixed radio telephony, cable television, paid television using microwaves and satellite; paging services, trucking services; private or maritime radio- communication: restricted radio; data transmission; videoconferencing and vehicle radiolocation.

Sector or subsector	Limitations on market access
D. Audiovisual services	
a) Private production of cinematographic films (CPC 96112)	1), 2) and 3) None, except that film screening requires a permit issued by the Ministry of the Interior (Secretaria de Gobernacion). 4) Unbound, except as indicated in the Temporary Entry for Business Persons Chapter.
b) Private film-screening services (CPC 96121)	1), 2) and 3) None 4) Unbound, except as indicated in the Temporary Entry for Business Persons Chapter.
c) Radio and Television Services (CPC9613) - broadcasting (radio and free to air television)	1) None 2) None 3) The Federal Institute of Telecommunications (Instituto Federal de Telecomunicaciones, IFT) shall grant upon request authorisations to access the multiprogramming. In the case of concessionaires belonging to an agent declared preponderant the /FT will not authorise the transmission of a number of channels greater than 50 per cent of the total amount of broadcasted television channels, including the multiprogramming ones, authorised for other concessionaires that are broadcasting in the region covered. Concessionaires of commercial, public and social use providing broadcasting service shall have daily free transmission in each station and for each programming canal, of duration up to 30 minutes whether continuous or discontinuous, dedicated to disseminate educational, cultural and social interest topics. In addition to the time set for the State, All concessionaires of commercial, public and social use providing broadcasting services shall be required to broadcast simultaneously in radio stations and television channels in the country when it comes to transmitting information of concern to the nation, according to the Ministry of Interior (Secretaría de Gobernación). 4) Unbound, except as indicated in the Temporary Entry for Business Persons

	Chapter.
- Restricted radio and television services	<p>1) None 2) None 3) Concessionaires providing restricted or audio services shall reserve at no charge channels for the distribution of federal public institutions' television signals as indicated by the executive through the Federal Executive branch as follows: I. A channel with the service consists of 31 to 37 channels; II. Two channels, when the service consists of 38 to 45 channels, and III. Three channels, when the service consists of 46 to 64 channels. Beyond this last number, a channel shall be added for every 32 transmission channels. When the service consists of up to 30 channels, The Ministry may require, that a specific channel dedicates up to six hours daily for transmission of programming as indicated by the Ministry of the Interior (Secretaria de Gobernacion). Concessionaires providing broadcasting or restricted television and audio services, as well as programmers and signals operators shall maintain a balance between advertising and programming transmitted daily, and the following rules shall apply: I. concessionaires of commercial use broadcasting: a) in television stations, the time spent on commercial advertising shall not exceed 18 per cent of the total transmission time per programming channel, and b) in radio stations, the time spent on commercial advertising shall not exceed 40 per cent of the total transmission time per programming channel. The length of commercial advertising does not include transmissions of the station own advertising, nor does it include State time and other Executive Branch provisions or programmes offering products or services; II. concessionaires of restricted television, and audio may transmit, daily and per channel, up to six minutes of advertising for every hour of transmission. For purposes of corresponding calculation, advertising in the broadcast signals that are retransmitted and programming channels own advertising shall not be considered, and the channels exclusively dedicated to programmes of product offerings, shall be exempted from the limit stated in the previous paragraph. 4) Unbound, except as indicated in the Temporary Entry for Business Persons Chapter.</p>
3.CONSTRUCTION AND RELATED ENGINEERING SERVICES	
A. General construction work for buildings - Residential or housing building (CPC 5121 and 5122)	1) Unbound 2) Unbound* 3) None 4) Unbound
- Non-residential buildings (CPC 5124, 5127 and 5128)	1) Unbound 2) Unbound* 3) None 4) Unbound
B. General construction work for civil engineering - Construction of urban development works (CPC 5131 and 5135)	1) Unbound 2) Unbound* 3) None 4) Unbound, except as indicated in the Temporary Entry for Business Persons Chapter.
- Construction of industrial buildings (excluding electric power stations and	1) Unbound 2) Unbound* 3) None 4) Unbound, except as indicated in the

plants for the piping of oil and oil products (CPC 52121)	Temporary Entry for Business Persons Chapter.
- Other construction (excluding construction of maritime and river works, highway and transport works and track construction) (CPC 52269)	1) Unbound 2) Unbound* 3) None 4) Unbound, except as indicated in the Temporary Entry for Business Persons Chapter.
D. Building completion and finishing work	
- Electrical, plumbing and drainage installations in buildings (excluding telecommunication installations and other special installations) (CPC 5161-5164)	1) Unbound 2) Unbound* 3) None 4) Unbound, except as indicated in the Temporary Entry for Business Persons Chapter.
E. Other - Special work, including earth moving, foundations, underground excavation, under-water work, signalling and protection installations, demolition, construction of drinking water or water treatment plants (excluding sinking of oil, gas and water wells) (CPC 511 and 515)	1) Unbound 2) Unbound* 3) None, except that services relating to visual and electronic aids for runways are subject to authorisation by the Ministry of Communication and Transports (Secretaria de Comunicaciones y Transportes, SCT). 4) Unbound, except as indicated in the Temporary Entry for Business Persons Chapter.
4. DISTRIBUTION SERVICES	
4.A Trade intermediary services (CPC 621) (includes sales agents who are not considered within the paid staff of any establishment in particular).	1), 2) and 3) None 4) Unbound, except as indicated in the Temporary Entry for Business Persons Chapter.
4. B. Wholesale trade services -Wholesale	



trade of non-food products, including animal feed (excluding petroleum-based fuels, coal, firearms, cartridges and ammunition) (CPC 622)	1), 2) and 3) None 4) Unbound, except as indicated in the Temporary Entry for Business Persons Chapter.
- Commission agents' services (CPC 62113 - 62118)	1), 2) and 3) None 4) Unbound, except as indicated in the Temporary Entry for Business Persons Chapter.
-Wholesale trade of food, beverages and tobacco (CPC 6222)	1), 2) and 3) None 4) Unbound, except as indicated in the Temporary Entry for Business Persons Chapter.
- Wholesale trade services (CPC 622)	1), 2) and 3) None 4) Unbound, except as indicated in the Temporary Entry for Business Persons Chapter.
4. C. Retail trade services:	
-Retail sales of food, beverages and tobacco in specialized establishments (CPC 6310)	1), 2) and 3) None 4) Unbound, except as indicated in the Temporary Entry for Business Persons Chapter.
- Retail sales of food products in supermarkets, self-service stores and shops (CPC 6310)	1), 2) and 3) None 4) Unbound, except as indicated in the Temporary Entry for Business Persons Chapter.
-Retail sales of non-food products in department stores and shops (CPC 632)	1), 2) and 3) None 4) Unbound, except as indicated in the Temporary Entry for Business Persons Chapter.
-Retail sales of motor vehicles, including tyres and spare parts (CPC 6112)	1), 2) and 3) None 4) Unbound, except as indicated in the Temporary Entry for Business Persons Chapter.
- Retail sales of non-food products in specialised establishments (excluding retail sales of liquefied fuel gas, charcoal, coal and other non-petroleum-based fuels, paraffin, fuel, and tractor vaporising oil (TVO),	1), 2) and 3) None 4) Unbound, except as indicated in the Temporary Entry for Business Persons Chapter.

gasoline and diesel, firearms, cartridges and ammunition) (CPC 6329)	
4.D. Franchise services	1), 2) and 3) None 4) Unbound, except as indicated in the Temporary Entry for Business Persons Chapter.
5.PRIVATE EDUCATION SERVICES	
5. A. Primary education services (CPC 921)	1) and 2) None 3) None except that prior authorisation is required from the Ministry of Public Education (Secretaria de Educación Pública, SEP) or the State authority. 4) Unbound, except as indicated in the Temporary Entry for Business Persons Chapter.
5. B. Secondary education services (CPC 922)	1) and 2) None 3) None except that prior authorisation is required from the Ministry of Public Education (Secretaria de Educación Pública, SEP) or the State authority. 4) Unbound, except as indicated in the Temporary Entry for Business Persons Chapter.
5. C. Higher education services (CPC 923)	1) and 2) None 3) None except that prior authorisation is required from the Ministry of Public Education (Secretaria de Educación Pública, SEP) or the State authority. 4) Unbound, except as indicated in the Temporary Entry for Business Persons Chapter.
5. E. Other education services: - Language education, special education and commercial training (CPC 9290)	1) and 2) None 3) None, except that prior authorisation is required from the Ministry of Public Education (Secretaria de Educación Pública, SEP) or the State authority. 4) Unbound, except as indicated in the Temporary Entry for Business Persons Chapter.
6. ENVIRONMENTAL SERVICES (4)	
6. A. Sewage services (CPC 9401)	1) Unbound 2) None 3) None 4) Unbound, except as indicated in the Temporary Entry for Business Persons Chapter.
6. B. Additional environmental services	
Refuse disposal services (CPC 9402)	1) Unbound 2) None 3) None 4) Unbound, except as indicated in the Temporary Entry for Business Persons Chapter.
Protection of ambient air and climate (CPC 9404)	1) Unbound 2) None 3) None 4) Unbound, except as indicated in the Temporary Entry for Business Persons Chapter.
Noise abatement services (CPC 9405)	1) Unbound 2) None 3) None 4) Unbound, except as indicated in the Temporary Entry for Business Persons Chapter.
Nature and landscape protection services	1) Unbound 2) None 3) None 4) Unbound, except as indicated in the

(CPC 9406)	Temporary Entry for Business Persons Chapter.
Limited to environmental impact assessments and Consultancy services for environmental protection services (CPC 9409)	1) Unbound 2) None 3) None 4) Unbound, except as indicated in the Temporary Entry for Business Persons Chapter.
6. C. Sanitation services (CPC 94030)	1) Unbound 2) None 3) None 4) Unbound, except as indicated in the Temporary Entry for Business Persons Chapter.

(4) The level of disaggregation of each of this sector's subsectors is interpreted in accordance with Mexico's domestic legislative framework and may not correspond exactly to the stated CPC classification.

Sector or subsector	Limitations on market access
8. HEALTH RELATED AND SOCIAL SERVICES	
8. A. Private hospital services (CPC 9311)	1) Unbound* 2) and 3) None 4) Unbound, except as indicated in the Temporary Entry for Business Persons Chapter.
8. B. Other human health services. - Private services of clinical laboratories auxiliary to medical diagnosis (CPC 93199)	1) Unbound 2) and 3) None 4) Unbound, except as indicated in the Temporary Entry for Business Persons Chapter.
- Other private services auxiliary to medical treatment (CPC 93191)	1) Unbound 2) and 3) None 4) Unbound, except as indicated in the Temporary Entry for Business Persons Chapter.
- Dental prosthesis laboratory services (CPC 93123)	1) Unbound 2) and 3) None 4) Unbound, except as indicated in the Temporary Entry for Business Persons Chapter.
9. TOURISM AND TRAVEL RELATED SERVICES	
9. A. Hotel and restaurant services	
-Hotel services (CPC 6411)	1), 2) and 3) None, except for the requirement of holding a permit to engage in the activity from the competent authority (Central, Regional or Local). 4) Unbound, except as indicated in the Temporary Entry for Business Persons Chapter.
-Motel services (CPC 6412)	1) Unbound* 2) None 3) None, except a permit from the competent authority (Central, Regional or Local) is required to engage in the activity. 4) Unbound, except as indicated in the Temporary Entry for Business Persons Chapter.

- Board and lodging in guest houses and furnished accommodation (CPC 64192 and 64193)	1) Unbound* 2) None 3) None, except a permit from the competent authority (Central, Regional or Local) is required to engage in the activity. 4) Unbound, except as indicated in the Temporary Entry for Business Persons Chapter.
- Youth hostels and temporary camping facilities (CPC 64194)	1) Unbound* 2) None 3) None, except a permit from the competent authority (Central, Regional or Local) is required to engage in the activity. 4) Unbound, except as indicated in the Temporary Entry for Business Persons Chapter.
- Camping facilities for mobile homes (trailer parks) (CPC 64195)	1) Unbound* 2) None 3) None, except a permit from the competent authority (Central, Regional or Local) is required to engage in the activity. 4) Unbound, except as indicated in the Temporary Entry for Business Persons Chapter.
-Restaurant services (CPC 642)	1), 2) and 3) None, except for the requirement of holding a permit to engage in the activity from the competent authority (Central, Regional or Local). 4) Unbound, except as indicated in the Temporary Entry for Business Persons Chapter.
- Cabarets and night clubs (CPC 6432)	1) Unbound* 2) None 3) None, except a permit from the competent authority (Central, Regional or Local) is required to engage in the activity. 4) Unbound, except as indicated in the Temporary Entry for Business Persons Chapter.
- Canteens, bars and taverns (CPC 6431)	1) Unbound* 2) None 3) None, except a permit from the competent authority (Central, Regional or Local) is required to engage in the activity. 4) Unbound, except as indicated in the Temporary Entry for Business Persons Chapter.
B. Travel agencies and tour operators (CPC 7471)	1) None 2) None 3) None, except a permit from the competent authority (Central, Regional or Local) is required to engage in the activity. 4) Unbound, except as indicated in the Temporary Entry for Business Persons Chapter.
C. Tourist guide services (CPC 7472)	1) Unbound* 2) None 3) None, except a permit from the competent authority (Central, Regional or Local) is required to engage in the activity. 4) Unbound, except as indicated in the Temporary Entry for Business Persons Chapter.
9. D. Others	
- Spa services (CPC 97029) Only includes: Private services in social centres, recreational and sports. Also, sports clubs services, gyms, spas, swimming pools, sports fields, billiards, bowling, horses and bicycles.	1), 2) and 3) None 4) Unbound, except as indicated in the Temporary Entry for Business Persons Chapter.

Excludes boats rental.	
Catering services, providing meals to outside (CPC 6423) (other than service on aircraft and in airports).	1) Unbound* 2) None 3) None except that a permit from the competent authority (Central, Regional or Local) is required to engage in the activity. 4) Unbound, except as indicated in the Temporary Entry for Business Persons Chapter.
Bar services with entertainment (only in hotels and other lodging places).	1) Unbound* 2) None 3) None, except that a permit from the competent authority (Central, Regional or Local) is required to engage in the activity. 4) Unbound, except as indicated in the Temporary Entry for Business Persons Chapter.
Public house services without entertainment (CPC 6431) (except in hotels, other lodging places and other means of transport)	1) Unbound* 2) None 3) None, except that a permit from the competent authority (Central, Regional or Local) is required to engage in the activity. 4) Unbound, except as indicated in the Temporary Entry for Business Persons Chapter.
10.RECREATIONAL, CULTURAL AND SPORTING SERVICES (other than audiovisual services)	
10. A. Entertainment services (including theatre, live bands and circus) (CPC 9619)	1), 2) and 3) None 4) Unbound, except as indicated in the Temporary Entry for Business Persons Chapter.
10. B. News agency services (CPC 962)	1), 2) and 3) None 4) Unbound, except as indicated in the Temporary Entry for Business Persons Chapter.
10. C. Libraries, archives, museums and other cultural services (CPC 963)	1), 2) and 3) None 4) Unbound, except as indicated in the Temporary Entry for Business Persons Chapter.
10. D. Sporting and other recreational services (CPC 964)	
- Sports event organisation services (CPC 96412)	1) Unbound * 2) and 3) None 4) Unbound, except as indicated in the Temporary Entry for Business Persons Chapter.
- Sports facility operation services (CPC 96413)	1) Unbound * 2) and 3) None 4) Unbound, except as indicated in the Temporary Entry for Business Persons Chapter.
- Other sporting services (only services provided by sport and game schools) (CPC 96419)	1) Unbound * 2) and 3) None 4) Unbound, except as indicated in the Temporary Entry for Business Persons Chapter.
-Promotion of sports services (CPC 96411)	1), 2) and 3) None 4) Unbound, except as indicated in the Temporary Entry for Business Persons Chapter.
11.TRANSPORT SERVICES	

A. Maritime transport services International Transport (freight and passengers) (CPC 7211 and 7212, other than cabotage transport)	1) Scheduled, bulk, tramp and other international maritime transport, including passenger transport. Specific international deep-sea transport may be reserved wholly or partly for shipping companies which are Mexican, or recognised as such, when the principles of free competition are not observed and the national economy is affected. 2) and 3) None 4) Unbound, except as indicated in the Temporary Entry for Business Persons Chapter.
- Supporting services for water transport (CPC 745) (includes operation and maintenance of docks; loading and unloading of vessels at shore-side; marine cargo handling, operation and maintenance of piers; ship and boat cleaning; stevedoring; transfer of cargo between ships and trucks, trains, pipelines and wharves; waterfront terminal operations)	1) None 2) None 3) None ) Unbound, except as indicated in the Temporary Entry for Business Persons Chapter.
-Supporting services for water transport (CPC 745) (limited to Maritime Port Administration, Lake and Rivers)	1) None 2) None 3) None ) Unbound, except as indicated in the Temporary Entry for Business Persons Chapter.
-Maritime cargo handling services	1) Unbound* 2) None 3) None ) Unbound, except as indicated in the Temporary Entry for Business Persons Chapter.
-Storage and warehousing services, except general bonded warehouses (CPC 742)	1) Unbound* 2) None 3) None ) Unbound, except as indicated in the Temporary Entry for Business Persons Chapter.
-Container station and depot services	1) Unbound* 2) None 3) None ) Unbound, except as indicated in the Temporary Entry for Business Persons Chapter.
-Maritime agency services	1) Unbound* 2) None 3) None ) Unbound, except as indicated in the Temporary Entry for Business Persons Chapter.
-Maritime freight forwarding services	1) Unbound* 2) None 3) None ) Unbound, except as indicated in the Temporary Entry for Business Persons Chapter.
-Vessel maintenance and repair	1) Unbound* 2) None 3) None ) Unbound, except as indicated in the Temporary Entry for Business Persons Chapter.
11. C. Air transport services	
e) Supporting services for air transport - Airport and heliport administration services	1) Unbound 2) None 3) None, except that a concession from the Ministry of Communications and Transport (Secretaría de Comunicaciones y Transportes, SCT) is required to operate an airport. 4) Unbound, except as indicated in the Temporary Entry for Business Persons

	Chapter.
11.E. Rail transport services. c. Pushing or towing services (CPC 7113)	1) Unbound * 2) and 3) None 4) Unbound, except as indicated in the Temporary Entry for Business Persons Chapter.
e. Supporting services for railway transport (CPC 743)	1) Unbound * 2) None 3) None 4) Unbound, except as indicated in the Temporary Entry for Business Persons Chapter.
11. F. Road transport services. d) Maintenance and repair of road transport equipment -Motor vehicle maintenance and repair services (CPC 6112 and 8867)	1), 2) and 3) None 4) Unbound, except as indicated in the Temporary Entry for Business Persons Chapter.
Other supporting services for road transport (CPC 74490) (limited to main bus and truck terminals and bus and truck stations)	1), 2) and 3) None 4) Unbound, except as indicated in the Temporary Entry for Business Persons Chapter.
e) Supporting services for road transport services Supporting services for road transport (CPC 744) limited to Management Services of Roads, Bridges and Auxiliary Services	1), 2) and 3) None 4) Unbound, except as indicated in the Temporary Entry for Business Persons Chapter.
11. G. Pipeline transport. b) Transportation of other goods (CPC 7139) limited to Non-energy Pipelines)	1), 2) and 3) None 4) Unbound, except as indicated in the Temporary Entry for Business Persons Chapter.
11. H. Services auxiliary to all modes of transport	
- Weighbridge services for transport purposes (CPC 7490)	1), 2) and 3) None 4) Unbound, except as indicated in the Temporary Entry for Business Persons Chapter.
- Supporting services for air transport	1), 2) and 3) None 4) Unbound, except as indicated in the Temporary Entry for Business Persons Chapter.
11. I. Other transport services	
- Tramway transport (CPC 71211)	1) Unbound 2) None 3) None 4) Unbound except as indicated in the Temporary Entry for Business Persons Chapter.
- Subway transport (CPC 71211)	1) Unbound 2) None 3) None 4) Unbound except as indicated in the Temporary Entry for Business Persons Chapter.
- Rental of commercial vehicles with operator (CPC 7124)	1) Unbound 2) None 3) None 4) Unbound except as indicated in the Temporary Entry for Business Persons Chapter.
12. OTHER SERVICES	

-Repair of footwear and other articles of leather and skins -Footwear and leather goods repair services (CPC 63301)	1), 2) and 3) None 4) Unbound, except as indicated in the Temporary Entry for Business Persons Chapter.
-Repair of electronic appliances mainly for household use (CPC 63302) - Repair services of electrical household appliances (CPC 63302)	1), 2) and 3) None 4) Unbound, except as indicated in the Temporary Entry for Business Persons Chapter.
-Repair of clocks, watches and jewellery (CPC 63303) - Watch, clock and jewellery repair services (CPC 63303)	1), 2) and 3) None 4) Unbound, except as indicated in the Temporary Entry for Business Persons Chapter.
- Repair and cleaning of headgear	1), 2) and 3) None (CPC 63304) 4) Unbound, except as indicated in the Temporary Entry for Business Persons Chapter.
-Repair of bicycles (CPC 63309) - Bicycle repair (CPC 63309)	1), 2) and 3) None 4) Unbound, except as indicated in the Temporary Entry for Business Persons Chapter.
- Locksmiths' trade (CPC 63309)	1) and 2) None 3) None, except that regional and local authorities are responsible for authorising these services. 4) Unbound, except as indicated in the Temporary Entry for Business Persons Chapter.

\* Unbound due to technical un feasibility.

\*\* The specified service constitutes only a part of the total number of activities covered by the corresponding CPC code.

\*\*\* The specified service is an element of a bigger CPC code added in another place in the list.

## Annex I. PERU - EXPLANATORY NOTES

1. The Schedule of Peru to this Annex sets out, pursuant to Article 8.11. (Non-Conforming Measures) and Article 9.7 (Non-Conforming Measures), Peru's existing measures that are not subject to some or all of the obligations imposed by:

- (a) Article 8.5 (National Treatment) or Article 9.3 (National Treatment);
- (b) Article 8.6 (Most-Favoured-Nation Treatment) or Article 9.4 (Most-Favoured Nation Treatment);
- (c) Article 8.9 (Performance Requirements);
- (d) Article 8.10 (Senior Management and Boards of Directors);
- (e) Article 9.6 (Market Access); or
- (f) Article 9.5 (Local Presence).

2. Each Schedule entry sets out the following elements:

- (a) Sector refers to the sector for which the entry is made;
- (b) Sub-Sector, where referenced, refers to the specific subsector for which the entry is made;
- (c) Industry Classification, where referenced, refers to the activity covered by the non-conforming measure, according to the provisional CPC codes as used in the Provisional Central Product Classification (Statistical Papers Series M No. 77, Department of International Economic and Social Affairs, Statistical Office of the United Nations, New York, 1991);
- (d) Obligations Concerned specifies the obligations referred to in paragraph 1 that, pursuant to Article 8.11.1(a) (Non-



Conforming Measures) and Article 9.7.1.(a) (Non-Conforming Measures), do not apply to the measures listed in the Measures element;

(e) Level of Government indicates the level of government maintaining the listed measures;

(f) Measures identifies the laws, regulations or other measures for which the entry is 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 subordinate measure adopted or maintained under the authority of and consistent with the measure; and

(g) Description provides a general non-binding description of the measure for which the entry is made.

3. Article 9.5 (Local Presence) and Article 9.3 (National Treatment) are separate disciplines and a measure that is only inconsistent with Article 9.5 (Local Presence) need not be reserved against Article 9.3 (National Treatment).

4. In accordance with Article 8.11.1 (Non-Conforming Measures) and Article 9.7.1 (Non-Conforming Measures), the articles of this Agreement specified in the Obligations Concerned element of an entry do not apply to the non-conforming aspects of the law, regulation or other measure identified in the Measures element of that entry.

## **Annex I. SCHEDULE OF PERU**

Sector: All

Sub-Sector:

Obligations Concerned: National Treatment (Article 8.5)

Level of Government: Central

Measures: Political Constitution of Peru (Constitución Política del Perú) (1993), Article 71

Legislative Decree N° 757, "El Peruano" Official Gazette of November 13, 1991, Framework Law for Private Investment Growth (Ley Marco para el Crecimiento de la Inversión Privada), Article 13

Description: Investment

No foreign national, enterprise constituted under foreign law or enterprise constituted under Peruvian law, and owned in whole or part, directly or indirectly, by foreign nationals may acquire or own, directly or indirectly, by any title, land or water (including mines, forest or energy sources) located within 50 kilometres of the Peruvian border. Exceptions may be authorised by Supreme Decree approved by the Council of Ministers in conformity with law in cases of expressly declared public necessity.

For each case of acquisition or possession within the referred area, the investor shall hand in the corresponding request to the relevant Ministry, pursuant to laws in force. For example, authorisations of this kind have been given in the mining sector.

Sector: Services Related to Fishing

Sub-Sector:

Obligations Concerned: National Treatment (Article 9.3)

Level of Government: Central

Measures: Supreme Decree N° 012-2001-PE, "El Peruano" Official Gazette of March 14, 2001, Regulation of the Fisheries Law (Reglamento de la Ley General de Pesca), Articles 67, 68, 69 and 70

Description: Cross-Border Trade in Services

Before commencing operations, ship owners of foreign flagged fishing vessels must present an unconditional, irrevocable letter of guarantee with automatic execution and joint liability, which will be valid for no more than 30 calendar days after the expiry of the fishing permit, issued for the benefit and to the satisfaction of the Ministry of Production by a financial, banking or insurance institution recognised by the Superintendency of Banking, Insurance and Private Administrators of Pension Funds (Superintendencia de Banca, Seguros y Administradoras Privadas de Fondos de Pensiones (AFP)). Such letter

shall be issued in an amount equal to 25 per cent of the amount that must be paid for fishing rights.

A ship owner of a foreign-flagged fishing vessel that is not of large scale (according to the regulation mentioned above) and that operates in Peruvian jurisdictional waters must have a Satellite Tracking System in its vessel, except for ship owners operating in highly migratory fisheries who are excepted from this obligation by a Ministerial Resolution.

Foreign-flagged fishing vessels with a fishing permit must have on board a scientific technical observer appointed by the Sea Institute of Peru (Instituto del Mar del Perú (IMARPE)). The ship owner must provide accommodation on board for that representative and a daily stipend, which must be deposited in a special account to be administered by IMARPE.

Ship owners of foreign-flagged fishing vessels that operate in Peruvian jurisdictional waters must hire a minimum of 30 per cent Peruvian crew, subject to applicable domestic legislation.

Sector: Broadcasting Services

Sub-Sector:

Obligations Concerned: National Treatment (Article 8.5) Local Presence (Article 9.5)

Level of Government: Central

Measures: Law N° 28278, "El Peruano" Official Gazette of July 16 2004, Radio and Television Law (Ley de Radio y Televisión), Article 24

Description: Investment and Cross-Border Trade in Services

Only Peruvian nationals or juridical persons organised under Peruvian law and domiciled in Peru may be authorised or licensed to offer broadcasting services.

No foreign national may hold an authorisation or a licence directly or through a sole proprietorship.

Sector: Broadcasting Services

Sub-Sector:

Obligations Concerned: Performance Requirements (Article 8.9) National Treatment (Article 9.3)

Level of Government: Central

Measures: Law N° 28278, "El Peruano" Official Gazette of July 16, 2004, Radio and Television Law (Ley de Radio y Televisión), Eighth Complementary and Final Provision

Description: Investment and Cross-Border Trade in Services

At least 30 per cent, on average, of the total weekly programs by free-to-air broadcasters must be produced in Peru and broadcasted between the hours of 05:00 and 24:00.

Sector: Broadcasting Services

Sub-Sector:

Obligations Concerned: National Treatment (Article 8.5 and Article 9.3) Most-Favoured-Nation Treatment (Article 8.6 and Article 9.4)

Level of Government: Central

Measures: Supreme Decree N° 005-2005-MTC, "El Peruano" Official Gazette of February 15, 2005, Regulation of the Radio and Television Law (Reglamento de la Ley de Radio y Televisión), Article 20

Description: Investment and Cross-Border Trade in Services

If a foreign national is, directly or indirectly, a shareholder, partner, or associate in a juridical person, that juridical person may not hold a broadcasting authorisation in a zone bordering that foreign national's country of origin, except in a case of public necessity authorised by the Council of Ministers.

This restriction does not apply to juridical persons with foreign equity which have two or more current authorisations, as long as they are of the same frequency band.

Sector: All

Sub-Sector:

Obligations Concerned: Senior Management and Boards of Directors (Article 8.10) National Treatment (Article 9.3) Most-Favoured-Nation Treatment (Article 9.4)

Level of Government: Central

Measures: Legislative Decree N° 689, "El Peruano" Official Gazette of November 5, 1991, Law for Foreign Workers Recruitment (Ley para la Contratación de Trabajadores Extranjeros), Articles 1, 3, 4, 5 (modified by Law N° 26196) and 6

Description: Investment and Cross-Border Trade in Services

All employers in Peru, independently of their activity or nationality, shall give preferential treatment to nationals when hiring employees.

Foreign natural persons who are service suppliers and who are employed by a service-supplying enterprise may supply services in Peru under a written and time-limited employment contract, which may not exceed three years.

The contract may be subsequently extended for like periods of time. Service-supplying enterprises must show proof of the company's commitment to train national personnel in the same occupation.

Foreign natural persons may not represent more than 20 per cent of the total number of employees of an enterprise, and their pay may not exceed 30 per cent of the total payroll for wages and salaries. These percentages will not apply in the following cases:

- (a) when the foreign national supplying the service is the spouse, parent, child or sibling of a Peruvian national;
- (b) when personnel work for a foreign enterprise supplying international land, air and water transport services under a foreign flag and registration;
- (c) when foreign personnel work in a multinational bank or an enterprise that supplies multinational services, subject to the laws governing specific cases;
- (d) for a foreign investor, provided that its investment permanently maintains in Peru at least five tax units (Unidad Impositiva Tributaria - UIT) (1) during the life of its contract;
- (e) for artists, athletes or other service suppliers engaged in public performances in Peruvian territory, for a maximum of three months a year;
- (f) when a foreign national has an immigrant visa;
- (g) for a foreign national whose country of origin has a labour reciprocity or dual nationality agreement with Peru; and
- (h) when foreign personnel supply services in Peru under a bilateral or multilateral agreement concluded by the Peruvian Government.

Employers may request waivers for the percentages related to the number of foreign employees and their share of the company's payroll in cases involving:

- (a) specialised professional or technical personnel;
- (b) directors or management personnel for a new business activity or reconverted business activity;
- (c) teachers hired for post-secondary education, or for foreign private elementary and high schools, or for language teaching in local private schools, or for specialised language centres;
- (d) personnel working for public or private enterprises with contractual agreements with public organisations, institutions or enterprises;

and

- (e) in any other case determined by Supreme Decree pursuant to specialisation, qualification or experience criteria.

(1) The "Unidad Impositiva Tributaria" (UIT) is an amount used as a reference in taxation rules in order to maintain in constant values the tax

basis, deductions, affectation limits and other aspects of the tax that the legislator considers convenient.

Sector: Professional Services

Sub-Sector: Legal services

Obligations Concerned: National Treatment (Article 8.5 and Article 9.3)

Level of Government: Central

Measures: Legislative Decree N° 1049, "El Peruano" Official Gazette of June 26, 2008, Notaries Law (Ley del Notariado), Article 10

Description: Investment and Cross-Border Trade in Services

Only a Peruvian national by birth may supply notary services.

Sector: Professional Services

Sub-Sector: Architectural services

Obligations Concerned: National Treatment (Article 8.5 and Article 9.3)

Level of Government: Central

Measures: Law N° 14085, "El Peruano" Official Gazette of June 30, 1962, Law establishing the Peruvian Association of Architects (Ley de Creación del Colegio de Arquitectos del Perú)

Law N° 16053, "El Peruano" Official Gazette of February 14, 1966, Professional Practice Law, authorising the Peruvian Associations of Architects and Engineers to supervise Engineering and Architecture professionals of the Nation (Ley del Ejercicio Profesional, Autoriza a los Colegios de Arquitectos e Ingenieros del Perú para supervisar a los profesionales de Ingeniería y Arquitectura de la República), Article 1

National Architects Council Agreement (Acuerdo del Consejo Nacional de Arquitectos), approved in Session N° 04-2009 of 15 December 2009

Description: Investment and Cross-Border Trade in Services

To practice as an architect in Peru, an individual must join the Peruvian Association of Architects (Colegio de Arquitectos del Perú). The enrolment fees are different for Peruvians and foreigners, and subject to review by the Peruvian Association of Architects (Colegio de Arquitectos del Perú).

Also, to obtain temporary registration, non-resident foreign architects must have a contract of association with a Peruvian architect residing in Peru.

Sector: Professional Services

Sub-Sector: Auditing services

Obligations Concerned: National Treatment (Article 8.5 and Article 9.3) Local Presence (Article 9.5)

Level of Government: Central

Measures: Rules of the Association of Public Accountants of Lima (Reglamento Interno del Colegio de Contadores Públicos de Lima), Articles 145 and 146

Description: Investment and Cross-Border Trade in Services

Auditing societies shall be constituted only by public accountants licensed and resident in the country and duly qualified by the Association of Public Accountants of Lima (Colegio de Contadores Públicos de Lima).

Sector: Security Services

Sub-Sector:

Obligations Concerned: National Treatment (Article 8.5 and Article 9.3) Local Presence (Article 9.5)

Level of Government: Central

Measures: Supreme Decree N° 003-2011-IN, "El Peruano" Official Gazette of March 31, 2011, Regulation of Private Security Services (Reglamento de Servicios de Seguridad Privada), Articles 12, 18, 22, 36, 40, 41, 46, 47 and 48

Description: Investment and Cross-Border Trade in Services

The supply of personal and heritage security services by natural persons is reserved to Peruvian nationals.

Only juridical persons constituted in Peru may apply for an authorisation to supply security services. It must prove its constitution in Peru by a copy of the registration form of the constitution for the enterprise.

Sector: Recreational, Cultural and Sporting Services

Sub-Sector: National artistic audio-visual production services

Obligations Concerned: National Treatment (Article 9.3)

Level of Government: Central

Measures: Law N° 28131, "El Peruano" Official Gazette of December 18, 2003, Law of the Artist and Performer (Ley del Artista, Intérprete y Ejecutante), Articles 23 and 25

Description: Cross-Border Trade in Services

Any domestic artistic audio-visual production must be comprised of at least 80 per cent Peruvian national artists.

Any domestic artistic live performances must be comprised of at least 80 per cent Peruvian national artists.

In any domestic artistic audio-visual production and any domestic artistic live performance, Peruvian national artists shall receive no less than 60 per cent the total payroll for wages and salaries paid to artists.

The same percentages established in the preceding paragraphs shall govern the work of technical personnel involved in artistic activities.

Sector: Recreational, Cultural and Sporting Services

Sub-Sector: Circus services

Obligations Concerned: National Treatment (Article 9.3)

Level of Government: Central

Measures: Law N° 28131, "El Peruano" Official Gazette of December 18, 2003, Law of the Artist and Performer (Ley del Artista, Intérprete y Ejecutante), Article 26

Description: Cross-Border Trade in Services

A foreign circus may stay in Peru with its original cast for a maximum of 90 days. This period may be extended for the same period of time. If it is extended, the foreign circus will include a minimum of 30 per cent Peruvian nationals as artists and 15 per cent Peruvian nationals as technicians. The same percentages shall apply to the payroll of salaries and wages.

Sector: Commercial Advertising Services

Sub-Sector:

Obligations Concerned: National Treatment (Article 9.3)

Level of Government: Central

Measures: Law N° 28131, "El Peruano" Official Gazette of December 18, 2003, Law of the Artist and Performer (Ley del Artista, Intérprete y Ejecutante), Articles 25 and 27.2

Description: Cross-Border Trade in Services

Commercial advertising produced in Peru must have at least 80 per cent Peruvian national artists.

In any commercial advertising produced in Peru, Peruvian national artists shall receive no less than 60 per cent of the total

payroll for wages and salaries paid to artists.

The same percentages established in the preceding paragraphs shall govern the work of technical personnel involved in commercial advertising.

Sector: Recreational, Cultural and Sporting Services

Sub-Sector: Bullfighting

Obligations Concerned: National Treatment (Article 9.3)

Level of Government: Central

Measures: Law N° 28131, "El Peruano" Official Gazette of December 18, 2003, Law of the Artist and Performer (Ley del Artista, Intérprete y Ejecutante), Article 28

Description: Cross-Border Trade in Services

At least one bullfighter of Peruvian nationality must participate in any bullfighting fair. At least one apprentice bullfighter of Peruvian nationality must participate in fights involving young bulls.

Sector: Broadcasting Services

Sub-Sector:

Obligations Concerned: Performance Requirements (Article 8.9) National Treatment (Article 9.3)

Level of Government: Central

Measures: Law N° 28131, "El Peruano" Official Gazette of December 18, 2003, Law of the Artist and Performer (Ley del Artista, Intérprete y Ejecutante), Articles 25 and 45

Description: Investment and Cross-Border Trade in Services

Free to air broadcast companies must dedicate at least 10 per cent of their daily programming to folklore and national music and to series or programs produced in Peru on Peruvian history, literature, culture or current issues with artists hired in the following percentages:

(a) a minimum of 80 per cent Peruvian national artists;

(b) Peruvian national artists shall receive no less than 60 per cent of the total payroll for wages and salaries paid to artists; and

(c) the same percentages established in the preceding paragraphs shall govern the work of technical personnel involved in artistic activities.

Sector: Customs Warehouses Services

Sub-Sector:

Obligations Concerned: Local Presence (Article 9.5)

Level of Government: Central

Measures: Supreme Decree N° 08-95-EF, "El Peruano" Official Gazette of February 5, 1995, Approve the Regulation of Customs Warehouses (Aprueban el Reglamento de Almacenes Aduaneros), Article 7

Description: Cross-Border Trade in Services

Only natural or juridical persons domiciled in Peru may apply for an authorisation to operate a customs warehouse.

Sector: Telecommunications Services

Sub-Sector:

Obligations Concerned: National Treatment (Article 9.3)

Level of Government: Central

Measures: Supreme Decree N° 020-2007-MTC, "El Peruano" Official Gazette of July 04, 2007, Consolidated Text of the General Rules of the Telecommunications Law (Texto Único Ordenado del Reglamento General de la Ley de Telecomunicaciones), Article 258

Description: Cross-Border Trade in Services

Call-back, understood as being the offer of telephone services for the realisation of attempts to make calls originating in Peru with the objective of obtaining a return call with an invitation to dial, coming from a basic telecommunications network located outside the national territory, is prohibited.

Sector: Transportation

Sub-Sector: Air Transportation and Specialty Air Services

Obligations Concerned: National Treatment (Article 8.5 and Article 9.3) Senior Management and Boards of Directors (Article 8.10) Local Presence (Article 9.5)

Level of Government: Central

Measures: Law N° 27261, "El Peruano" Official Gazette of May 10, 2000, Civil Aviation Law (Ley de Aeronáutica Civil), Articles 75 (modified by Legislative Decree N° 999, 19 April 2008) and 79

Peruvian Aviation Regulation N° 61 (Regulación Aeronáutica del Perú – RAP N° 61), "El Peruano" Official Gazette of December 14, 2013.

Supreme Decree N° 050-2001-MTC, "El Peruano" Official Gazette of December 26, 2001, Regulation of the Civil Aviation Law (Reglamento de la Ley de Aeronáutica Civil), Articles 159, 160 and VI Complementary Provision.

Description: Investment and Cross-Border Trade in Services

1. National Commercial Aviation (2) is reserved to a Peruvian natural or juridical person.
2. For the purposes of this entry, a Peruvian juridical person is an enterprise that fulfils the following requirements:
  - (a) it is constituted under Peruvian law, specifies commercial aviation as its corporate purpose, is domiciled in Peru, and has its principal activities and administration located in Peru;
  - (b) at least half plus one of the directors, managers and persons who control and manage the enterprise are Peruvian nationals or have permanent domicile or are resident in Peru; and
  - (c) at least 51 per cent of the capital stock must be owned by Peruvian nationals and be under the real and effective control of Peruvian shareholders or partners permanently domiciled in Peru (this limitation shall not apply to the enterprises constituted under Law N° 24882, which may maintain the ownership percentages set in such law). Six months after the date of authorisation of the enterprise to provide commercial air transportation services, foreign nationals may own up to 70 per cent of the capital stock of the enterprise.
3. In those operations conducted by national commercial aviation operators (explotadores nacionales), personnel performing aeronautical functions on board must be Peruvian nationals or foreign residents with a Peruvian licence.
4. In order to perform activities as a pilot of a Peruvian juridical person, the foreign pilot must prove, at least, two years of residence in Peru. This requirement is not applicable to the foreign resident who has the immigration category of "spouse" of a Peruvian national.
5. Notwithstanding the preceding paragraphs, the General Directorate of Civil Aviation (Dirección General de Aeronáutica Civil) may, for technical reasons, authorise foreign personnel without a Peruvian licence to perform these functions for a period not to exceed six months from the date on which the authorisation was granted, extendable due to ascertained nonexistence of such skilled personnel.

(2) For greater certainty, National Commercial Aviation includes Specialty Air Services.

Sector: Transportation

Sub-Sector: Aquatic transportation

Obligations Concerned: National Treatment (Article 8.5 and Article 9.3) Senior Management and Boards of Directors (Article 8.10) Local Presence (Article 9.5) Performance Requirements (Article 8.9)

Level of Government: Central

Measures: Law N° 28583, "El Peruano" Official Gazette of July 22, 2005, Law of the Reactivation and Promotion of the National Merchant Marine (Ley de Reactivación y Promoción de la Marina Mercante Nacional), Articles 4.1, 6.1, 7.1, 7.2, 7.4 and 13.6

Law N° 29475, Law that modifies Law N° 28583, "El Peruano" Official Gazette of December 17, 2009, Law of the Reactivation and Promotion of the National Merchant Marine (Ley de Reactivación y Promoción de la Marina Mercante Nacional), Article 13.6 and Tenth Transitory and Final Provision

Law N° 30580, Law that modifies Law N° 29475, Law of the Reactivation and Promotion of the National Merchant Marine, for Promoting Cabotage in Foreign Trade Operations (Ley de Reactivación y Promoción de la Marina Mercante Nacional, para Promover el Cabotaje en las Operaciones de Comercio Exterior), Articles 1 and 2.

Supreme Decree N° 028 DE/MGP, "El Peruano" Official Gazette of May 25, 2001, Regulation of the Law N° 26620 (Reglamento de la Ley N° 26620), Article I-010106, paragraph (a) Supreme Decree N° 015-2014-DE, "El Peruano" Official Gazette of November 28, 2014. Supreme Decree that approves the Legislative Decree N° 1147, that regulates the strengthening of the Armed Forces in the faculties of the National Maritime Authority-General Directorate of Captaincies and Coast Guard, Article 517.

Description: Investment and Cross-Border Trade in Services

A "national ship owner" or "national ship enterprise" is understood as a natural person of Peruvian nationality or juridical person constituted in Peru, with its principal domicile and real and effective headquarters in Peru, whose business is to provide services in water transportation in national traffic or cabotage (3) or international traffic and has obtained the relevant Operating Permit from the General Aquatic Transport Directorate (Dirección de Transporte Acuático).

With the exception of those who carry out maritime cabotage traffic for passengers and cargo, other than bulk liquids, to be considered a National Ship Owner or National Ship Enterprise, they must also be the owner or lessee under a financial lease or a bareboat charter, with an obligatory purchase option, of at least one Peruvian flag merchant vessel.

In order to carry out water transport activities, except passenger and cargo maritime cabotage traffic:

- a. At least 51 per cent of the subscribed and paid-in capital stock must be owned by Peruvian citizens.
- b. The Chair of the Board of Directors, the majority of the directors, and the General Manager must be Peruvian nationals and residents in Peru.
- c. The captain and crew of Peruvian-flagged vessels must be entirely Peruvian nationals authorised by the General Directorate of Captaincy and Coastguards (Dirección General de Capitanías y Guardacostas).

In exceptional cases and after ascertaining that there is no Peruvian qualified personnel with experience in that type of vessel available, foreign nationals may be hired to a maximum of 15 per cent of the total crew, and for a limited period of time. The latter exception does not include the captain of the vessel. Cabotage, with the exception of maritime cabotage of passengers and cargo and liquefied natural gas, is exclusively reserved to Peruvian flagged merchant vessels owned by a national ship owner or national ship enterprise or leased under a financial lease or a bareboat charter, with an obligatory purchase option, except that:

(a) foreign-flagged vessels may be operated exclusively by national ship owners or national ship enterprises for a period of three years for water transportation exclusively between Peruvian ports or cabotage when such an entity does not own its own vessels or lease vessels under a financial leasing or bareboat charter with purchase obligation. This period may be renewed up to one year.

In all cases of Aquatic Transportation:

- a. to obtain the Practitioner's license, you must be a Peruvian citizen.
- b. the transport of hydrocarbons in national waters is reserved up to 25 percent for ships of the Peruvian Navy.
- c. the national ship owner or national ship enterprise who signs a contract for the construction or repair of a vessel with a national shipyard, may lease a foreign flag vessel for a period equivalent to the period of construction or reparation. That period may not exceed five years.



(3) For greater certainty, water transportation includes transportation by lakes and rivers.

Sector: Transportation

Sub-Sector: Aquatic transportation

Obligations Concerned: National Treatment (Article 8.5 and Article 9.3) Local Presence (Article 9.5)

Level of Government: Central

Measures: Supreme Decree N° 056-2000-MTC, "El Peruano" Official Gazette of December 31, 2000, Provides that aquatic transportation services and related services conducted in bays and port areas must be provided by authorised natural and juridical persons, with vessels and artifacts of national flag (Disponen que servicios de transporte marítimo y conexos realizados en bahías y áreas portuarias deberán ser prestados por personas naturales y jurídicas autorizadas, con embarcaciones y artefactos de bandera nacional), Article 1 Ministerial Resolution N° 259-2003-MTC/02, "El Peruano" Official Gazette of April 4, 2003, Approve Regulation of Aquatic Transportation services and related services rendered in bay traffic and port areas (Aprueban Reglamento de los servicios de Transporte Acuático y Conexos Prestados en Tráfico de Bahía y Áreas Portuarias), Articles 5 and 7

Description: Investment and Cross-Border Trade in Services

Water transport and related services supplied in bay and port areas must be supplied by natural persons domiciled in Peru, and juridical persons constituted and domiciled in Peru, properly authorised with Peruvian flag vessels and equipment, including:

- (a) fuel replenishment services;
- (b) mooring and unmooring services;
- (c) diving services;
- (d) victualing services;
- (e) dredging services;
- (f) harbour pilotage services;
- (g) waste collection services;
- (h) tug boat services; and
- (i) transport of persons.

Sector: Transportation

Sub-Sector: Aquatic transportation

Obligations Concerned: National Treatment (Article 9.3) Local Presence (Article 9.5)

Level of Government: Central

Measures: Supreme Decree N° 006-2011-MTC, "El Peruano" Official Gazette of February 4, 2011, Supreme Decree that approves the Regulation of Tourist Water Transportation (Decreto Supremo que aprueba el Reglamento de Transporte Turístico Acuático), Article 1

Description: Cross-Border Trade in Services

The tourist water transport service will be provided by natural or juridical persons, domiciled and constituted in Peru. At the regional and national level, the tourist water transport service is reserved to be provided exclusively with owned or chartered Peruvian flagged ships or in the form of financial lease or a bareboat charter, with purchase option mandatory.

Sector: Transportation

Sub-Sector: Aquatic transportation

Obligations Concerned: National Treatment (Article 9.3)

Level of Government: Central

Measures: Law N° 27866, "El Peruano" Official Gazette of November 16, 2002, Port Labour Law (Ley del Trabajo Portuario), Articles 3 and 7

Description: Cross-Border Trade in Services

Only Peruvian citizens may register in the Registry of Port Workers.

Sector: Transportation

Sub-Sector: Land transportation of passengers

Obligations Concerned: Local Presence (Article 9.5)

Level of Government: Central

Measures: Supreme Decree N° 017-2009-MTC, "El Peruano" Official Gazette of April 22, 2009, National Regulation of Transport Management (Reglamento Nacional de Administración de Transportes), Article 33, modified by Supreme Decree N° 006-2010-MTC of 22 January 2010

Description: Cross-Border Trade in Services

To supply land transport services it is necessary to have adequate physical infrastructure, which includes, when appropriate: offices; bus terminals for persons or goods; route stations; bus stops; all other infrastructure used as a place for loading, unloading and storage of goods; maintenance workshops; and any other infrastructure necessary for the supply of the service.

Sector: Transportation

Sub-Sector: Land transportation

Obligations Concerned: National Treatment (Article 9.3)

Level of Government: Central

Measures: Agreement on International Land Transport (Acuerdo sobre Transporte Internacional Terrestre - ATIT), signed between the Governments of the Republic of Chile, the Republic of Argentina, the Republic of Bolivia, the Federal Republic of Brazil, the Republic of Paraguay, the Republic of Peru and the Oriental Republic of Uruguay, done at Montevideo on January 1, 1990.

Description: Cross-Border Trade in Services

Foreign vehicles allowed by Peru, in conformity with the ATIT (4), which carry out international transportation by road, are not able to supply local transport (cabotage) in the Peruvian territory.

(4) The Agreement on International Land Transport (ATIT) applies to international land transport between signatory countries (the Governments of the Republic of Chile, the Republic of Argentina, the Republic of Bolivia, the Federal Republic of Brazil, the Republic of Paraguay, the Republic of Peru and the Oriental Republic of Uruguay) for purposes of land transportation between two signatory countries as well as transit to a third country.

Sector: Research and Development Services

Sub-Sector: Archaeological services

Obligations Concerned: National Treatment (Article 9.3)

Level of Government: Central

Measures: Supreme Decree N° 003-2014-MC, "El Peruano" Official Gazette of October 3, 2014, Regulation of Archaeological Interventions (Reglamento de Intervenciones Arqueológicas), Article 30

Description: Cross-Border Trade in Services

Archaeological research programs and projects headed by a foreign archaeologist, who does not reside in Peru, must have a Peruvian director.

Both directors shall be registered in the National Registry of Archaeologists and shall assume the same responsibilities in the formulation and the integral execution of the project (field and office work), and in the elaboration of the final report.

Sector: Services related to Energy Services

Sub-Sector:

Obligations Concerned: National Treatment (Article 9.3) Local Presence (Article 9.5)

Level of Government: Central

Measures: Law N° 26221, "El Peruano" Official Gazette of August 19, 1993, General Law of Hydrocarbons (Ley General de Hidrocarburos), Article 15

Description: Cross-Border Trade in Services

In order to enter into an exploration contract in Peru, foreign natural persons must register in the Public Registry and provide a power of attorney to a Peruvian national resident in the capital of the Republic of Peru.

Foreign enterprises must establish a branch or constitute a society under the General Law of Corporations (Ley General de Sociedades), be domiciled in the capital of the Republic of Peru, and appoint a Peruvian national as an executive agent.

## **Annex II. PERU - EXPLANATORY NOTES**

1. The Schedule of Peru to this Annex sets out, pursuant to Article 8.11 (Non-Conforming Measures) and Article 9.7 (Non-Conforming Measures), the specific sectors, subsectors or activities for which Peru may maintain existing, or adopt new or more restrictive, measures that do not conform with obligations imposed by:

(a) Article 8.5 (National Treatment) or Article 9.3 (National Treatment);

(b) Article 8.6 (Most-Favoured-Nation Treatment) or Article 9.4 (Most-Favoured Nation Treatment);

(c) Article 8.9 (Performance Requirements);

(d) Article 8.10 (Senior Management and Boards of Directors);

(e) Article 9.6 (Market Access); or

(f) Article 9.5 (Local Presence)

2. Each Schedule entry sets out the following elements:

(a) Sector refers to the sector for which the entry is made;

(b) Sub-Sector, where referenced, refers to the specific subsector for which the entry is made;

(c) Industry Classification, where referenced, refers to the activity covered by the non-conforming measure, according to the provisional CPC codes as used in the Provisional Central Product Classification (Statistical Papers Series M No. 77, Department of International Economic and Social Affairs, Statistical Office of the United Nations, New York, 1991);

(d) Obligations Concerned specifies the obligations referred to in paragraph 1 that, pursuant to Article 8.11.2 (Non-Conforming Measures) and Article 9.7.2 (Non-Conforming Measures), do not apply to the sectors, subsectors or activities listed in the entry;

(e) Description sets out the scope or nature of the sectors, subsectors or activities covered by the entry to which the reservation applies; and

(f) Existing Measures, where specified, identifies, for transparency purposes, a non-exhaustive list of existing measures that apply to the sectors, subsectors or activities covered by the entry.

3. In accordance with Article 8.11.2 (Non-Conforming Measures) and Article 9.7.2 (Non-Conforming Measures), the articles of this Agreement specified in the Obligations Concerned element of an entry do not apply to the sectors, subsectors and activities identified in the Description element of that entry.

## **Annex II. SCHEDULE OF PERU**

Sector: All

Sub-Sector:

Obligations Concerned: Most-Favoured-Nation Treatment (Article 8.6 and Article 9.4)

Description: Investment and Cross-Border Trade in Services

Peru reserves the right to adopt or maintain any measure that accords differential 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.

Peru reserves the right to adopt or maintain any measure that accords differential treatment to countries under any bilateral or multilateral international agreements in force or signed after the date of entry into force of this Agreement involving:

(a) aviation;

(b) fisheries; or

(c) maritime matters, (1) including salvage.

Existing Measures:

(1) For greater certainty, maritime matters include transport by lakes and rivers.

Sector: All

Sub-Sector:

Obligations Concerned: National Treatment (Article 8.5) Most-Favoured-Nation Treatment (Article 8.6) Senior Management and Boards of Directors (Article 8.10)

Description: Investment

Peru, when selling or disposing of its equity interests in, or the assets of, an existing state enterprise (2) or an existing governmental entity, may prohibit or impose limitations on the ownership of such interests or assets, and on the ability of owners of such interests or assets to control any resulting enterprise, by investors of a Party or of a non-Party or their investments. With respect to such a sale or other disposition, Peru may adopt or maintain any measure relating to the nationality of individuals appointed to senior management positions or members of the board of directors.

For the purposes of this entry:

(a) any measure maintained or adopted after the date of entry into force of this Agreement that, 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 entry shall be deemed to be an existing measure subject to Article 8.11.1, Article 8.11.4, Article 8.11.5 and Article 8.11.6 (Non-Conforming Measures) and Article 9.7.1 (Non-Conforming Measures); and

(b) "state enterprise" means an enterprise owned or controlled through ownership interests by Peru and includes an enterprise established after the date of entry into force of this Agreement solely for the purposes of selling or disposing of equity interests in, or the assets of, an existing state enterprise or governmental entity.

Existing Measures:

(2) An illustrative list of existing state enterprises in Peru can be found in the following website: [www.fonafe.gob.pe](http://www.fonafe.gob.pe).

Sector: Indigenous Communities, Peasant, Native and Minority Affairs

Sub-Sector:

Obligations Concerned: National Treatment (Article 8.5 and Article 9.3) Most-Favoured-Nation Treatment (Article 8.6 and Article 9.4) Performance Requirements (Article 9.10) Senior Management and Boards of Directors (Article 8.10) Local Presence (Article 9.5)

Description: Investment and Cross-Border Trade in Services

Peru reserves the right to adopt or maintain any measure according rights or preferences to socially or economically disadvantaged minorities and ethnic groups. For purposes of this entry, "ethnic groups" means indigenous, native, and peasant communities.

Existing Measures:

Sector: Fishing and Services related to Fishing

Sub-Sector:

Obligations Concerned: National Treatment (Article 8.5 and Article 9.3) Most-Favoured-Nation Treatment (Article 8.6 and Article 9.4) Performance Requirements (Article 9.10)

Description: Investment and Cross-Border Trade in Services

Peru reserves the right to adopt or maintain any measure relating to artisanal fishing.

Existing Measures:

Sector: Cultural Industries

Sub-Sector:

Obligations Concerned: Most-Favoured-Nation Treatment (Article 8.6 and Article 9.4)

Description: Investment and Cross-Border Trade in Services

For purposes of this entry, "cultural industries" means:

(a) publication, distribution, or sale of books, magazines, periodical publications, or printed or electronic newspapers, excluding the printing and typesetting of any of the foregoing;

(b) production, distribution, sale, or display of recordings of movies or videos;

(c) production, distribution, sale, or display of music recordings in audio or video format;

(d) production and presentation of theatre arts; (3)

(e) production and exhibition of visual arts;

(f) production, distribution, or sale of printed music scores or scores readable by machines;

(g) design, production, distribution and sale of handicrafts; or

(h) radiobroadcasts aimed at the public in general, as well as all radio, television, and cable television-related activities, satellite programming services, and broadcasting networks.

Peru reserves the right to adopt or maintain any measure giving preferential treatment to persons of other countries pursuant to any existing or future bilateral or multilateral international agreement regarding cultural industries, including audio-visual cooperation agreements.

For greater certainty, Article 8.5 (National Treatment) and Article 8.6 (Most-Favoured-Nation Treatment) and Chapter 10 (Cross-Border Trade in Services) shall not apply to government support for the promotion of cultural industries.

Existing Measures:

(3) The term "theatre arts" means live performances or presentations such as drama, dance or music.

Sector: Handicraft Industries

Sub-Sector:

Obligations Concerned: National Treatment (Article 8.5 and Article 9.3) Performance Requirements (Article 9.10)

Description: Investment and Cross-Border Trade in Services

Peru reserves the right to adopt or maintain any measure relating to the design, distribution, retailing or exhibition

of handicrafts that are identified as Peruvian handicrafts.

Performance requirements shall in all cases be consistent with the WTO Agreement on Trade-Related Investment Measures (TRIMs Agreement).

Existing Measures:

Sector: Audio-Visual Industry

Sub-Sector:

Obligations Concerned: Performance Requirements (Article 9.10) National Treatment (Article 9.3)

Description: Investment and Cross-Border Trade in Services

Peru reserves the right to adopt or maintain any measure whereby a specified percentage (up to 20 per cent) of the total cinematographic works shown on an annual basis in cinemas or exhibition rooms in Peru consist of Peruvian cinematographic works. In establishing such percentage, Peru shall take into account factors including the national cinematographic production, the existing exhibition infrastructure in the country and attendance.

Existing Measures:

Sector: Jewellery Design, Theatre Arts, Visual Arts, Music Publishing

Sub-Sector:

Obligations Concerned: Performance Requirements (Article 9.10) National Treatment (Article 9.3)

Description: Investment and Cross-Border Trade in Services

Peru reserves the right to adopt or maintain any measure conditioning the receipt or continued receipt of government support for the development and production of jewellery design, theatre arts, visual arts, music and publishing on the recipient achieving a given level or percentage of domestic creative content.

Existing Measures:

Sector: Audio-Visual Industry, Music Publishing

Sub-Sector:

Obligations Concerned: National Treatment (Article 8.5 and Article 9.3) Most-Favoured-Nation Treatment (Article 8.6 and Article 9.4)

Description: Investment and Cross-Border Trade in Services

Peru may adopt or maintain any measure that affords a person of the other Party the treatment that is afforded by that Party to

Peruvian persons in the audio-visual, publishing and music sectors.

Existing Measures:

Sector: Social Services

Sub-Sector:

Obligations Concerned: National Treatment (Article 8.5 and Article 9.3) Most-Favoured-Nation Treatment (Article 8.6 and Article 9.4) Performance Requirements (Article 9.10) Senior Management and Boards of Directors (Article 8.10) Local Presence (Article 9.5)

Description: Investment and Cross-Border Trade in Services

Peru reserves the right to adopt or maintain any measure with respect to the provision of law enforcement and correctional services, and the following services to the extent that they are social services established or maintained for a public purpose:

income security and insurance, social security, social welfare, public education, public training, health and childcare.

Existing Measures:

Sector: Public Supply of Potable Water

Sub-Sector:

Obligations Concerned: Local Presence (Article 9.5)

Description: Cross-Border Trade in Services

Peru reserves the right to adopt or maintain any measure in relation to the public supply of potable water.

For greater certainty, nothing in this entry shall affect the ability of a foreign enterprise to supply bottled water.

Existing Measures:

Sector: Public Sewage Services

Sub-Sector:

Obligations Concerned: Local Presence (Article 9.5)

Description: Cross-Border Trade in Services

Peru reserves the right to adopt or maintain any measure in relation to public sewage services.

Existing Measures:

Sector: Telecommunications Services

Sub-Sector:

Obligations Concerned: Most-Favoured-Nation Treatment (Article 9.4) Local Presence (Article 9.5)

Description: Cross-Border Trade in Services

Peru reserves the right to adopt or maintain any measure in relation to the granting of a concession for the installation, operation and exploitation of public telecommunication services.

Existing Measures:

Sector: Education Services

Sub-Sector:

Obligations Concerned: National Treatment (Article 9.3) Most-Favoured-Nation Treatment (Article 9.4) Local Presence (Article 9.5)

Description: Cross-Border Trade in Services

Peru reserves the right to adopt or maintain any measure relating to natural persons who supply educational services, including teachers and auxiliary personnel rendering educational services in basic and superior education including technical and productive training (educación técnico productiva) as well as other people who supply services related to education including sponsors of educational institutions of any level or stage of the educational system.

Existing Measures:

Sector: Transportation Services

Sub-Sector: Road Transportation Services

Obligations Concerned: National Treatment (Article 9.3)

Description: Cross-Border Trade in Services

Peru reserves the right to adopt or maintain any measure that authorises only Peruvian natural or juridical persons to supply land transportation of persons or merchandise inside the territory of Peru (cabotage). For this, the enterprises shall use vehicles registered in Peru.

Existing Measures:

Sector: Transportation

Sub-Sector: International road transportation services

Obligations Concerned: National Treatment (Article 8.5 and Article 9.3) Most-Favoured-Nation Treatment (Article 8.6 and Article 9.4) Local Presence (Article 9.5)

Description: Investment and Cross-Border Trade in Services

Peru reserves the right to adopt or maintain any measure relating to the international land transportation of cargo or passengers in border areas.

Additionally, Peru reserves the right to adopt or maintain the following limitations for the supply of international land transportation from Peru:

(a) the service supplier must be a Peruvian natural or juridical person;

(b) the service supplier must have a real and effective domicile in Peru; and

(c) in the case of juridical persons, the service supplier must be legally constituted in Peru and more than 50 per cent of its capital stock must be owned by Peruvian nationals and its effective control must be by Peruvian nationals.

Existing Measures:

Sector: Transportation

Sub-Sector: Air transportation services

Obligations Concerned: Most-Favoured-Nation Treatment (Article 9.4) Local Presence (Article 9.5)

Description: Cross-Border Trade in Services

Peru reserves the right to adopt or maintain any measure relating to ground-handling services.

Existing Measures:

Sector: Transportation

Sub-Sector: Air transportation services

Obligations Concerned: National Treatment (Article 9.3) Most-Favoured-Nation Treatment (Article 9.4) Local Presence (Article 9.5)

Description: Cross-Border Trade in Services

Peru reserves the right to adopt or maintain any measure relating to airport operation services.

Existing Measures:

Sector: All

Sub-Sector:

Obligations Concerned: Market Access (Article 9.6)

Description: Cross-Border Trade in Services

Peru reserves the right to adopt or maintain any measure relating to Article 9.6 (Market Access), except for the following sectors and sub-sectors subject to the limitations and conditions listed below:

Legal services: For (a) and (c): None, except that the number of notary positions depends of the number of inhabitants of each city. For (b): None. For (d): No commitments, except as indicated in the Law for Foreign Workers Recruitment (Ley para la Contratación de Trabajadores Extranjeros).

Accounting, auditing and bookkeeping services: For (a) and (c): None, except that auditing societies shall be constituted only and exclusively by public accountants licensed and resident in the country and duly qualified by the Association of Public



Accountants of Lima (Colegio de Contadores Públicos de Lima). No partner may be a member of another auditing society in Peru. For (b): None. For (d): No commitments, except as indicated in the Law for Foreign Workers Recruitment (Ley para la Contratación de Trabajadores Extranjeros).

Taxation services: For (a), (b) and (c): None. For (d): No commitments, except as indicated in the Law for Foreign Workers Recruitment (Ley para la Contratación de Trabajadores Extranjeros).

Architectural services: For (a), (b) and (c): None, except that for temporary registration, non-resident foreign architects must have a contract of association with a Peruvian architect residing in Peru. For (d): No commitments, except as indicated in the Law for Foreign Workers Recruitment (Ley para la Contratación de Trabajadores Extranjeros).

Engineering services: For (a), (b) and (c): None. For (d): No commitments, except as indicated in the Law for Foreign Workers Recruitment (Ley para la Contratación de Trabajadores Extranjeros).

Integrated engineering services: For (a), (b) and (c): None. For (d): No commitments, except as indicated in the Law for Foreign Workers Recruitment (Ley para la Contratación de Trabajadores Extranjeros).

Urban planning and landscape architectural services: For (a), (b) and (c): None, except that to obtain temporary registration, non-resident foreign architects must have a contract of association with a Peruvian architect residing in Peru. For (d): No commitments, except as indicated in the Law for Foreign Workers Recruitment (Ley para la Contratación de Trabajadores Extranjeros).

Veterinary Services: For (a), (b) and (c): None. For (d): No commitments, except as indicated in the Law for Foreign Workers Recruitment (Ley para la Contratación de Trabajadores Extranjeros).

Services provided by midwives, nurses, physiotherapists, and paramedical personnel: For (a), (b) and (c): None. For (d): No commitments, except as indicated in the Law for Foreign Workers Recruitment (Ley para la Contratación de Trabajadores Extranjeros).

Computer and Related Services: For (a), (b) and (c): None. For (d): No commitments, except as indicated in the Law for Foreign Workers Recruitment (Ley para la Contratación de Trabajadores Extranjeros).

Research and Development services on natural sciences: For (a), (b) and (c): None, except that a permission of operation may be required and the competent authority may require the inclusion to the expedition of one or more representatives of the Peruvian pertinent activities, in order to participate and know the studies and its scope. For (d): No commitments, except as indicated in the Law for Foreign Workers Recruitment (Ley para la Contratación de Trabajadores Extranjeros).

Research and Development services on social sciences and humanities: For (a), (b) and (c): None, subject to the respective authorisations of the competent authority. For (d): No commitments, except as indicated in the Law for Foreign Workers Recruitment (Ley para la Contratación de Trabajadores Extranjeros).

Interdisciplinary Research and Development services: For (a), (b) and (c): None, except that a permission of operation may be required. For (d): No commitments, except as indicated in the Law for Foreign Workers Recruitment (Ley para la Contratación de Trabajadores Extranjeros).

Real Estate Services: Involving owned or leased property or on a fee or contract basis: For (a), (b) and (c): None. For (d): No commitments, except as indicated in the Law for Foreign Workers Recruitment (Ley para la Contratación de Trabajadores Extranjeros).

Rental/leasing services without crew/operators, related to vessels, aircraft, any other transport equipment, and other machinery and equipment: For (a), (b) and (c): None, except that: A "National Shipowner" or "National Ship Enterprise" is understood as a natural person of Peruvian nationality or juridical person constituted in Peru, with its principal domicile and real and effective headquarters in Peru, whose business is to provide water transportation services in national traffic or cabotage (4) or international traffic and who is the owner or lessee under a financial lease or a bareboat charter, with an obligatory purchase option, of at least one Peruvian flag merchant vessel and that has obtained the relevant Operation Permit from the General Aquatic Transport Directorate (Dirección General de Transporte Acuático). Cabotage is exclusively reserved to Peruvian flagged merchant vessels owned by a National Shipowner or National Ship Enterprise or leased under a financial lease or a bareboat charter, with an obligatory purchase option, except that: (i) up to 25 per cent of the transport of hydrocarbons in national waters is reserved for the ships of the Peruvian Navy; and (ii) for the transportation of bulk liquids, it will be allowed the chartering of foreign-flagged vessels may be operated exclusively by National Shipowners or National Ship Enterprise for a period of no more than six months for water transportation exclusively between Peruvian ports or cabotage when such an entity does not own its own vessels or lease vessels under

the modalities previously mentioned. (iii) The maritime cabotage of passengers is allowed, and cargo other than bulk liquids and may be carried out by a natural person or legal person or foreigner, with ships with a Peruvian flag or with ships with a foreign flag, who have obtained the respective permit. of operation granted by the Directorate of Authorizations in Aquatic Transport of the Ministry of Transport and Communications. For (d): No commitments, except as indicated in the Law for Foreign Workers Recruitment (Ley para la Contratación de Trabajadores Extranjeros).

(4) For greater certainty, water transportation includes transportation by lakes and rivers.

Advertising services: For (a), (b) and (c): None, except that: Commercial advertising produced in Peru, must use at least 80 per cent national artists. National artists shall receive no less than 60 per cent of the total payroll for wages and salaries paid to artists. The same percentages established in the preceding paragraphs shall govern the work of technical personnel involved in commercial advertising. For (d): No commitments, except as indicated in the Law of the Artist and Performer (Ley del Artista, Intérprete y Ejecutante) and Law for Foreign Workers Recruitment (Ley para la Contratación de Trabajadores Extranjeros).

Market research and public opinion polling services, management consulting services, services related to management consulting, and technical testing and analysis services: For (a), (b) and (c): None. For (d): No commitments, except as indicated in the Law for Foreign Workers Recruitment (Ley para la Contratación de Trabajadores Extranjeros).

Services related to agriculture, hunting, and forestry: For (a), (b) and (c): None. For (d): No commitments, except as indicated in the Law for Foreign Workers Recruitment (Ley para la Contratación de Trabajadores Extranjeros).

Services incidental to fishing: solely advisory and consulting services relating to fishing: For (a), (b) and (c): None. For (d): No commitments, except as indicated in the Law for Foreign Workers Recruitment (Ley para la Contratación de Trabajadores Extranjeros).

Services related to mining, placement and supply services of personnel, and investigation and security services: For (a), (b) and (c): None. For (d): No commitments, except as indicated in the Law for Foreign Workers Recruitment (Ley para la Contratación de Trabajadores Extranjeros).

Related scientific and technical consulting services: For (a), (b) and (c): None. For (d): No commitments, except as indicated in the Law for Foreign Workers Recruitment (Ley para la Contratación de Trabajadores Extranjeros).

Maintenance and repair of equipment (not including vessels, aircraft, or other transport equipment), building-cleaning services, photographic services, packing services and convention services: For (a), (b) and (c): None. For (d): No commitments, except as indicated in the Law for Foreign Workers Recruitment (Ley para la Contratación de Trabajadores Extranjeros).

Printing and publishing services: For (a), (b) and (c): None. For (d): No commitments, except as indicated in the Law for Foreign Workers Recruitment (Ley para la Contratación de Trabajadores Extranjeros).

Other (CPC 8790) except: credit rating services (CPC 87901); jewellery design services; design services of handicrafts that are identified as Peruvian handicrafts; and other business services non elsewhere classified (CPC 87909): For (a), (b) and (c): None. For (d): No commitments, except as indicated in the Law for Foreign Workers Recruitment (Ley para la Contratación de Trabajadores Extranjeros).

Advisory services on telecommunications: For (a), (b) and (c): None. For (d): No commitments, except as indicated in the Law for Foreign Workers Recruitment (Ley para la Contratación de Trabajadores Extranjeros).

National or international long-distance telecommunications services: For (a), (b), (c) and (d): Peru reserves the right to adopt or maintain any measure that is not inconsistent with Peru's obligations under Article XVI of GATS.

Carrier telecommunications services, private telecommunications services and value added services (5): For (a), (b), (c): None, except for the obligation of obtaining a concession, authorisation, registry or any other title which Peru considers convenient to grant in order to habilitate the suppliers to provide these services. The juridical persons constituted under Peruvian law can be eligible for a concession. Call-back, understood as being the offer of telephone services for the realisation of attempts to make calls originating in the country with the objective of obtaining a return call with an invitation to dial, coming from a basic telecommunications network located outside the national territory, is prohibited. International traffic shall be routed through the installations of a company holding a concession or other permission for operation granted by the Ministry of Transport and Communications (Ministerio de Transportes y Comunicaciones). Interconnection among private services is prohibited. For (d): No commitments, except as indicated in the Law for Foreign Workers Recruitment (Ley para la Contratación de Trabajadores Extranjeros).

(5) Value added services shall be defined in accordance with Peruvian legislation.

Commission agents services (except hydrocarbons): For (a), (b) and (c): None. For (d): No commitments, except as indicated in the Law for Foreign Workers Recruitment (Ley para la Contratación de Trabajadores Extranjeros).

Retailing services, except alcohol and tobacco: For (a), (b) and (c): None. For (d): No commitments, except as indicated in the Law for Foreign Workers Recruitment (Ley para la Contratación de Trabajadores Extranjeros).

Wholesale trade services (except hydrocarbons): For (a), (b) and (c): None. For (d): No commitments, except as indicated in the Law for Foreign Workers Recruitment (Ley para la Contratación de Trabajadores Extranjeros).

Franchising: For (a), (b) and (c): None. For (d): No commitments, except as indicated in the Law for Foreign Workers Recruitment (Ley para la Contratación de Trabajadores Extranjeros).

Environmental services: solely consulting services: For (a), (b) and (c): None. For (d): No commitments, except as indicated in the Law for Foreign Workers Recruitment (Ley para la Contratación de Trabajadores Extranjeros).

Hotels and restaurants (including catering), travel agencies and tour operators services, and tourist guide services: For (a), (b) and (c): None. For (d): No commitments, except as indicated in the Law for Foreign Workers Recruitment (Ley para la Contratación de Trabajadores Extranjeros).

Entertainment services (including theatre, live bands, and circus services), news agencies services, libraries, archives, museums, and other cultural and sporting services: For (a), (b) and (c): None, except that: (i) any domestic theatre (6) and visual arts production and any domestic artistic live performance must be comprised of at least 80 per cent national artists. National artists shall receive no less than 60 per cent of the total payroll for wages and salaries paid to artists. The same percentages established in the preceding paragraphs shall govern the work of technical personnel involved in artistic activities. (ii) a foreign circus may stay in Peru with the original cast for a maximum of 90 days. This period may be extended for the same period of time. If it is extended, the foreign circus will include a minimum of 30 per cent Peruvian nationals as artists and 15 per cent Peruvian nationals as technicians. The same percentages shall apply to the payroll of salaries and wages. For (d): No commitments, except as indicated in the Law of the Artist and Performer (Ley del Artista, Intérprete y Ejecutante) and Law for Foreign Workers Recruitment (Ley para la Contratación de Trabajadores Extranjeros).

(6) The term "theatre arts" means live performances or presentations such as drama, dance or music.

Exploitation of facilities for competitive and recreational sports: For (a), (b) and (c): None. For (d): No commitments, except as indicated in the Law for Foreign Workers Recruitment (Ley para la Contratación de Trabajadores Extranjeros).

Recreational parks services: For (a), (b) and (c): None. For (d): No commitments, except as indicated in the Law for Foreign Workers Recruitment (Ley para la Contratación de Trabajadores Extranjeros).

Road Transport: rental of commercial vehicles with operator, maintenance and repair of road transport equipment, and exploitation of roads, bridges and tunnels services: For (a), (b) and (c): None. For (d): No commitments, except as indicated in the Law for Foreign Workers Recruitment (Ley para la Contratación de Trabajadores Extranjeros).

Services auxiliary to all transport: cargo handling services; storage and warehouse services; freight transport agency services: For (a), (b) and (c): None. For (d): No commitments, except as indicated in the Law for Foreign Workers Recruitment (Ley para la Contratación de Trabajadores Extranjeros).

Aircraft repair and maintenance services: For (a): No commitments. For (b) and (c): None. For (d): No commitments, except as indicated in the Law for Foreign Workers Recruitment (Ley para la Contratación de Trabajadores Extranjeros).

Selling and marketing of air transport services, and computer reservation system services: For (a), (b) and (c): None. For (d): No commitments, except as indicated in the Law for Foreign Workers Recruitment (Ley para la Contratación de Trabajadores Extranjeros).

For greater certainty, nothing in this entry shall be inconsistent with Peru's commitments under Article XVI of GATS.

For purposes of this entry:

1. "(a)" refers to the supply of a service from the territory of the other Party into the territory of

Peru;

2. “(b)” refers to the supply of a service in the territory of the other Party by one person of that Party to a person of Peru;
3. “(c)” refers to the supply of a service in the territory of Peru by an investor of the other Party or by a covered investment; and
4. “(d)” refers to the supply of a service by a national of the other Party in the territory of Peru.
5. “None” means no limitations or conditions on the application of Article 9.6 (Market Access).

Existing Measures:

## **Annex I . SINGAPORE - EXPLANATORY NOTES**

1. The Schedule of Singapore to this Annex sets out, pursuant to Article 8.11 (Non- Conforming Measures) and Article 9.7 (Non-Conforming Measures), Singapore's existing measures that are not subject to some or all of the obligations imposed by:

- (a) Article 8.5 (National Treatment) or Article 9.3 (National Treatment);
- (b) Article 8.6 (Most-Favoured-Nation Treatment) or Article 9.4 (Most-Favoured Nation Treatment);
- (c) Article 8.9 (Performance Requirements);
- (d) Article 8.10 (Senior Management and Boards of Directors);
- (e) Article 9.5 (Local Presence); or
- (f) Article 9.6 (Market Access).

2. Each Schedule entry sets out the following elements:

- (a) Sector refers to the sector for which the entry is made;
- (b) Sub-Sector, where referenced, refers to the specific subsector for which the entry is made;
- (c) Industry Classification, where referenced, refers to the activity covered by the non-conforming measure, according to the provisional CPC codes as used in the Provisional Central Product Classification (Statistical Papers Series M No. 77, Department of International Economic and Social Affairs, Statistical Office of the United Nations, New York, 1991);
- (d) Obligations Concerned specifies the obligations referred to in paragraph 1 that, pursuant to Article 8.11.1(a) (Non-Conforming Measures) and Article 9.7.1(a) (Non-Conforming Measures), do not apply to the listed measure(s) as indicated in the introductory notes for Singapore's Schedule;
- (e) Level of Government indicates the level of government maintaining the listed measures;
- (f) Measures identifies the laws, regulations or other measures for which the entry is 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 subordinate measure adopted or maintained under the authority of and consistent with the measure; and
- (g) Description, as indicated in the introductory notes for Singapore's Schedule, either sets out the non-conforming measure or provides a general non-binding description of the measure for which the entry is made.

3. Article 9.3 (National Treatment) and Article 9.5 (Local Presence) are separate disciplines and a measure that is only inconsistent with Article 9.5 (Local Presence) need not be reserved against Article 9.3 (National Treatment).

## **Annex I. SINGAPORE'S RESERVATIONS TO CHAPTER 8 (INVESTMENT) & CHAPTER 9 (CROSS-BORDER TRADE IN SERVICES)**

### **INTRODUCTORY NOTES**

1. Description sets out the non-conforming aspects of the measure to which the entry applies.

2. In accordance with Article 8.11.1 (Non-Conforming Measures) and Article 9.7.1 (Non-Conforming Measures), the articles of this Agreement specified in the Obligations Concerned element of an entry do not apply to the non-conforming measures identified in the Description element of that entry.

3. In the interpretation of a reservation, all elements of the reservation shall be considered.

4 For greater certainty, the fact that Singapore has described a measure in the Description element of an entry does not necessarily mean that, in the absence of such an entry, the measure would be inconsistent with Singapore's obligation under Chapter 8 (Investment) and Chapter 9 (Cross-Border Trade in Services).

1. Sector: All

Sub-Sector:

Industry Classification:

Obligations Concerned: National Treatment (Article 8.5)

Level of Government: Central

Measures: This is an administrative policy of the Government of Singapore and is inscribed in the Memorandum and Articles of Association of PSA Corporation.

Description: Investment

The aggregate of foreign shareholdings in PSA Corporation and/or its successor body is subject to a 49 per cent limit.

The "aggregate of foreign shareholdings" is defined as the total number of shares owned by:

(a) any individual who is not a Singapore citizen;

(b) any corporation which is not more than 50 per cent owned by Singapore citizens or by the Singapore Government; or

(c) any other enterprise which is not owned or controlled by the Singapore Government.

2. Sector: All

Sub-Sector:

Industry Classification:

Obligations Concerned: National Treatment (Article 8.5)

Level of Government: Central

Measures: This is an administrative policy of the Government of Singapore and is inscribed in the Memorandum and Articles of Association of the relevant enterprises below.

Description: Investment

All individual investors, apart from the Singapore government, will be subject to the following equity ownership limits in the enterprises, and/or its successor bodies, as listed below:

(a) Singapore Technologies Engineering – 15 per cent;

(b) PSA Corporation – 5 per cent; and

(c) Singapore Airlines – 5 per cent.

For the purposes of this reservation, ownership of equity by an investor in these enterprises and/or its successor bodies includes both direct and indirect ownership of equity.

3. Sector: All

Sub-Sector:

Industry Classification:

Obligations Concerned: Local Presence (Article 9.5)

Level of Government: Central

Measures: Business Names Registration Act 2014

Business Names Registration Regulations 2015

Description: Cross-Border Trade in Services

Where a person required to be registered under the Business Names Registration Act, or, in the case of any corporation, the officers of the corporation, does not or do not reside in Singapore, an authorised representative who is ordinarily resident in Singapore must be appointed.

#### 4. Sector: Business Services

Sub-Sector: Leasing or rental services concerning private cars, goods transport vehicles and other land transport equipment without operator

Industry Classification: CPC 83101, 83102, 83105 Leasing or rental services concerning private cars, goods transport vehicles and other land transport equipment without operator

Obligations Concerned: National Treatment (Article 9.3) Market Access (Article 9.6)

Level of Government: Central

Measures: Road Traffic Act, Cap. 276, 2004 Rev Ed

Description: Cross-Border Trade in Services

The cross-border rental of private cars, goods transport vehicles and other land transport equipment without operator by Singapore residents with the intent to use the vehicles in Singapore is prohibited.

#### 5. Sector: Business Services

Sub-Sector: Patent agent services

Industry Classification:

Obligations Concerned: Local Presence (Article 9.5)

Level of Government: Central

Measures: Patents Act, Cap. 221, 2005 Rev Ed

Description: Cross-Border Trade in Services

Only service suppliers registered with the Intellectual Property Office of Singapore (IPOS) and/or its successor body and resident in Singapore shall be allowed to carry on a business, practise or act as a patent agent in Singapore.

Only service suppliers which have at least one Singapore-registered patent agent resident in Singapore either as a director or partner, shall be allowed to carry on a business, practise or act as a patent agent in Singapore.

#### 6. Sector: Business Services

Sub-Sector: Placement and supply services of personnel

Industry Classification:

Obligations Concerned: Local Presence (Article 9.5)

Level of Government: Central

Measures: Employment Agencies Act, Cap. 92

Description: Cross-Border Trade in Services

Only service suppliers with local presence shall be allowed to set up employment agencies and place foreign workers in Singapore.

#### 7. Sector: Business Services

Sub-Sector: Private investigation services

Unarmed guard services

Industry Classification: CPC 87301 Investigation Services

CPC 87302 Security Consultation Services

CPC 87305 Guard Services (only applies to unarmed security guard services)

Obligations Concerned: National Treatment (Articles 8.5 and 9.3) Most-Favoured-Nation Treatment (Articles 8.6 and 9.4) Local Presence (Article 9.5) Market Access (Article 9.6)

Level of Government: Central

Measures: Private Security Industry Act, Cap. 250A, 2008 Rev Ed

Description: Cross-Border Trade in Services and Investment

Foreigners are permitted to set up security agencies to provide unarmed guards for hire but must register a company with local participation. At least two of the directors must be a Singapore citizen or Singapore permanent resident.

Foreigners, except Malaysians, shall not be allowed to work as guards, but can be involved in the administration of the company.

The foreign directors shall produce a certificate of no criminal conviction from their country of origin or a statutory declaration before a Singapore commissioner of oaths, to the effect that they have never been convicted in any court of law for any criminal offence.

## 8. Sector: Community, Personal and Social Services

Sub-Sector: Services furnished by co-operative societies

Industry Classification: CPC 959 Services furnished by membership organizations n.e.c (only applies to co-operative society services)

Obligations Concerned: National Treatment (Articles 8.5 and 9.3) Senior Management and Boards of Directors (Article 8.10) Local Presence (Article 9.5)

Level of Government: Central

Measures: Co-operative Societies Act, Cap. 62, 2009 Rev Ed

Co-operative Societies Rules 2009

Description: Cross-Border Trade in Services and Investment

Only service suppliers with local presence can be registered under the Co-operative Societies Act. Registration allows a cooperative society to be exempt from taxation measures applicable to other enterprises. Instead, co-operative societies are required to make a two-tier contribution of their surplus to the Central Co-operative Fund (CCF) and CCF/Singapore Labour Foundation respectively as the society may opt.

As a general rule, only Singapore citizens are allowed to hold office or be a member of the management committee of a cooperative society. Foreigners may be allowed to hold office or be a member of the management committee of a co-operative society, with the approval of the Registrar of Co-operative Societies.

A person who is not a Singapore citizen can form and join a cooperative society if he or she is resident in Singapore.

## 9. Sector: Education Services

Sub-Sector: Higher education services in relation to the training of doctors

Industry Classification: CPC 92390 Other Higher Education Services (Only applies to Higher Education Services in relation to the training of doctors)

Obligations Concerned: National Treatment (Articles 8.5 and 9.3) Market Access (Article 9.6)

Level of Government: Central

Measures: Medical Registration Act, Cap 174

Private Education Act, Cap. 247A, 2011 Rev Ed

Description: Cross-Border Trade in Services and Investment

Only local tertiary institutions which are established pursuant to an Act of Parliament, or as designated by the Ministry of Education shall be allowed to operate undergraduate or graduate programmes for the training of doctors in Singapore.

Currently, only the National University of Singapore and the Nanyang Technological University are allowed to operate undergraduate or graduate programmes for the training of doctors in Singapore.

#### 10. Sector: Health and Social Services

Sub-Sector: Medical services, Pharmacy services, Deliveries and related services, nursing services, physiotherapeutic and para-medical services and allied health services, Optometrists and opticians

Industry Classification:

Obligations Concerned: Local Presence (Article 9.5)

Level of Government: Central

Measures: Medical Registration Act, Cap. 174

Pharmacists Registration Act, Cap. 230

Medicines Act, Cap. 176

Health Products (Licensing of Retail Pharmacies) Regulations, Cap. 122D

Nurses and Midwives Act, Cap. 209

Allied Health Professions Act, Act 1 of 2011

Optometrists and Opticians Act, Cap. 213A

Description: Cross-Border Trade in Services

Only persons who are resident in Singapore are allowed to provide the following services: medical services, pharmacy services, deliveries and related services, nursing services, physiotherapeutic and para-medical services, allied health services and optometry and opticianry services.

#### 11. Sector: Import, export and trading services

Sub-Sector:

Industry Classification:

Obligations Concerned: Local Presence (Article 9.5)

Level of Government: Central

Measures: Regulation of Imports and Exports Act, Cap. 272A

Regulation of Imports and Exports Regulations

Description: Cross-Border Trade in Services

Only services suppliers with local presence shall be allowed to apply for import/export permits, certificates of origin or other trade documents from the relevant authorities.

#### 12. Sector: Postal Services

Sub-Sector:

Industry Classification:

Obligations Concerned: Local Presence (Article 9.5) Market Access (Article 9.6)



Level of Government: Central

Measures: Postal Services Act, Cap. 237A

Description: Cross-Border Trade in Services

For the provision of basic letter services, all service suppliers must be incorporated as companies under the Companies Act, Cap. 50, 2006 Rev Ed.

13. Sector: Telecommunications Services

Sub-Sector: Telecommunications services

Industry Classification:

Obligations Concerned: Local Presence (Article 9.5) Market Access (Article 9.6)

Level of Government: Central

Measures: Info-communications Media Development Authority Act 2016, (No. 22 of 2016)

Telecommunications Act, Cap. 323

Description: Cross-Border Trade in Services

1. Facilities-based operators and service-based operators must be locally incorporated under the Companies Act, Cap. 50, 2006 Rev Ed.

"Facilities-based operators" are operators who deploy any form of telecommunication networks, systems and facilities, outside of their own property boundaries, to offer telecommunication services to third parties, which may include other licensed telecommunication operators, business customers, or the general public.

"Services-based operators" are operators who lease telecommunication network elements (such as transmission capacity and switching services) from any Facilities-Based Operator (FBO) licensed by the IMDA so as to provide their own telecommunication services, or to resell the telecommunication services of FBOs to third parties.

2. The number of licences granted will be limited only by resource constraints, such as the availability of radio frequency spectrum. In view of spectrum constraints, parties interested in deploying networks based on wireless technology may be licensed to use radio frequency spectrum via a tender or auction process.

14. Sector: Telecommunications Services

Sub-Sector: Telecommunications services

Domain name allocation policies in Internet country code top level domains (ccTLDs) corresponding to Singapore territories (.sg)

Industry Classification:

Obligations concerned: Local Presence (Article 9.5) Market Access (Article 9.6)

Level of Government: Central

Measures: Info-communications Media Development Authority Act 2016, (No. 22 of 2016)

Telecommunications Act, Cap. 323

The Internet Corporation for Assigned Names and Numbers (ICANN), which recognises the ultimate authority of sovereign Governments over ccTLDs corresponding to their territories.

Description: Cross-Border Trade in Services

A registrar must be a company incorporated or a foreign company registered under the Companies Act, Cap. 50, 2006 Rev Ed.

15. Sector: Power Supply

Sub-Sector:

Industry Classification:

Obligations Concerned: Market Access (Article 9.6)

Level of Government: Central

Measures: Electricity Act, Cap. 89A, 2002 Rev Ed, Sections 6(1) and 9(1)

Description: Cross-Border Trade in Services

Power producers shall not be allowed to sell power directly to consumers and shall only sell power through the Singapore electricity wholesale market operator(s) licensed by the Energy Market Authority.

The amount of power supplied cumulatively by power producers located outside of Singapore to Singapore's wholesale power market shall not exceed 600 MW.

16. Sector: Power Supply

Sub-Sector:

Industry Classification:

Obligations Concerned: National Treatment (Articles 8.5 and 9.3) Market Access (Article 9.6)

Level of Government: Central

Measures: Electricity Act, Cap. 89A, 2002 Rev Ed, Sections 6(1) and 9(1)

Description: Cross-Border Trade in Services and Investment

Only a market support services licensee or retail electricity licensees with local presence may retail electricity to all household and non-household consumers in Singapore.

17. Sector: Power Transmission and Distribution

Sub-Sector:

Industry Classification:

Obligations Concerned: National Treatment (Articles 8.5 and 9.3) Market Access (Article 9.6)

Level of Government: Central

Measures: Electricity Act, Cap. 89A, 2002 Rev Ed, Sections 6(1) and 9(1)

Description: Cross-Border Trade in Services and Investment Only the Transmission Licensee(s) shall be the owner and operator of the electricity transmission and distribution network in Singapore.

18. Sector: Tourism and Travel Related Services

Sub-Sector: Food and/or beverage serving services in eating facilities run by the government

Food and/or beverage catering services

Industry Classification:

Obligations Concerned: National Treatment (Articles 8.5 and 9.3) Market Access (Article 9.6)

Level of Government: Central

Measures: Environmental Public Health Act, Cap. 95, 2002 Rev Ed

Description: Cross-Border Trade in Services and Investment

Only a Singapore citizen or permanent resident can apply for a license to operate a stall in government-run markets or hawker centres, in their personal capacity.

To provide food and/or beverage catering services in Singapore, a foreign service supplier must incorporate as a limited company in Singapore, and apply for the food establishment license in the name of the limited company.

## 19. Sector: Sewage and Refuse Disposal, Sanitation and other Environmental Protection Services

Sub-Sector: Waste management, including collection, disposal, and treatment of hazardous waste

Industry Classification:

Obligations Concerned: Local Presence (Article 9.5) Market Access (Article 9.6)

Level of Government: Central

Measures: Environmental Public Health Act, Cap. 95

Description: Cross-Border Trade in Services

Foreign service suppliers must be locally incorporated in Singapore.

The public waste collectors (PWCs) rendering services to domestic and trade premises are appointed by public competitive tender. The number of PWCs is limited by the number of geographical sectors in Singapore. For industrial and commercial waste, the market is opened to any licensed general waste collectors (GWCs).

## 20. Sector: Trade Services

Sub-Sector: Distribution and Sale of Hazardous Substances

Industry Classification:

Obligations Concerned: Local Presence (Article 9.5)

Level of Government: Central

Measures: Environmental Protection and Management Act, Cap. 94A, 2002 Rev Ed, Section 22

Description: Cross-Border Trade in Services

Only service suppliers with local presence shall be allowed to distribute and sell hazardous substances as defined in the Environmental Protection and Management Act.

Singapore reserves the right and flexibility to modify and/or increase the list of hazardous substances as defined and/or listed in the Environmental Protection and Management Act.

## 21. Sector: Trade Services

Sub-Sector: Distribution services, Retailing services, Wholesale trade services

Industry Classification:

Obligations Concerned: Local Presence (Article 9.5)

Level of Government: Central

Measures: Medicines Act, Cap. 176, 1985 Rev Ed

Health Products Act, Cap. 122D, 2008 Rev Ed

Description: Cross-Border Trade in Services

Only service suppliers with local presence shall be allowed to supply wholesale, retail and distribution services for medical and health-related products and materials as defined under the Medicines Act and Health Products Act, intended for purposes such as treating, alleviating, preventing or diagnosing any medical condition, disease or injury, as well as any other such items that may have an impact on the health and well-being of the human body.

Such products and materials include but are not limited to drugs and pharmaceuticals, traditional medicines, health supplements, diagnostic test kits, medical devices, cosmetics, tobacco products, radioactive materials and irradiating apparatuses. Singapore reserves the right and flexibility to modify and/or increase the list of medical and health-related products and materials as defined and/or listed in the Medicines Act and Health Products Act.

## 22. Sector: Transport Services

Sub-Sector: Maritime transport services

Industry Classification:

Obligations Concerned: National Treatment (Articles 8.5 and 9.3) Market Access (Article 9.6)

Level of Government: Central

Measures: Maritime and Port Authority of Singapore Act, Cap. 170A, 1997 Rev Ed, Section 81

Description: Cross-Border Trade in Services and Investment

Only local service suppliers shall be allowed to operate and manage cruise and ferry terminals.

Local service suppliers are either Singapore citizens or legal persons which are more than 50 per cent owned by Singapore citizens.

## 23. Sector: Transportation and Distribution of Manufactured Gas and Natural Gas

Sub-Sector:

Industry Classification:

Obligations Concerned: National Treatment (Articles 8.5 and 9.3) Market Access (Article 9.6)

Level of Government: Central

Measures: Gas Act, Cap. 116A, 2002 Rev Ed

Description: Cross-Border Trade in Services and Investment

Only the holder of a gas transporter license shall be allowed to transport and distribute manufactured and natural gas.

Only one gas transport license has been issued given the size of the Singapore market.

## 24. Sector: Manufacturing and Services Incidental to Manufacturing

Sub-Sector:

Industry Classification:

Obligations Concerned: National Treatment (Articles 8.5 and 9.3) Most-Favoured-Nation Treatment (Articles 8.6 and 9.4) Performance Requirements (Article 8.9)

Level of Government: Central

Measures: Control of Manufacture Act, Cap. 57, 2004 Rev Ed

Description: Investment and Cross-Border Trade in Services

The manufacture of the following products, and services incidental to the manufacture of these products, in Singapore, may be subject to certain restrictions:

(a) beer and stout;

(b) cigars;

(c) drawn steel products;

(d) chewing gum, bubble gum, dental chewing gum or any like substance (not being a medicinal product within the meaning of the Medicines Act, Cap. 176, or a substance in respect of which an order under section 54 of the Act has been made);

(e) cigarettes; and

(f) matches.

## 25. Sector: All

Sub-Sector:

Industry Classification:

Obligations Concerned: National Treatment (Articles 8.5 and 9.3)

Level of Government: Central

Measures: Banking Act, Cap. 19, MAS Notice 757

Monetary Authority of Singapore Act, Cap. 186, MAS Notice

Finance Companies Act, Cap. 108, MAS Notice 816

Insurance Act, Cap. 142, MAS Notice 109

Securities and Futures Act, Cap. 289, MAS Notice SFA 04-N04

Description: Cross-Border Trade in Services and Investment

A non-resident financial institution may in certain circumstances be unable to borrow in Singapore dollars more than S\$5 million from a resident financial institution owing to the following restrictions placed on financial institutions' lending of the Singapore dollar to non-resident financial institutions.

A financial institution shall not extend to any non-resident financial institution Singapore dollar credit facilities exceeding S\$5 million per non-resident financial institution:

(a) where the Singapore dollar proceeds are to be used outside of Singapore, unless:

(i) such proceeds are swapped or converted into foreign currency upon draw-down or before remittance abroad; or

(ii) such proceeds are for the purpose of preventing settlement failures where the financial institution extends a temporary Singapore dollar overdraft to any vostro account of any non-resident financial institution, and the financial institution takes reasonable efforts to ensure that the overdraft is covered within two business days; and

(b) where there is reason to believe that the Singapore dollar proceeds may be used for Singapore dollar currency speculation, regardless of whether the Singapore dollar proceeds are to be used in Singapore or outside of Singapore.

A financial institution shall not arrange Singapore dollar equity or bond issues for any non-resident financial institution where the Singapore dollar proceeds are to be used outside Singapore, unless the proceeds are swapped or converted into foreign currency upon draw-down or before remittance abroad.

"Non-resident financial institution" means any financial institution which is not a resident as defined in the relevant notice.

26. Sector: Business Services

Sub-Sector: Credit bureau services

Industry Classification:

Obligations Concerned: Local Presence (Article 9.5) Market Access (Article 9.6)

Level of Government: Central

Measures: Monetary Authority of Singapore Act, Cap. 186

Credit Bureau Act 2016

Description: Cross-Border Trade in Services

Singapore reserves the right to adopt or maintain any limit on the number of suppliers of credit bureau services where information provided by the supplier of credit bureau services is obtained from financial institutions in Singapore. The supplier must be established in Singapore.

## **Annex II. SINGAPORE - EXPLANATORY NOTES**

1. The Schedule of Singapore to this Annex sets out, pursuant to Article 8.11 (NonConforming Measures) and Article 9.7 (Non-Conforming Measures), the specific sectors, subsectors or activities for which Singapore may maintain existing, or adopt new or more restrictive, measures that do not conform with obligations imposed by:

- (a) Article 8.5 (National Treatment) or Article 9.3 (National Treatment);
- (b) Article 8.6 (Most-Favoured-Nation Treatment) or Article 9.4 (Most-Favoured Nation Treatment);
- (c) Article 8.9 (Performance Requirements);
- (d) Article 8.10 (Senior Management and Boards of Directors);
- (e) Article 9.5 (Local Presence); or
- (f) Article 9.6 (Market Access).

2. Each Schedule entry sets out the following elements:

- (a) Sector refers to the sector for which the entry is made;
- (b) Sub-Sector, where referenced, refers to the specific subsector for which the entry is made;
- (c) Industry Classification, where referenced, refers to the activity covered by the non-conforming measure, according to the provisional CPC codes as used in the Provisional Central Product Classification (Statistical Papers Series M No. 77, Department of International Economic and Social Affairs, Statistical Office of the United Nations, New York, 1991);
- (d) Obligations Concerned specifies the obligations referred to in paragraph 1 that, pursuant to Article 8.11.2 (Non-Conforming Measures) and Article 9.7.2 (Non-Conforming Measures), do not apply to the sectors, subsectors or activities listed in the entry;
- (e) Description sets out the scope or nature of the sectors, subsectors or activities covered by the entry to which the reservation applies; and
- (f) Existing Measures, where specified, identifies, for transparency purposes, a non-exhaustive list of existing measures that apply to the sectors, subsectors or activities covered by the entry.

3. In accordance with Article 8.11.2 (Non-Conforming Measures) and Article 9.7.2 (Non-Conforming Measures), the articles of this Agreement specified in the Obligations Concerned element of an entry do not apply to the sectors, subsectors and activities identified in the Description element of that entry.

4. With respect to Annex II entries on Most-Favoured-Nation Treatment relating to bilateral or multilateral international agreements, the absence of language regarding the scope of the reservation for differential treatment resulting from an amendment of those bilateral or multilateral international agreements in force or signed prior to the date of entry into force of this Agreement is without prejudice to Singapore's interpretation of the scope of that reservation.

## **Annex II. SINGAPORE'S RESERVATIONS TO CHAPTER 8 (INVESTMENT) & CHAPTER 9 (CROSS-BORDER TRADE IN SERVICES)**

1. Sector: All

Sub-Sector:

Industry Classification:

Obligations Concerned: National Treatment (Article 9.3) Most-Favoured-Nation Treatment (Article 9.4) Market Access (Article 9.6)

Description: Cross-Border Trade in Services Singapore reserves the right to adopt or maintain any measure with respect to the supply of a service by the presence of natural persons.

Existing Measures:

2. Sector: All

Sub-Sector:

Industry Classification:

Obligations Concerned: National Treatment (Articles 8.5 and 9.3) Most-Favoured-Nation Treatment (Articles 8.6 and 9.4) Market Access (Article 9.6) Performance Requirements (Article 8.9) Senior Management and Boards of Directors (Article 8.10)

Description: Cross-Border Trade in Services and Investment

Singapore reserves the right to adopt or maintain any measure in relation to the divestment of the administrator and operator of airports.

Existing Measures:

3. Sector: All

Sub-Sector:

Industry Classification:

Obligations Concerned: National Treatment (Articles 8.5 and 9.3) Most-Favoured-Nation Treatment (Articles 8.6 and 9.4) Local Presence (Article 9.5) Market Access (Article 9.6) Performance Requirements (Article 8.9) Senior Management and Boards of Directors (Article 8.10)

Description: Cross-Border Trade in Services and Investment

Singapore reserves the right to maintain or adopt any measure affecting the supply of the following services:

(a) social services;

(b) social security;

(c) public training;

(d) ambulance services; and

(e) health services by government-owned or controlled healthcare institutions, such as hospitals and polyclinics, including investments in these institutions, hospitals and polyclinics.

Existing Measures:

4. Sector: All

Sub-Sector:

Industry Classification:

Obligations Concerned: National Treatment (Articles 8.5 and 9.3) Most-Favoured-Nation Treatment (Articles 8.6 and 9.4) Local Presence (Article 9.5) Market Access (Article 9.6) Performance Requirements (Article 8.9) Senior Management and Boards of Directors (Article 8.10)

Description: Investment and Cross-Border Trade in Services

Singapore reserves the right to maintain or adopt any measure affecting:

(a) the full or partial devolvement to the private sector of services provided in the exercise of governmental authority;

(b) the divestment of its equity interests in, and/or the assets of, an enterprise that is wholly owned by the Singapore government; and

(c) the divestment of its equity interests in, and/or the assets of, an enterprise that is partially owned by the Singapore government.

Existing Measures:

5. Sector: Administration and Operation of National Electronic Systems

Sub-Sector:

Industry Classification:

Obligations Concerned: National Treatment (Articles 8.5 and 9.3) Most-Favoured-Nation Treatment (Articles 8.6 and 9.4) Local Presence (Article 9.5) Market Access (Article 9.6) Performance Requirements (Article 8.9) Senior Management and Boards of Directors (Article 8.10)

Description: Investment and Cross-Border Trade in Services

Singapore reserves the right to adopt or maintain any measure relating to or affecting the collection and administration of proprietary information by national electronic systems.

Existing Measures:

6. Sector: Arms and Explosives

Sub-Sector:

Industry Classification:

Obligations Concerned: National Treatment (Articles 8.5 and 9.3) Most-Favoured-Nation Treatment (Articles 8.6 and 9.4) Local Presence (Article 9.5) Market Access (Article 9.6) Performance Requirements (Article 8.9) Senior Management and Boards of Directors (Article 8.10)

Description: Investment and Cross-Border Trade in Services Singapore reserves the right to adopt or maintain any measure affecting the arms and explosives sector.

Existing Measures: Arms and Explosives Act, Cap. 13, 2003 Rev Ed

7. Sector: Broadcasting Services. Broadcasting is defined as the transmission of signs or signals via any technology for the reception and/or display of aural and/or visual programme signals by all or part of the domestic public.

Sub-Sector:

Industry Classification:

Obligations Concerned: National Treatment (Articles 8.5 and 9.3) Most-Favoured-Nation Treatment (Articles 8.6 and 9.4) Performance Requirements (Article 8.9) Senior Management and Board of Directors (Article 8.10) Local Presence (Article 9.5) Market Access (Article 9.6)

Description: Investment and Cross-Border Trade in Services

Singapore reserves the right to adopt or maintain any measure affecting broadcasting services receivable by Singapore's domestic audience or originating from Singapore, including but not limited to:

- (a) transmission quotas for content on television broadcasting services in Singapore;
- (b) non-discriminatory expenditure requirements for Singapore production on television broadcasting services;
- (c) transmission quotas for content on radio in Singapore;
- (d) spectrum management and licensing of broadcasting services; or
- (e) subsidies or grants for investment involving Singapore subjects, persons and services.

This entry does not apply to:

- (i) the sole activity of transmitting licensed broadcasting services to a final consumer;
- (ii) the production, distribution and public display of motion pictures, video recordings and sound recordings. Commitments in the production, distribution and public display of motion pictures, video recordings and sound recordings shall not include all the broadcasting and audio-visual services and materials that are broadcasting-related. Examples of services that are reserved include: free-to-air broadcasting, cable and pay television; and
- (iii) value-added network (VAN) services such as electronic-mail, voice-mail, online information and data-base retrieval, electronic data interchange, and online information and/or data processing.

Existing Measures:

8. Sector: Business Services

Sub-Sector: Patent agent services

Industry Classification:



Obligations Concerned: National Treatment (Article 9.3)

Description: Cross-Border Trade in Services Singapore reserves the right to adopt or maintain any measure affecting the recognition of educational and professional qualifications for purposes such as admission, registration and qualification for patent agents.

Existing Measures: Patents Act, Cap. 221, 2005 Rev Ed

9. Sector: All

Sub-Sector:

Industry Classification:

Obligations Concerned: National Treatment (Articles 8.5 and 9.3) Most-Favoured-Nation Treatment (Articles 8.6 and 9.4) Local Presence (Article 9.5) Market Access (Article 9.6) Performance Requirements (Article 8.9) Senior Management and Boards of Directors (Article 8.10)

Description: Investment and Cross-Border Trade in Services

Singapore reserves the right to adopt or maintain any measure affecting real estate. This includes, but is not limited to, measures affecting the ownership, sale, purchase, development and management of real estate.

This entry does not apply to real estate consultancy services, real estate agency services, real estate auction services, real estate valuation services, and renting or leasing services involving owned or leased non-residential property.

Existing Measures: Residential Property Act, Cap. 274, 2009 Rev Ed

State Lands Act, Cap. 314, 1996 Rev Ed

Housing and Development Act, Cap. 129, 2004 Rev Ed

Jurong Town Corporation Act, Cap. 150, 1998 Rev Ed

Executive Condominium Housing Scheme Act, Cap. 99A, 1997 Rev Ed

Planning Act, Cap 232

10. Sector: Business Services

Sub-Sector: Scientific and technical consulting services

Industry Classification: CPC 8675 Engineering related scientific and technical consulting services

Obligations Concerned: National Treatment (Articles 8.5 and 9.3) Most-Favoured-Nation Treatment (Articles 8.6 and 9.4) Local Presence (Article 9.5) Market Access (Article 9.6) Performance Requirements (Article 8.9) Senior Management and Boards of Directors (Article 8.10)

Description: Investment and Cross-Border Trade in Services

Singapore reserves the right to adopt or maintain any measure affecting the supply of the following services:

- (a) geological, geophysical and other scientific prospecting services (CPC 86751);
- (b) subsurface surveying services (CPC 86752); (c) surface surveying services (CPC 86753); and
- (d) map making services (CPC 86754).

Existing Measures:

11. Sector: Business Services

Sub-Sector: Armed escort services and armoured car services, Armed guard services

Industry Classification: CPC 87305 Guard Services

Obligations Concerned: National Treatment (Articles 8.5 and 9.3) Most-Favoured-Nation Treatment (Articles 8.6 and 9.4) Local Presence (Article 9.5) Market Access (Article 9.6) Performance Requirements (Article 8.9) Senior Management and

## Boards of Directors (Article 8.10)

Description: Investment and Cross-Border Trade in Services

Singapore reserves the right to adopt or maintain any measure affecting the provision of armed escort, armoured car and armed guard services.

Existing Measures: Part IX of the Police Force Act, Cap. 235, 2006 Rev Ed

## 12. Sector: Business Services

Sub-Sector: Betting and gambling services

Industry Classification:

Obligations Concerned: National Treatment (Articles 8.5 and 9.3) Most-Favoured-Nation Treatment (Articles 8.6 and 9.4) Local Presence (Article 9.5) Market Access (Article 9.6) Performance Requirements (Article 8.9) Senior Management and Boards of Directors (Article 8.10)

Description: Investment and Cross-Border Trade in Services

Singapore reserves the right to adopt or maintain any measure affecting the supply of betting and gambling services.

Existing Measures: Betting Act, Cap. 21, 2011 Rev Ed

Common Gaming Houses Act, Cap. 49, 1985 Rev Ed

Private Lotteries Act, Cap. 250

## 13. Sector: Business Services

Sub-Sector: Legal services

Industry Classification:

Obligations Concerned: National Treatment (Articles 8.5 and 9.3) Most-Favoured-Nation Treatment (Articles 8.6 and 9.4) Local Presence (Article 9.5) Market Access (Article 9.6)

Description: Investment and Cross-Border Trade in Services

Singapore reserves the right to adopt or maintain any measure affecting the supply of legal services in the practice of Singapore law.

Existing Measures: Legal Profession Act, Cap. 161

## 14. Sector: Community, Personal and Social Services

Sub-Sector: Services furnished by trade unions

Industry Classification: CPC 952 Services furnished by trade unions

Obligations Concerned: National Treatment (Articles 8.5 and 9.3) Most-Favoured-Nation Treatment (Articles 8.6 and 9.4) Local Presence (Article 9.5) Market Access (Article 9.6) Performance Requirements (Article 8.9) Senior Management and Boards of Directors (Article 8.10)

Description: Investment and Cross-Border Trade in Services

Singapore reserves the right to adopt or maintain any measure affecting services provided by trade unions.

Existing Measures: Trade Unions Act, Cap. 333, 2004 Rev Ed

## 15. Sector: All

Sub-Sector:

Industry Classification:

Obligations Concerned: National Treatment (Article 8.5) Senior Management and Boards of Directors (Article 8.10)

Description: Investment

Singapore reserves the right to adopt or maintain any measure in relation to the retention of a controlling interest by the Singapore Government in Singapore Technologies Engineering (the Company) and/or its successor body, including but not limited to controls over the appointment and termination of members of the Board of Directors, divestment of equity and dissolution of the Company.

Existing Measures:

16. Sector: Distribution, Publishing and Printing of Newspapers "Newspaper" means any publication containing news, intelligence, reports of occurrences, or any remarks, observations or comments, in relation to such news, intelligence, reports of occurrences, or to any other matter of public interest, printed in any language and published for sale or free distribution at regular intervals or otherwise, but does not include any publication published by or for the Government.

Sub-Sector:

Industry Classification:

Obligations Concerned: National Treatment (Articles 8.5 and 9.3) Local Presence (Article 9.5) Market Access (Article 9.6) Performance Requirements (Article 8.9) Senior Management and Boards of Directors (Article 8.10)

Description: Investment and Cross-Border Trade in Services

Singapore reserves the right to adopt or maintain any measure affecting the distribution, publishing and printing of newspapers, including but not limited to, shareholding limits and management control.

Existing Measures: Newspaper and Printing Presses Act, Cap. 206, 2002 Rev Ed

17. Sector: Trade Services

Sub-Sector: Distribution services, Commission agents' services, Wholesale trade services, Retailing services, Franchising

Industry Classification:

Obligations Concerned: National Treatment (Articles 8.5 and 9.3) Local Presence (Article 9.5) Market Access (Article 9.6)

Description: Investment and Cross-Border Trade in Services

Singapore reserves the right to adopt or maintain any measure affecting the supply of any products subject to import or export prohibition or non-automatic import or export licensing.

Singapore reserves the right to modify or increase the list of products stipulated in the laws, regulations and other measures governing Singapore's import or export prohibition or nonautomatic import or export licensing regime.

Existing Measures:

18. Sector: Educational Services

Sub-Sector: Primary education services, Secondary education services

Industry Classification: CPC 921 Primary Education Services

CPC 92210 General Secondary Education Services

CPC 92220 Higher Secondary Education Services (only applies to Junior colleges and pre-university centres under the Singapore educational system)

Obligations Concerned: National Treatment (Articles 8.5 and 9.3) Most-Favoured-Nation Treatment (Articles 8.6 and 9.4) Local Presence (Article 9.5) Market Access (Article 9.6)

Description: Investment and Cross-Border Trade in Services

Singapore reserves the right to adopt or maintain any measure affecting the supply of primary, general secondary and higher secondary (only applies to junior colleges and pre-university centres under the Singapore educational system) education services for Singapore citizens, including Sports Education Services.

Existing Measures: Education Act, Cap. 87, 1985 Rev Ed

## Administrative Guidelines

Private Education Act, Cap. 247A, 2011 Rev Ed

### 19. Sector: Health and Social Services

Sub-Sector: Medical services, Pharmacy services, Deliveries and related services, nursing services, physiotherapeutic and para-medical services, and allied health services, Optometrists and opticians

Industry Classification:

Obligations Concerned: National Treatment (Article 9.3) Market Access (Article 9.6)

Description: Cross-Border Trade in Services

Singapore reserves the right to adopt or maintain any limit on the number of service suppliers providing, including but not limited to, the following services: medical services, pharmacy services, deliveries and related services, nursing services, physiotherapeutic and para-medical services, allied health services, and optometry and opticianry services.

Singapore reserves the right to adopt or maintain any measure with respect to the regulation of service suppliers providing, including but not limited to, the following services: medical services, pharmacy services, deliveries and related services, nursing services, physiotherapeutic and para-medical services, allied health services, and optometry and opticianry services.

Existing Measures: Allied Health Professions Act, Cap 6B

Medical Registration Act, Cap. 174

Pharmacists Registration Act, Cap. 230

Medicines Act, Cap. 176

Health Products (Licensing of Retail Pharmacies) Regulations, Cap. 122D

Nurses and Midwives Act, Cap. 209

Optometrists and Opticians Act, Cap. 213A

### 20. Sector: Foreign Employee Dormitory Services

Sub-Sector:

Industry Classification:

Obligations Concerned: National Treatment (Articles 8.5 and 9.3) Most-Favoured-Nation Treatment (Articles 8.6 and 9.4) Local Presence (Article 9.5) Market Access (Article 9.6) Performance Requirements (Article 8.9) Senior Management and Boards of Directors (Article 8.10)

Description: Investment and Cross-Border Trade in Services

Singapore reserves the right to adopt or maintain any measure affecting the supply of dormitory services for foreign employees.

Existing Measures:

### 21. Sector: Sewage and Refuse Disposal, Sanitation and other Environmental Protection Services

Sub-Sector: Waste water management, including but not limited to collection, disposal and treatment of solid waste and waste water

Industry Classification:

Obligations Concerned: National Treatment (Articles 8.5 and 9.3) Most-Favoured-Nation Treatment (Articles 8.6 and 9.4) Local Presence (Article 9.5) Market Access (Article 9.6) Performance Requirements (Article 8.9) Senior Management and Boards of Directors (Article 8.10)

Description: Investment and Cross-Border Trade in Services

Singapore reserves the right to adopt or maintain any measure affecting waste water management, including but not

limited to the collection, treatment and disposal of waste water.

Existing Measures: Code of Practice on Sewerage and Sanitary Works

Sewerage and Drainage Act, Cap. 294, 2001 Rev Ed

22. Sector: Postal Services

Sub-Sector:

Industry Classification:

Obligations Concerned: National Treatment (Articles 8.5 and 9.3) Most-Favoured-Nation Treatment (Articles 8.6 and 9.4) Local Presence (Article 9.5) Market Access (Article 9.6) Performance Requirements (Article 8.9) Senior Management and Boards of Directors (Article 8.10)

Description: Investment and Cross-Border Trade in Services

Singapore reserves the right to adopt or maintain any measure relating to a Public Postal Licensee(s).

Existing Measures:

23. Sector: Telecommunications Services

Sub-Sector: Telecommunications services

Industry Classification:

Obligations Concerned: National Treatment (Articles 8.5 and 9.3) Most-Favoured-Nation Treatment (Articles 8.6 and 9.4) Market Access (Article 9.6)

Description: Investment and Cross-Border Trade in Services

Singapore reserves the right to adopt or maintain any measure that accords treatment to persons of another Party equivalent to any measure adopted or maintained by that other Party limiting ownership by persons of Singapore enterprises engaged in the provision of public mobile and wireless communications in the territory of that other Party, including:

(a) Public Radiocommunication Services (Public Radiocommunication Services refer to Maritime and Aeronautical radiocommunication services);

(b) Public Cellular Mobile Telephone Service (PCMTS);

(c) Public Radio Paging Services (PRPS);

(d) Public Trunked Radio Services (PTRS);

(e) Public Mobile Data Services (PMDS);

(f) Public Mobile Broadband Multimedia Services; and

(g) Public Fixed-Wireless Broadband Multimedia Services.

Existing Measures:

24. Sector: Trade Services

Sub-Sector: Supply of potable water for human consumption

Industry Classification: CPC 18000 Natural Water

The sectors listed above apply only insofar as they relate to the supply of potable water

Obligations Concerned: National Treatment (Articles 8.5 and 9.3) Most-Favoured-Nation Treatment (Articles 8.6 and 9.4) Performance Requirements (Article 8.9) Senior Management and Boards of Directors (Article 8.10) Local Presence (Article 9.5) Market Access (Article 9.6)

Description: Investment and Cross-Border Trade in Services

Singapore reserves the right to adopt or maintain any measure affecting the supply of potable water. For greater certainty, this entry does not affect the supply of bottled water.

Existing Measures: Public Utilities Act, Cap. 261, 2002 Rev Ed

## 25. Sector: Transport Services

Sub-Sector: Air transport services

Industry Classification:

Obligations Concerned: National Treatment (Articles 8.5 and 9.3) Most-Favoured-Nation Treatment (Articles 8.6 and 9.4) Senior Management and Boards of Directors (Article 8.10) Local Presence (Article 9.5) Market Access (Article 9.6)

Description: Investment and Cross-Border Trade in Services

Singapore reserves the right to adopt or maintain any measure affecting cross-border supply of:

(a) aircraft repair and maintenance services during which an aircraft is withdrawn from service, excluding so-called line maintenance;

(b) the selling and marketing of air transport services;

(c) computer reservation system services;

(d) airport operation services; and

(e) ground handling services.

Singapore reserves the right to adopt or maintain any measure affecting investments in air transport related services.

Existing Measures: Civil Aviation Authority of Singapore Act 2009

## 26. Sector: Specialty Air Services

Sub-Sector:

Industry Classification:

Obligations Concerned: National Treatment (Articles 8.5 and 9.3) Most-Favoured-Nation Treatment (Articles 8.6 and 9.4) Market Access (Article 9.6)

Description: Investment and Cross-Border Trade in Services

Singapore reserves the right to adopt or maintain any measure affecting the supply of specialty air services.

Existing Measures:

## 27. Sector: Transport Services

Sub-Sector: Air Transport Services, Passengers Transportation by Air Freight Transportation by Air

Industry Classification: CPC 731 Passenger Transportation by Air CPC 732 Freight Transportation by Air

Obligations Concerned: National Treatment (Article 8.5) Most-Favoured Nation Treatment (Article 8.6) Senior Management and Board of Directors (Article 8.10)

Description: Investment

Service suppliers providing air transport services (for both passenger and freight) as a Singapore designated airline may have to be "effectively controlled" and/or "substantially owned" by the Government or citizens of Singapore or both.

Existing Measures: Air Navigation (Licensing of Air Services) Regulations, Cap. 6, Regulations 2

## 28. Sector: Transport Services

Sub-Sector: Land transport services – Passenger transport services, including but not limited to passenger transportation services by railway, urban and suburban regular transportation services, taxi services; third-party taxi booking service providers; bus and rail station services and ticketing services related to passenger transport services

Passenger Transport Services are services which are used by and accessible to members of the public for the purposes of transporting themselves.

Industry Classification:

Obligations Concerned: National Treatment (Articles 8.5 and 9.3) Most-Favoured-Nation Treatment (Articles 8.6 and 9.4) Market Access (Article 9.6)

Description: Investment and Cross-Border Trade in Services

Singapore reserves the right to adopt or maintain any measure affecting the supply of passenger transport services.

Existing Measures: Rapid Transit Systems Act, Cap. 263A

Land Transport Authority of Singapore Act, Cap. 158A, 1996 Rev Ed

Public Transport Council Act, Cap. 259B, 2012 Rev Ed

Road Traffic Act, Cap. 276, 2004 Rev Ed

Third-Party Taxi Booking Service Providers Act 2015

29. Sector: Transport Services

Sub-Sector: Land transport services – railway and road freight transportation

Supporting services for railway and road transport services

Industry Classification:

Obligations Concerned: National Treatment (Articles 8.5 and 9.3) Most-Favoured-Nation Treatment (Articles 8.6 and 9.4) Local Presence (Article 9.5) Market Access (Article 9.6)

Description: Investment and Cross-Border Trade in Services

Singapore reserves the right to adopt or maintain any measure affecting the supply of land transport services as set out above. This entry does not apply to:

(a) maintenance and repair services of motor vehicles (CPC 61120);

(b) maintenance and repair services of parts of motor vehicles (CPC 88\*\*) (1); and

(c) parking services (CPC 74430).

Existing Measures:

(1) In this Annex, “\*\*” indicates that the service specified constitutes only a part of the total range of activities covered by the CPC concordance.

30. Sector: Transport Services

Sub-Sector: Services auxiliary to all modes of transport

Industry Classification: CPC 742 Storage and warehousing services

CPC 742\*\* Container station and depot services

CPC 748 Freight transport agency services

CPC 7123\*\* Inland trucking services

Obligations Concerned: National Treatment (Articles 8.5 and 9.3) Most-Favoured-Nation Treatment (Articles 8.6 and 9.4) Local Presence (Article 9.5) Market Access (Article 9.6) Performance Requirements (Article 8.9) Senior Management and Boards of Directors (Article 8.10)

Description: Investment and Cross-Border Trade in Services

Singapore reserves the right to adopt or maintain any measure that accords equivalent treatment to storage and

warehousing, freight forwarding, inland trucking, container station and depot services of another Party.

Existing Measures:

### 31. Sector: Transport Services

Sub-Sector: Maritime transport services – Towing and tug assistance; provisioning, fuelling and watering; garbage collection and ballast waste disposal; port captain's services; navigation aids; emergency repair facilities; anchorage; and other shore-based operational services essential to ship operations, including communications, water and electrical supplies.

Industry Classification: CPC 74510 Port and Waterway Operation Services

CPC 74520 Pilotage and Berthing Services

CPC 74530 Navigation Aid Services

CPC 74590 Other Supporting Services for Water Transport

Obligations Concerned: National Treatment (Articles 8.5 and 9.3) Local Presence (Article 9.5) Market Access (Article 9.6) Performance Requirements (Article 8.9) Senior Management and Boards of Directors (Article 8.10)

Description: Investment and Cross-Border Trade in Services

Singapore reserves the right to adopt or maintain any measure affecting the supply of towing and tug assistance; provisioning, fuelling and watering; garbage collection and ballast waste disposal; port captain's services; navigation aids; emergency repair facilities; anchorage; and other shore-based operational services essential to ship operations, including communications, water and electrical supplies.

For greater certainty, no measures shall be applied which deny international maritime transport operators reasonable and nondiscriminatory access to the above port services.

This entry does not apply to:

- (a) international transport (freight and passengers) excluding cabotage transport (CPC 7211\*\*, 7212\*\*);
- (b) international towage (CPC 7214\*\*);
- (c) rental of vessels with crew (CPC 7213); and
- (d) other supporting and auxiliary services (including catering) (CPC 749\*\*).

Existing Measures: Maritime and Port of Singapore Act, Cap. 170A, Section 41 (Part

### 32. Sector: Transport Services

Sub-Sector: Maritime Transport Services

Cargo Handling Services

Pilotage Services

Supply of Desalinated Water to Ships berthed at Singapore ports or in Singapore territorial waters

Industry classification: CPC 741 Cargo Handling Services

CPC 74520 Pilotage and Berthing Services (only applies to Pilotage Services)

CPC 74590 Other Supporting Services for Water Transport

Obligations concerned: National Treatment (Articles 8.5 and 9.3) Most-Favoured-Nation Treatment (Articles 8.6 and 9.4) Market Access (Articles 9.6)

Description: Cross-Border Trade in Services and Investment:

Only PSA Corporation Ltd and Jurong Port Pte Ltd and/or their respective successor bodies shall be allowed to provide cargo handling services.

Only PSA Marine (Pte) Ltd. and/or its successor body shall be allowed to provide pilotage services and supply



desalinated water to ships berthed at Singapore ports or in Singapore territorial waters.

Existing Measures: Maritime and Port Authority of Singapore Act, Cap. 170A, 1997 Revised Edition, Section 81

### 33. Sector: Transport Services

Sub-Sector: Transportation services via pipeline

Industry Classification: Transportation of goods via pipeline of goods such as chemical and petroleum products and petroleum, and other related products

Obligations Concerned: National Treatment (Article 9.3) Most-Favoured-Nation Treatment (Article 9.4) Local Presence (Article 9.5) Market Access (Article 9.6)

Description: Cross-Border Trade in Services

Only service suppliers with local presence shall be allowed to provide transportation services via pipeline of goods such as chemical and petroleum products and petroleum, and other related products.

Singapore reserves the right and flexibility to modify or increase the list of the chemical and petroleum products, and other related products that are subject to this entry.

Existing Measures: Administrative

### 34. Sector: Trade Services

Sub-Sector: Wholesale trade services and retail trade services of alcoholic beverages and tobacco

Industry Classification:

Obligations Concerned: Local Presence (Article 9.5) Market Access (Article 9.6)

Description: Cross-Border Trade in Services

Singapore reserves the right to adopt or maintain any measure affecting the supply of wholesale and retail trade services of tobacco products and alcoholic beverages.

Existing Measures:

### 35. Sector: Energy

Sub-Sector:

Industry Classification:

Obligations Concerned: National Treatment (Articles 8.5 and 9.3) Most-Favoured-Nation Treatment (Articles 8.6 and 9.4) Local Presence (Article 9.5) Market Access (Article 9.6) Performance Requirements (Article 8.9) Senior Management and Boards of Directors (Article 8.10)

Description: Investment and Cross Border Trade in Services

Singapore reserves the right to adopt or maintain any measure affecting or relating to nuclear energy, including energy products (e.g. electricity, heat and steam) produced by nuclear energy.

Existing Measures:

### 36. Sector: All

Sub-Sector:

Industry Classification:

Obligations Concerned: Most-Favoured-Nation Treatment (Articles 8.6 and 9.4)

Description: Investment and Cross-Border Trade in Services

Singapore reserves the right to adopt or maintain any measure that accords differential 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.

Singapore reserves the right to adopt or maintain any measure that accords differential treatment to ASEAN member states under any international agreement in force or signed after the date of entry into force of this Agreement.

Singapore reserves the right to adopt or maintain any measure that accords differential treatment to countries under any international agreement in force or signed after the date of entry into force of this Agreement involving:

- (a) aviation matters;
- (b) maritime matters and services auxiliary to maritime matters;
- (c) port matters;
- (d) land transport matters; and
- (e) telecommunication matters.

Existing Measures: