ECONOMIC COMPLEMENTATION AGREEMENT N°65 CHILE - ECUADOR

The Government of the Republic of Ecuador and the Government of the Republic of Chile, hereinafter referred to as the Parties, considering:

The will to strengthen the special ties of friendship, solidarity and cooperation between their peoples;

The importance of strengthening the Latin American Integration Association (ALADI) and achieving the objectives set out in the 1980 Treaty of Montevideo, through the conclusion of bilateral and multilateral agreements as broad as possible;

Ecuador's participation in the Cartagena Agreement and the commitments derived from it for this country;

The coincidences in the guidelines of the trade policies of the two countries, both in terms of tariffs and in the basic orientations of their economic policies;

The advantages of offering economic agents clear and predictable rules for the development of trade in goods and services, as well as for the flow of investments;

The relevance that an adequate cooperation in the commercial, industrial and service areas can have in the development of both countries;

The development of their respective rights and obligations under the Marrakesh Agreement Establishing the World Trade Organization and the 1980 Treaty of Montevideo, as well as other bilateral and multilateral integration and cooperation instruments to which they are party;

The convenience of achieving a more active participation of economic agents, both public and private of both countries, in the efforts aimed at increasing reciprocal exchange, tending to a commercial balance;

The importance of promoting trade conditions, based on equity and solidarity, to achieve the improvement of the social development of peoples;

The creation of new employment opportunities, the improvement of working conditions and living standards in their respective territories;

The importance of undertaking all of the above in a manner consistent with the protection and conservation of the environment;

Have agreed:

Chapter 1. INITIAL PROVISIONS

Article 1.1. Objectives

1. The Parties agree to establish this Economic Complementarity Agreement in accordance with the provisions of the Treaty of Montevideo of 1980 and Article XXIV of GATT 1994.

2. The objectives of this Agreement, developed more specifically through its principles and rules, including those of national treatment, most-favoured-nation treatment and transparency, are as follows:

(a) to intensify economic and trade relations between the Parties, and to stimulate the expansion and diversification of trade between them;

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

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

(d) establish effective procedures for the implementation and enforcement of this Agreement, for its joint administration, and for the prevention and resolution of disputes;

(e) establish guidelines for further cooperation between the Parties, as well as at the regional and multilateral levels, aimed at extending and enhancing the benefits of this Agreement;

(f) substantially increase investment opportunities in the territories of the Parties, allowing for an intensive use of their markets, and strengthening their competitive capacity in world trade.

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

Chapter 2. GENERAL DEFINITIONS

Article 2.1. Definitions of General Application

For purposes of this Agreement and unless otherwise specified:

Anti-Dumping Agreement means the Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994, which forms part of the WTO Agreement;

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

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

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

Subsidies Agreement means the Agreement on Subsidies and Countervailing Measures, which is part of the WTO Agreement;

ALADI stands for the Latin American Integration Association, instituted by the Treaty of Montevideo in 1980;

Customs duty includes any import tax or duty and any charge of any kind levied in connection with the importation of a good, including any form of surcharge or surcharge in connection with such importation, but does not include any:

(a) charge equivalent to an internal tax imposed pursuant to Article III.2 of the GATT 1994, with respect to like, directly competitive, or substitute goods of the Party, or with respect to goods from which the imported good was manufactured or produced in whole or in part;

(b) anti-dumping or countervailing duty;

(c) tariff surcharges applied in accordance with Article 6.1 of this Agreement, Article XIX of GATT 1994 and the WTO Agreement on Safeguards; and,

(d) duty or other import-related charges commensurate with the cost of services rendered;

Customs authority means the authority which, under the respective laws of each Party, is responsible for administering and enforcing the relevant customs laws and regulations:

(a) in the case of Chile, to the National Customs Service; and,

(b) in the case of Ecuador, to the Ecuadorian Customs Corporation;

Commission means the Economic and Trade Commission established in Article 13.1;

Days means calendar, running or calendar days;

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

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

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

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

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

Levy means customs duty; Measure means any law, rule, regulation, procedure, requirement or practice; Originating good means a good or product that complies with the rules of origin set out in Chapter 4;

National means a natural person who has the nationality of a Party in accordance with its Political Constitution or a permanent resident of a Party;

WTO stands for the World Trade Organization;

Party means any State for which this Agreement has entered into force;

Heading means the first four digits of the Harmonized System tariff classification code;

Person means a natural person or a company;

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

Harmonized System (HS) means the Harmonized Commodity Description and Coding System, including its General Rules of Interpretation, Section Notes and Chapter Notes, as adopted and

implemented by the Parties in their respective customs tariff laws;

Subheading means the first six digits of the Harmonized System tariff classification code;

Territory means:

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

(b) with respect to Ecuador, the continental territory and adjacent islands; the Galapagos Archipelago; the subsoil; the territorial sea and other maritime spaces; and the respective air spaces, over which it exercises sovereignty and jurisdiction in accordance with international law and its internal legislation.

Chapter 3. NATIONAL TREATMENT AND MARKET ACCESS

Article 3.1. National Treatment

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

Article 3.2. Reduction of Customs Duties on Third Countries

1. Taking into account that the schedules of the Economic Complementation Agreement No. 32 for the Establishment of an Expanded Economic Space between Chile and Ecuador are fulfilled, the Parties agree not to apply new customs duties to reciprocal trade of goods.

2. If at any time a Party reduces its most-favored-nation tariffs on a good or goods listed in Annex 3.1, it shall apply such tariffs to reciprocal trade.

Article 3.3. Tax Relief Programme

1. The Parties shall meet within three months of the date of entry into force of this Agreement to consider special programs to incorporate the goods listed in Annex 3.1 into a tariff reduction program. They may also, at any time, accelerate the tariff reduction schedule for such products or groups of products as they may mutually agree.

2. If at any time the Parties incorporate any good listed in Annex 3.1 into a drawback program and a Party reduces its Most-Favored-Nation tariffs, the reciprocal trade charge shall be adjusted in accordance with the proportionalities established for the affected good or goods.

Article 3.4. Export Taxes

No Party may adopt or maintain any tariff, tax, or other charge on exports of any good to the territory of the other Party unless such tariff, tax, or charge is adopted or maintained on any good for domestic consumption, subject to the exceptions provided in Article 3.6.

Article 3.5. Fees and other Charges

The fees and other charges referred to in subparagraph (d) of the definition of customs tariff in Article

2.1 shall be limited to the approximate cost of the services rendered and must not constitute an indirect protection for internal goods or a tax on imports or exports for fiscal purposes.

Article 3.6. Import and Export Restrictions

Except as otherwise provided in this Agreement, no Party may 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 as provided for in Articles XI, XX and XXI of the GATT 1994, including their respective interpretative notes. For this purpose, Article XI of the GATT 1994 and its respective interpretative notes are incorporated into and made an integral part of this Agreement, mutatis mutandis.

Article 3.7. Agricultural Export Subsidies

1. The Parties share the objective of the multilateral elimination of export subsidies on agricultural goods and will work together towards an agreement in the WTO to eliminate such export subsidies, as well as to prevent their reintroduction in any form.

2. No Party shall introduce or maintain any export subsidy on any agricultural good that is inconsistent with the regulations of the WTO Agreements, particularly the Agreement on Agriculture.

Article 3.8. Exceptions to National Treatment and Import and Export Restrictions

The provisions of Articles 3.1 and 3.6 shall not apply to the measures set out In Annex 3.2.

Article 3.9. Committee on Trade In Goods

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

2. The Committee shall meet at the request of any Party or the Commission to consider any matter covered under this Chapter and the release program.

3. The functions of the Committee shall include:

(a) promote trade in goods between the Parties, including consultations for the acceleration of tariff elimination under this Agreement and other matters as appropriate; and

(b) consider obstacles to trade in goods between the Parties, in particular those related to the application of non-tariff measures, and, if necessary, submit these matters to the Commission for consideration.

Chapter 4. RULES OF ORIGIN

Section A. Rules of Origin

Article 4.1. Originating Goods

Except as otherwise provided In this Chapter, a good shall be considered to be originating when:

(a) the good is wholly obtained or produced entirely in the territory of one or the other Party, as defined in Article 4.26;

(b) the good is produced in the territory of either Party exclusively from materials that qualify as originating under the

provisions of this Chapter; or

(c) the good is produced in the territory of either Party from non-originating materials that result from a production or transformation process conferring a new individuality characterized by a change in tariff classification, regional value content, or other requirements as specified in Annex 4.1, and the good complies with the other applicable provisions of this Chapter.

Article 4.2. Regional Content Value

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

VCR = VT - VMN / VT x 100

where:

RCV is the regional content value, expressed as a percentage; VT is the transaction value of the good adjusted on an FOB basis, except as provided in paragraph 3. Where no such value exists or cannot be determined in accordance with the principles of Article 1 of the Customs Valuation Agreement, it shall be calculated in accordance with that agreement; and

If such a value does not exist or cannot be determined in accordance with the principles of Article 1 of the Customs Valuation Agreement, it shall be calculated in accordance with that Agreement.

2. For purposes of calculating the regional content value, the percentage shall be forty percent (40%) for Ecuador and fifty percent (50%) for Chile. (2)

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

4. All records of costs considered for the calculation of regional value content shall be recorded and maintained in accordance with Generally Accepted Accounting Principles applicable in the territory of the Party where the good is produced.

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

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

(a) another producer in the production of an originating material that is acquired and used by the producer of the good in the production of that good; or,

(b) the producer of the goods in the production of a self-produced originating material.

(2) The percentages of the Regional Content Value Article (RCA) foreseen by the Latin American Integration Association (ALADI) will be maintained as long as Resolution 6 of the Council of Ministers of August 12, 1980 is not modified. If the categories of countries change, the percentage will be adjusted automatically.

Article 4.3. Non-Originating Transactions

1. The following processes or operations do not confer origin, individually or in combination with each other:

(a) preservation of the goods in good condition during transport or storage, such as ventilation, aeration, refrigeration, freezing;

(b) facilitation of shipment or transport;

(c) packaging, wrapping, or packaging of goods for retail sale;

(d) fractionation in lots or volumes; and,

(e) affixing marks, labels and other similar distinctive signs on the goods or their packaging;

2. Likewise, the following processes or working operations shall be considered insufficient to confer the status of originating

goods:

(a) filtration or dilution in water or other solvents that does not alter the characteristics of the goods;

(b) disassembly of goods into their parts;

(c) laying or drying;

(d) dusting, washing, shaking, shelling, peeling, shelling, shelling, threshing, grading, sorting, sifting, screening, sieving, filtering, painting, simple cutting, trimming;

(e) cleaning, including removal of rust, grease and paint or other coatings;

(f) joining, assembling or division of goods into packages;

(g) simple mixing of products, understood as activities that do not require special skills or machines, apparatus or equipment specially made or installed to carry out such activity. However, simple mixing does not include chemical reaction;

(h) slaughter of animals; and,

(i) application of oil and protective coatings.

Article 4.4. Cumulation

1. Originating materials or goods originating in either Party incorporated in the production of goods in the territory of the other Party shall be considered as originating in the territory of the latter Party.

2. For the purposes of the cumulation referred to in the preceding paragraph, materials originating in Bolivia, Colombia and Peru shall also be considered as originating in the exporting Party, for which it shall apply:

(a) in the case of Chile, the respective bilateral agreement signed with such countries; and,

(b) in the case of Ecuador, the respective regulations of the Andean Community.

Article 4.5. De Minimis

A good shall be considered originating if the value of all non-originating materials used in the production of that good that do not meet the change in tariff classification requirement set out in Annex 4.1 does not exceed fifteen percent (15%) in the case of Ecuador and ten percent (10%) of the transaction value of the good determined under Article 4.2 and the good complies with the other applicable provisions of this Chapter. (3)

(3) The percentages in Article 4.5 shall be maintained as long as Resolution 6 of the ALADI Council of Ministers of August 12, 1980, is not modified. If the categories of countries change, the percentages shall be automatically adjusted to fifteen percent (15%).

Article 4.6. Accessories, Spare Parts and Tools

1. Accessories, spare parts, or tools delivered with the good as a normal part of the good shall be disregarded in determining whether all non-originating materials used in the production of the good comply with the applicable change in tariff classification set out in Annex 4.1, provided that:

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

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

2. For those accessories, spare parts or tools that do not comply with the above conditions, the provisions of this Chapter shall apply to each of them.

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

Article 4.7. Retail Containers and Packaging Materials

1. Where the containers and packing materials in which a good is presented for retail sale are classified in the Harmonized

System with the good they contain, they shall be disregarded in determining whether all non-originating materials used in the production of the good comply with the applicable change in tariff classification set out in Annex 4.1.

2. Where the good is subject to a regional value content requirement, the value of such containers and packing materials shall be taken into account as originating or non-originating material, as the case may be, in calculating the regional value content of the good.

Article 4.8. Containers and Packing Materials for Shipment

Containers and packing materials in which the merchandise is packed exclusively for transportation shall not be taken into account for purposes of determining whether the merchandise is originating.

Article 4.9. Indirect Materials

Indirect materials shall be considered as originating materials irrespective of the place of their production.

Article 4.10. Goods and Fungible Materials

1. Where originating and non-originating fungible goods are physically mixed or combined in inventory, the origin of these goods may be determined on the basis of the physical segregation of each fungible good or material, or through the use of any inventory management method, such as average, last-in-first-out (LIFO) or first-in-first-out (FIFO), recognized in the Generally Accepted Accounting Principles of the Party where production takes place or otherwise accepted by the Party where production takes place.

2. The inventory management method selected in accordance with paragraph 1 for a particular commodity or consumable shall continue to be used for that commodity or consumable throughout the period or fiscal year.

Article 4.11. Sets

1. Aset or assortment of goods which are classified in accordance with rule 3 of the General Rules for the Interpretation of the Harmonized System, as well as goods whose description according to the nomenclature of the Harmonized System is specifically that of a set or assortment,

shall qualify as originating, provided that each of the goods contained in that set complies with the rules of origin set out in this Chapter and Annex 4.1.

2. Notwithstanding paragraph 1, a set of goods shall be considered originating if the value of all the non-originating goods used in the formation of the set does not exceed twenty percent (20%) in the case of Ecuador and fifteen percent (15%) of the transaction value of the good, determined in accordance with Article 4.2, in the case of Chile. (4)

(4) The percentages of the Article of Sets shall be maintained as long as Resolution 6 of the ALADI Council of Ministers of August 12, 1980 is not modified. If the categories of countries change, the percentages shall be automatically adjusted to twenty percent (20%).

Article 4.12. Transit and Transshipment

Each Party shall provide that a good shall not lose its originating status if:

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

(b) remains under the control of the customs authorities in the territory of a non-Party; and,

(c) a good originating in the exporting Party is transported through one or more non-Parties, in which case the customs authority of the importing Party may require importers claiming preferential tariff treatment for the good to submit:

(i) acopy of the transport document; or,

(ii) a certificate or any other information given by the customs authority of such non-Parties or other authorized entities to support the fact that the goods have been in transit.

Article 4.13. Exhibitions

1. The preferential tariff treatment provided for in this Agreement shall be accorded to originating goods that are consigned for exhibition in a non-Party and sold after the exhibition for importation into one of the Parties, when the following conditions are fulfilled to the satisfaction of the customs authorities of the importing Party:

(a) that an exporter has shipped these goods from one Party to the non-Party where the exhibition took place;

(b) the goods have been sold or otherwise disposed of by the exporter to a person of a Party;

(c) the goods have been shipped during the exhibition or immediately thereafter in the same condition in which they were shipped to the exhibition;

(d) that from the time the goods were sent to the exhibition, they have not been used for any purpose other than for their presentation at the exhibition; and

(e) the goods have remained under the control of the Customs authorities of the non-Party during the exhibition.

2. For the purposes of paragraph 1, a certificate of origin shall be issued in accordance with the provisions of Section B of this Chapter and submitted to the customs authorities of the importing Party, stating the name and address of the exhibition. Additional documentary evidence relating to the exhibition may be required if deemed necessary.

3. Where a good originating in the exporting Party is imported after an exhibition in a non-Party, the customs authority of the importing Party may require importers claiming preferential tariff treatment for the good to submit:

(a) a copy of the transport document; or, (b) a certificate or any other information given by the customs authority of such non-Parties or other authorized entities to support the fact that the goods have been in transit.

Section B. Origin Procedures Article

Article 4.14. Certification of Origin

1. The customs authority of the importing Party may grant preferential tariff treatment based on a written or electronic certificate of origin issued by the competent authority of the exporting Party.

2. The certificate of electronic 5origin must be digitally signed.

3. The competent authority of the exporting Party may delegate the issuance of the certificate of origin to other public or private entities.

4. The competent authority or qualified entities may examine in their territory the originating status of the goods and their compliance with the requirements of this Chapter. For this purpose, they may request any supporting evidence, carry out inspections at the exporterâs or producer's premises or carry out any other control they deem appropriate.

5. The Parties shall keep in force before the General Secretariat of ALADI the list of official agencies or public or private entities authorized to issue certificates of origin and the record of the autographic or electronic signatures of the officials accredited for such purpose.

6. The certificate of origin shall serve to certify that a good exported from the territory of one Party to the territory of another Party qualifies as originating. Such certificate may be modified by the Commission. The single form of the certificate of origin is set out in Annex 4.2.

7. The certificate of origin shall be valid for one year from the date on which it was issued.

5 The Parties shall implement a system of electronic certification of origin referred to in this Article no later than two (2) years after the entry into force of the Agreement. In addition, both Parties shall evaluate the feasibility of the customs office of import receiving a copy of the electronic certificate of origin directly from the competent authority. Upon implementation of the electronic certification of origin system, the Parties shall recognize electronic signatures as valid.

Article 4.15. Billing by a Non-Party Operator

When a good is invoiced by an operator of a non-Party, the following legend shall be indicated in the "Remarks" field of the certificate of origin: "Transaction invoiced by an operator of a non-Party".

Article 4.16. Exceptions

The certificate of origin will not be required when:

(a) the customs value of the importation does not exceed one thousand dollars of the United States of America (US$ 1000) or the equivalent amount in the currency of the importing Party at the time the customs declaration is filed, or such greater amount as may be established by the importing Party, unless the importing Party considers the importation to be part of a series of importations made or planned for the purpose of evading compliance with the laws of the Party governing claims for preferential tariff treatment under this Agreement; or,

(b) is a good for which the importing Party does not require the importer to provide certification or information demonstrating origin.

Article 4.17. Obligations Relating to Imports

1. The customs authority of each Party shall require that an importer claiming preferential tariff treatment for a good:

(a) declare in writing on the import document required by your legislation, on the basis of a certificate of origin, that a good qualifies as an originating good;

(b) has the certificate of origin in his possession at the time the declaration is made;

(c) provide, if requested by the customs authority, the certificate of origin or copies thereof; and,

(d) immediately files a corrected declaration and pays the corresponding duty when the importer has reason to believe that the certificate of origin on which the customs declaration is based contains incorrect information. The importer may not be penalized when he voluntarily lodges the corrected goods declaration before the customs authority has initiated the exercise of its verification and control powers or before the customs authorities notify the revision, in accordance with the legislation of each Party.

2. If an importer in its territory fails to comply with any of the requirements set out in this Chapter, the customs authority shall deny preferential tariff treatment.

3. In the case of Ecuador, when the importer requests preferential tariff treatment without a certificate of origin, it will be subject to the procedures of domestic legislation.

Article 4.18. Duty Drawback

Where the importer has not requested preferential tariff treatment for the goods imported into its territory that he has qualified as originating, the importer may, no later than one year after the date of importation, apply to the customs authority of the importing Party for a refund of the excess customs duties paid because the importer has failed to

requested preferential tariff treatment for that good, in accordance with the procedure established in each Party.

Article 4.19. Obligations Relating to Exports

1. Each Party shall provide that:

(a) where an exporter has reason to believe that the certificate of origin contains incorrect information, he shall immediately inform the competent authority or qualified entities in writing of any change which may affect the accuracy or validity of the certificate of origin; and

(b) if an exporter has furnished a false certificate or false information and therewith exported goods qualifying as originating goods into the territory of the other Party, he shall be subject to penalties similar to those that would be imposed on an importer in its territory for contravening its customs laws and regulations by making false declarations and statements in connection with an importation.

2. No Party shall impose penalties on an exporter for providing incorrect information if he voluntarily communicates this in writing to the competent authority or qualified entities before the customs authority of the importing Party has initiated the exercise of its verification and control powers or before the customs authority notifies the review, in accordance with each Party's legislation.

Article 4.20. Record-Keeping Requirements

1. The competent authority or qualified entities shall keep a copy of the certificate of origin for at least five years from the date of issue. Such a file shall include all the background information on which the certificate was issued.

2. An exporter applying for a certificate of origin under Article 4.14 must retain for at least five years from the date of issuance of such certificate, all records necessary to demonstrate that the good was originating, including records relating to:

(a) the purchase, costs, value and payment for the exported goods;

(b) the purchase, costs, value and payment of all materials, including indirect materials, used in the production of the exported merchandise; and,

(c) the production of the goods in the form in which they are exported from its territory.

3. An importer requesting preferential tariff treatment for a good shall retain, for a minimum of five years from the date of importation of the good, the documentation required by the customs authority, including a copy of the certificate of origin.

Article 4.21. Procedures for Verification of Origin

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

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

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

(a) written requests for information or questionnaires to the exporter or producer of the good in the territory of the other Party, which shall specifically identify the good being verified;

(b) verification visits to the premises of the exporter or producer of the good in the territory of the other Party for the purpose of examining the records and documents referred to in Article 4.20 and inspecting the facilities and materials used in the production of the good; or,

(c) any other procedure agreed by the Parties.

4. For the purposes of this Article, any written communication sent by the importing Party to the exporter or producer for verification of origin through the competent authority of the exporting Party shall be considered valid if it is made by means of:

(a) certified mail or other forms with acknowledgement of receipt confirming receipt of documents or communications; or,

(b) in such other manner as the Parties may agree. 5. In accordance with paragraph 3, requests for information or written questionnaires shall contain: (a) the name, title and address of the importing Party requesting the information;

(b) the name and address of the exporter or producer from whom the information and documentation is requested;

(c) description of the information and documents required; and, (d) legal basis for requests for information or questionnaires.

6. An exporter or producer that receives a questionnaire or request for information pursuant to paragraph 3(a) shall duly complete and return the questionnaire or respond to the request for information within 30 days of the date of receipt. During the above period, the exporter or producer may make a written request for an extension to the customs authority of the importing Party, not to exceed 30 days. Such request shall not have the effect of denying preferential tariff treatment.

7. The importing Party may request, through the competent authority of the exporting Party, additional information through a subsequent questionnaire or request to the exporter or producer, even if it has received the completed questionnaire or the requested information referred to in paragraph 3(a). In this case the exporter or producer shall have 30 days to respond to such a request.

8. If the exporter or producer fails to duly complete a questionnaire, return it, or provide the requested information within

the period set forth in paragraphs 6 and 7, the importing Party may deny preferential tariff treatment to the goods subject to verification by sending to the importer and to the competent authority of the exporting Party, a determination of origin including the facts and legal basis for that decision.

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

10. Pursuant to paragraph 3(b), the notification of intent to conduct the verification visit of origin referred to in paragraph 9 shall contain:

(a) the name, title and address of the importing Party making the notification; (b) the name of the exporter or producer to be visited; (c) the date and place of the proposed verification visit;

(d) the purpose and scope of the proposed verification visit, including the specific reference of the merchandise to be verified;

(e) the names and positions of the officials who will carry out the verification visit; and,

(f) the legal basis for the verification visit.

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

12. The importing Party shall not deny preferential tariff treatment to a good if, within 15 days of the date of receipt of the notification, the producer or exporter, on a single occasion, requests a postponement of the proposed verification visit, with appropriate justifications, for a period of not more than 30 days from the date proposed under paragraph 10(c), or for such longer period as the customs authority of the importing Party and the competent authority of the exporting Party may agree.

13. Pursuant to paragraph 3(b), the importing Party shall allow an exporter or producer who is subject to a verification visit to designate up to two observers to be present during the visit and to act solely in that capacity. Failure to designate observers shall not be grounds for postponement of the visit.

14. In verifying compliance with any requirement set out in Section A of this Chapter, the importing Party shall adopt, where applicable, the Generally Accepted Accounting Principles applied in the territory of the exporting Party.

15. The importing Party may deny preferential tariff treatment to a good subject to a verification of origin where the exporter or producer of the good fails to make available to the importing Party the records and documents referred to in Article 4.20.

16. When the verification visit has been concluded, the importing Party may draw up a record of the visit, which shall include the facts established by it. The exporter or producer subject to the visit may sign this record.

17. Within 90 days of the conclusion of the verification of origin, the importing Party shall issue a determination of origin, including the facts and legal basis for such determination, and shall notify the importer and the competent authority of the exporting Party.

18. Upon expiration of the time limit set forth in the preceding paragraph, without the importing Party having issued a determination of origin, the competent authority of the exporting Party may resort to the dispute settlement mechanism.

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

Article 4.22. Sanctions

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

Article 4.23. Confidentiality

1. Any information which is by its nature confidential or which is provided on a confidential basis for the purposes of this Chapter shall be treated as strictly confidential by the relevant authorities and shall not be disclosed by them without the express permission of the person or institution which provided the information, subject to the exceptions set out in paragraph 2.

2. Without prejudice to the domestic law of each Party, confidential information obtained under this Chapter may be disclosed only to judicial authorities and to authorities responsible for customs or tax matters, as appropriate.

Article 4.24. Committee on Rules of Origin

1. The Parties establish the Committee on Rules of Origin, composed of representatives of each Party, which shall have jurisdiction over the provisions of this Chapter.

2. The Committee on Rules of Origin shall meet at the request of either Party. 3. Without prejudice to the provisions of Article 4.25, the Committee shall have the following functions:

(a) propose to the Commission the adoption of origin practices and guidelines to facilitate trade between the Parties;

(b) propose solutions to the Commission on issues related to:

(i) interpretation and application of this Chapter;

(ii) other matters relating to practices or procedures adopted by the Parties under this Chapter;

(c) submit the report to the Commission, setting forth its findings and recommendations, when, at the request of the Commission and upon request of a Party, a proposal is made to amend this Chapter; and

(d) any other matter that the Committee considers relevant.

Article 4.25. Consultations and Modifications

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

2. A Party that considers that one or more of the provisions of this Chapter requires amendment may submit a proposal for consideration by the other Party.

3. The Committee on Origin shall consider proposed modifications to the rules of origin arising from changes in production processes, amendments to the Harmonized System, other matters related to the determination of the origin of a good, or other matters related to this Chapter.

4. The Originating Committee shall meet to consider the proposals within 60 days from the date of receipt of the communication or on such other date as the Committee may decide.

5. The Originating Committee shall provide a report to the Commission, setting out its findings and recommendations.

6. Upon receipt of the report, the Commission may take appropriate action in accordance with Article 13.2.

Article 4.26. Definitions

For purposes of this Chapter:

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

Competent authority means the authority which, according to the respective laws of each Party, is responsible for issuing the certificate of origin or for delegating the issuance to qualified entities.

(a) in the case of Chile, the General Directorate of International Economic Relations; and,

(b) in the case of Ecuador, the Ministry of Industries and Competitiveness.

CIF means the value of the imported goods including insurance and freight costs to the port or place of introduction into the country of importation by whatever means of transport;

Shipping containers and packing materials means goods used to protect merchandise during transportation and does not include containers and materials in which merchandise is packaged for retail sale.

Exporter means the person who makes an export.

FOB means the value of the goods free on board, whatever the means of transport, at the place of shipment abroad.

Importer means the person who makes an import.

Material means a good or any material, substance, ingredient, part or component used or consumed in the production or transformation of another good.

Material produced in-house means material that is produced by the producer of a good and used in the production of that good.

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

(a) fuel, energy, solvents and catalysts;

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

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

(d) tools, dies and moulds;

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

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

(g) any other material which is not incorporated in the goods, but the use of which in the production of the goods can be shown to be part of that production.

Identical goods means goods that are alike in all respects, including physical characteristics, quality and merchantability. Minor differences in appearance do not prevent goods that otherwise conform to the definition from being considered identical.

Expendable goods or materials means goods or materials which are interchangeable for commercial purposes, the properties of which are essentially identical and which cannot be distinguished from one another by simple visual examination.

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

Goods wholly obtained or produced entirely in the territory of one or the other Party, means:

(a) minerals extracted or obtained in the territory of either Party;

(b) products of the plant kingdom harvested, collected or gathered in the territory of either Party;

(c) live animals born and bred in the territory of one or the other Party;

(d) goods obtained from live animals in the territory of either Party;

(e) goods obtained from hunting, trapping, fishing, aquaculture, gathering or capture in the territory of one or the other Party;

(f) fish, crustaceans and other marine species taken from the sea outside the territory of the Parties by fishing vessels registered or recorded in a Party and flying the flag of that Party or by fishing vessels leased or chartered by enterprises established in the territory of a Party;

(g) goods obtained or produced on board factory ships exclusively from the goods identified in subparagraph (f), provided

that the factory ships are registered or recorded in a Party and that they fly the flag of that Party or are leased or chartered by enterprises established in the territory of a Party;

(h) goods taken from the seabed or subsoil outside the territorial waters of a Party, by a Party ora person of a Party, provided that the Party has rights to exploit that seabed or subsoil;

(i) wastes and residues derived from:

(i) manufacturing or processing operations in the territory of either Party; or,

(ii) used goods collected in the territory of either Party, provided that such goods serve only for the recovery of raw materials; or,

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

Generally Accepted Accounting Principles means those on which there is recognized consensus or which enjoy substantial and authoritative support, in the territory of a Party and at a given point in time, with respect to the recording of revenues, expenses, costs, assets and liabilities, the disclosure of information and the preparation of financial statements. The principles may cover procedures of general application as well as detailed standards, practices and procedures.

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

Producer means a person who carries out a production process.

Ruling of origin means the written document issued by the customs authority as a result of a procedure verifying whether a good qualifies as originating under this Chapter.

Preferential tariff treatment means the tariff applicable to an originating good under this Agreement. Value means the value of a good or material for purposes of the application of this Chapter.

Transaction value means the price paid or payable for a good determined in accordance with the provisions of the Customs Valuation Agreement.

Article 4.27. Transitional Provision

Pending the definition of the specific origin requirements for products of the textile and apparel and footwear sector, Chapters 50 to 64 of NALADISA 2007, the provisions of Resolution 252 of the ALADI Committee of Representatives shall apply; the modifications and/or additions agreed within the framework of ALADI to said Resolution shall not be applicable within the framework of this Agreement.

Chapter 5. CUSTOMS PROCEDURES AND TRADE FACILITATION

Article 5.1. Publication

1. Each Party shall, in accordance with the provisions of its national legislation, publish its customs laws, regulations and administrative procedures on the Internet.

2. Each Party shall designate one or more points of contact to whom interested persons may address customs-related inquiries, and shall make available on the Internet information on the procedures for making and responding to such inquiries.

3. To the extent practicable, each Party shall publish in advance any regulations of general application with respect to customs matters that it intends to adopt and shall provide an opportunity to comment on such regulations prior to their adoption.

Article 5.2. Clearance of Goods

1. Both Parties shall adopt and maintain simplified customs procedures to achieve an efficient and expeditious customs clearance mechanism.

2. In order to achieve this objective, the Parties undertake to ensure that, as far as possible, the customs clearance of goods is carried out:

(a) within 48 hours after the arrival of the goods;

(b) at the place of arrival and without necessarily being moved and temporarily deposited in warehouses or other facilities;

(c) prior to the presentation of the goods to the customs authority, in accordance with the procedures established by each Party.

Article 5.3. Automation

1. The Parties shall work to ensure that the adoption of the use of information technology allows for expeditious procedures in the clearance of goods. When installing computer applications the Parties shall take into account international norms or standards.

2. The Parties shall adopt or maintain accessible computerized systems to enable users authorized by the Customs authority to transmit their declarations.

3. The Parties shall provide for the electronic recording and processing of information and data to be used for the purpose of improving risk analysis and risk management techniques.

4. The Parties shall work to develop electronic systems compatible with those of the other Party's customs authority to facilitate the exchange of international trade information between the Parties in accordance with Articles 5.5 and 5.6 of this Chapter.

Article 5.4. Risk Management

Each Party shall endeavour to adopt or maintain risk management systems in its control activities that enable its customs authority to focus its inspection activities on high-risk goods and to simplify the clearance and movement of low-risk goods.

Article 5.5. Customs Cooperation

Cooperation and mutual assistance in customs matters shall be governed by the provisions of Annex 5.1.

Article 5.6. Confidentiality

1. Any information which is by its nature confidential or which is provided on a confidential basis for the purposes of this Chapter shall be treated as such by the relevant authorities, who shall not disclose it without the express permission of the person or institution that provided the information, subject to the exceptions set out in paragraph 2 of this Article.

2. Without prejudice to the domestic law of each Party, confidential information obtained under this Chapter may be disclosed only to judicial authorities and to authorities responsible for customs or tax matters, as appropriate.

Article 5.7. Expedited Delivery Shipments

Each Party shall adopt or maintain separate and expeditious customs procedures for expedited shipments while maintaining adequate screening and control by the customs authority. These procedures shall allow for:

(a) that the information necessary for the clearance of the consignment can be presented to and processed by the Party's customs authority prior to the arrival of the consignment;

(b) that a shipper shall present a single manifest or document covering all goods contained in a consignment transported by an express delivery service, if possible by electronic means;

(c) that, to the extent possible, reduce the documentation required for the clearance of the shipment; and

(d) that, under normal circumstances, the shipment is cleared expeditiously, in accordance with the procedures of each Party.

Article 5.8. Review and Challenge

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

(a) a level of administrative review independent of the official or office that adopted the administrative act subject to review; and,

(b) an instance of judicial review of the administrative act issued at the final level of administrative review.

Article 5.9. Sanctions

Each Party shall adopt or maintain measures to provide for the imposition of civil, administrative and, where appropriate, criminal penalties for non-compliance with its customs laws and regulations.

Article 5.10. Advance Rulings

1. Each Party may, prior to the importation of a good into its territory, issue advance tariff classification rulings in writing, upon written request of the importer in its territory, in accordance with procedures established by each Party.

2. Each Party shall provide that advance rulings shall take effect from the date of their issuance, or other date specified in the ruling, provided that the elements on which the ruling is based have not changed.

3. When an importer requests the treatment accorded to a good pursuant to the advance ruling, the customs authority may assess whether the elements of the importation are consistent with the facts or circumstances on which the advance ruling was based.

4. If the requester provides false information or omits relevant facts or circumstances in its request for an advance ruling, or fails to act in accordance with the terms and conditions of the ruling, the importing Party may apply appropriate measures, which may include civil, criminal and administrative actions, fines or other sanctions.

Article 5.11. Committee on Customs Matters and Trade Facilitation

1. The Parties establish the Committee on Customs Matters and Trade Facilitation, composed of representatives of each Party.

2. The Committee on Customs Matters and Trade Facilitation shall meet at the request of the Commission or of one of the Parties.

3. The Committee shall have the following functions:

(a) propose to the Commission the adoption of customs practices and guidelines to facilitate trade between the Parties, in line with developments in the World Customs Organisation and WTO guidelines;

(b) propose solutions to the Commission on disputes arising in connection with:

(i) interpretation and application of this Chapter;

(ii) customs tariff classification matters; and,

(iii) other issues related to practices or procedures adopted by the Parties that impede the expeditious clearance of goods.

(c) ensure compliance with the provisions of this Chapter and its Annex;

(d) propose to the Commission alternative solutions to trade facilitation-related obstacles or difficulties between the Parties;

(e) provide the report to the Commission, setting forth its findings and recommendations, when, at the request of the Commission and upon request of a Party, a proposal is made to amend this Chapter; and

(f) any other matter that the Committee considers relevant.

Chapter 6. Trade Defense

Section A. Bilateral Safeguard Measures (8)

(8) Since no Bilateral Safeguards Regime has been negotiated in this instrument, the Parties maintain the Bilateral Safeguards Regime provided for in Chapter V of the Economic Complementation Agreement N° 32 signed between Chile and Ecuador on 20 December 1994.

Article 6.1. Safeguarding Clauses

1. Subject to prior notice, the Parties may apply the ALADI Regional Safeguard Regime, approved by Resolution 70 and its amendments of the Committee of Representatives of the Association, to imports made under the Release Program of this Agreement, with the following limitations:

(a) In cases where reasons of imbalance in the overall balance of payments of one of the Parties are invoked, the measures to be adopted may be for a period of up to one year and may be non-discriminatory and non-selective, applying even tariff surcharges affecting all imports.

(b) In cases in which the importation of one or more products benefiting from the application of Chapter 3 of this Agreement causes or threatens to cause significant injury to domestic production of like or directly competitive goods, the Parties may apply safeguard clauses, on a transitional and non-discriminatory basis, for a period of one year.

2. The extension of the safeguard clauses for a new period shall require a joint review by the Parties of the background and grounds justifying their application, which must necessarily be reduced in its intensity and magnitude until its total expiration at the expiration of the new period, which may not exceed one year.

3. The Commission shall define, within 90 days of its establishment, what shall be understood by significant injury, and shall define the procedures for the application of the rules of this Chapter.

Article 6.2. Public Prices

The Parties recognise that public pricing policies may have distorting effects on bilateral trade. Accordingly, they agree not to resort to public pricing practices and policies that would nullify or impair the benefits accruing directly or indirectly under this Agreement.

Article 6.3. Global Safeguarding Measures

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

2. This Agreement confers no additional rights or obligations on the Parties with respect to actions taken pursuant to Article XIX of the GATT 1994 and the Agreement on Safeguards.

Section B. Antidumping and Countervailing Duties

Article 6.4. Antidumping and Countervailing Duties

1. Each Party retains its rights and obligations under the WTO Agreement with respect to the application of anti-dumping and countervailing duties.

2. Nothing in this Agreement, including the provisions of Chapter 14, shall be construed to impose any rights or obligations on the Parties with respect to antidumping and countervailing duty measures.

Chapter 7. SANITARY AND PHYTOSANITARY MEASURES

Article 7.1. Objectives

1. To protect human life and health, animal and plant health, facilitate trade and strengthen Parties' capacities for the implementation of the SPS Agreement.

2. Prevent sanitary, phytosanitary and food safety measures adopted by the Parties from constituting unjustified barriers to trade.

Article 7.2. General Provisions

1. The Parties shall be bound by the provisions of the SPS Agreement and decisions adopted by the WTO Committee on Sanitary and Phytosanitary Measures, with respect to the adoption and application of all sanitary and phytosanitary measures.

2. The definitions in Annex A of the SPS Agreement, as well as those set out in the glossaries of harmonized terms of the relevant international organizations: the World Organisation for Animal Health (OIE), the International Plant Protection Convention (IPPC) and the Codex Alimentarius Commission (Codex), shall apply to this Chapter.

3. The animal health and food safety standards referred to in this Chapter are also understood to refer to hydrobiological resources, including products and by-products.

Article 7.3. Rights and Obligations

1. The Parties confirm their rights and obligations under the SPS Agreement. In addition to the foregoing, the Parties shall be bound by the provisions of this Chapter on a supplementary basis.

2. The Parties agree to make joint efforts for the effective implementation of the SPS Agreement and the provisions of this Chapter, with a view to facilitating bilateral trade.

3. The Parties, through mutual cooperation, shall endeavour to ensure food safety, prevent the entry and spread of pests and diseases, and improve plant and animal health.

Article 7.4. Agreements between Competent Authorities

1. In order to facilitate the implementation of the SPS Agreement and this Chapter, the competent sanitary, phytosanitary, and food safety authorities of the Parties, as listed in Annex 7.1, may enter into cooperation and coordination agreements to facilitate the exchange of goods without sanitary risk to both Parties.

2. Such agreements may deepen and/or establish the mechanisms and instruments necessary to achieve transparency, fluidity and deadlines in the procedures for the determination of equivalence, recognition of areas free or of low pest or disease prevalence, control, inspection, approval and certification, among others, and in all cases shall be compatible with the provisions of this Chapter. These agreements shall also have as their objective the development of the technical and institutional capacities in sanitary, phytosanitary and food safety matters of the Parties, with a view to strengthening bilateral trade.

3. For the proper implementation of the Chapter, bilateral contact and information exchange between the sanitary, phytosanitary and food safety agencies of the Parties shall be promoted and strengthened.

Article 7.5. Committee on Sanitary and Phytosanitary Measures

1. The Parties establish a Committee on Sanitary and Phytosanitary Measures to address matters relating to the implementation of this Chapter.

2. The Committee shall be composed of delegates with decision-making powers from the competent authorities, as identified in Annex 7.1.

3. The Committee shall meet no later than 180 days after the entry into force of this Agreement, once a year or as otherwise agreed by the Parties. For this purpose, it shall meet in person, by teleconference, videoconference, or by other means that ensure an adequate level of functioning.

4. At its first session the Committee shall establish its rules of procedure and a programme of work, which shall be updated according to matters of interest proposed by the Parties.

5. The functions of the Committee shall be:

(a) improve bilateral understanding on specific implementation issues relating to the SPS Agreement;

(b) establish working groups or ad-hoc technical panels, and determine their mandates, objectives, functions and deadlines for them to present the results of their work on matters relating to harmonization; equivalence; risk assessment and appropriate level of protection; recognition of pest and disease free areas and areas of low pest and disease prevalence; and control, inspection, approval and certification procedures, among others;

(c) serve as a forum for monitoring the commitments set out in the work programmes;

(d) assess progress in addressing and resolving sanitary, phytosanitary and food safety issues that may arise between the Parties;

(e) serve as a forum to encourage and facilitate the conduct of technical consultations under Article 7.6, where a Party so notifies the Committee;

(f) ensure the development and implementation of the procedures set out in the provisions of this Chapter;

(g) consult on matters, positions and agendas of meetings of the SPS Committee, Codex, IPPC, OIE, as well as other international or regional fora of which both Parties are members;

(h) keep Annex 7.1 on competent authorities and contact points up to date;

(i) promote, coordinate and follow up technical cooperation programmes on sanitary, phytosanitary and food safety matters; and

(j) such other functions as the Parties may agree.

6. The Committee shall have the power to adopt decisions relating to the application of the provisions of this Chapter, and the Parties shall adopt the necessary measures to ensure compliance (9). These decisions shall be notified to the Commission.

(9) Chile shall implement the decisions of the Committee referred to in this article by means of implementing agreements, in accordance with its Political Constitution.

Article 7.6. Technical Consultations

1. In the event that a Party considers that a sanitary, phytosanitary or food safety measure unduly affects its trade with the other Party and that consultations or the normal exchange of information between the competent authorities have failed to resolve the situation, the complaining Party may notify the request for technical consultations to the Committee on Sanitary and Phytosanitary Measures of this Agreement, through its coordinating competent authority, which shall be responsible, together with the coordinating competent authority of the other Party, for facilitating the conduct of the requested technical consultations.

2. Such technical consultations shall be held within 60 days of receipt of the request, unless the Parties agree otherwise, and may be held via teleconference, videoconference, or any other means mutually agreed by the Parties.

3. Where the Parties have had recourse to technical consultations pursuant to this Article, such consultations shall, at the option of the complaining Party, replace those provided for in Article 14.4.

Article 7.7. Competent Authorities

The competent authorities of the Parties, which shall develop regular direct channels of communication between themselves, are those listed in Annex 7.1.

Chapter 8. Technical Barriers to Trade

Article 8.1. Objectives

Increase and facilitate trade by improving implementation of the TBT Agreement, eliminating unnecessary technical barriers to trade and increasing bilateral cooperation.

Article 8.2. Scope of Application

1. This Chapter applies to standards, technical regulations and conformity assessment procedures (10)of the Parties that may affect, directly or indirectly, trade in products between the Parties.

2. The provisions of this Chapter do not apply to sanitary and phytosanitary measures, which shall be governed by Chapter 7 of this Agreement.

3. This Chapter shall not apply to procurement specifications established by governmental agencies as of the date on which

the Chapter on Government Procurement to be negotiated pursuant to Article 16.5 of this Agreement enters into force.

(10) The Conformity Assessment Procedures include metrology.

Article 8.3. Confirmation of the TBT Agreement

The Parties confirm the rights and obligations existing between them under the TBT Agreement.

Article 8.4. Standards

1. In developing, adopting and implementing standards, the Parties shall comply with Article 4 of the TBT Agreement.

2. Parties shall use international standards, or relevant parts thereof, as the basis for their technical regulations and related conformity assessment procedures where relevant international standards exist or their final formulation is imminent, except where such international standards or relevant parts thereof would be an ineffective or inappropriate means for the achievement of legitimate objectives.

3. In this regard, the Parties shall apply the decision of the WTO Committee on Technical Barriers to Trade, set out in G/TBT/1/Rev.8 of 23 May 2002, Section IX "Decision of the Committee on Principles Guiding the Development of International Standards, Guidance and Recommendations on Articles 2 and 5 and Annex 3 of the Agreementâ.

4. Where appropriate, the Parties shall cooperate with each other, in the context of their participation in international standardizing bodies, to ensure that international standards developed within such organizations, which are likely to form the basis for technical regulations, are trade facilitating and do not create unnecessary obstacles to international trade.

Article 8.5. Trade Facilitation

The Parties shall intensify their joint work in the field of standards, technical regulations and conformity assessment procedures with a view to facilitating access to their respective markets. In particular, the Parties shall seek to identify bilateral initiatives that are appropriate for particular issues or sectors. Such initiatives may include: cooperation on regulatory matters, such as convergence, or equivalence of technical regulations and standards, alignment with international standards, reliance on a supplier's declaration of conformity, recognition and acceptance of the results of conformity assessment procedures, the use of accreditation to qualify conformity assessment bodies, mutual recognition agreements, as well as technical cooperation and collaboration of the Parties.

Article 8.6. Technical Regulations

1. Technical regulations shall not be more trade-restrictive than necessary to fulfil a legitimate objective, taking account of the risks that would be created by failure to fulfil that objective. Such legitimate objectives include: the imperatives of national security; the prevention of deceptive practices; the protection of human health or safety, animal or plant life or health, or the environment. In assessing these risks, relevant elements to be taken into consideration include, inter alia: available scientific and technical information, related processing technology or end uses for which the products are intended.

2. With respect to technical regulations, each Party shall accord to products of the other Party national treatment and treatment no less favorable than that accorded to like products originating in any other country.

3. Adopted technical regulations shall not be maintained if the circumstances that led to their adoption no longer exist, or if the objectives determined can be met in a less restrictive manner.

4. Each Party shall favorably consider accepting as equivalent technical regulations of the other Party, even if those regulations differ from its own, provided that those technical regulations produce results that are equivalent to those produced by its own technical regulations in achieving its legitimate objectives and achieving the same level of protection.

5. A Party shall, on request of the other Party, explain the reasons why it has not accepted a technical regulation of that Party as equivalent.

Article 8.7. Conformity Assessment

1. Recognizing the existence of differences in conformity assessment procedures in their respective territories, the Parties

shall use their best endeavours to achieve compatibility of their conformity assessment procedures in accordance with international conformity assessment standards and the provisions of this Chapter.

2. The Parties recognize that a wide range of mechanisms exist to facilitate the acceptance of conformity assessment results, including:

(a) the importing Party's reliance on a supplier's declaration of conformity;

(b) voluntary recognition agreements between conformity assessment bodies in the territory of each Party;

(c) agreements on mutual acceptance of the results of conformity assessment procedures with respect to specific regulations, carried out by bodies located in the territory of the other Party;

(d) accreditation procedures for qualifying conformity assessment bodies;

(e) government designation of conformity assessment bodies; and

(f) the recognition by a Party of the results of conformity assessments carried out in the territory of the other Party.

3. The Parties shall intensify their exchange of information on the range of mechanisms that facilitate the acceptance of conformity assessment results.

4. In the event that a Party does not accept the results of conformity assessment procedures carried out in the territory of the other Party, it shall, on request of the other Party, explain the reasons for corrective action to be taken if necessary.

5. Each Party shall accredit, approve, approve, authorise, or otherwise recognise conformity assessment bodies in the territory of the other Party on terms no less favourable than those accorded to conformity assessment bodies in its territory. If a Party accredits, approves, approves, authorises, or otherwise recognises a body assessing conformity with a particular technical regulation or standard in its territory and refuses to accredit, approve, authorise, or otherwise recognise a body assessing conformity with that technical regulation or standard in the territory of the other Party, it shall, on request, explain the reasons for its refusal so that corrective action may be taken if necessary.

6. If a Party rejects a request by the other Party to enter into or conclude negotiations to reach an agreement to facilitate the recognition in its territory of the results of conformity assessment procedures carried out by bodies in the territory of the other Party, it shall, on request, explain the reasons for its decision.

7. The Parties shall seek to ensure that the conformity assessment procedures applied between them facilitate trade by ensuring that they are no more restrictive than necessary to provide the importing Party with confidence that products comply with the applicable technical regulations, taking into consideration the risks that non-compliance would create.

8. In order to enhance confidence in the continued mutual reliability of conformity assessment results, the Parties may consult, as appropriate, with a view to reaching a mutually satisfactory understanding on such matters as the technical competence of the conformity assessment bodies involved.

Article 8.8. International System of Units

The Parties undertake to adopt, for trade purposes, the International System of Units.

Article 8.9. Transparency

1. The Parties shall notify electronically, through the contact point established for each Party under Article 10 of the TBT Agreement, the draft technical regulations and conformity assessment procedures intended to be adopted, at the same time as the Party notifies other WTO Members, in accordance with the TBT Agreement and this Agreement.

2. Within 60 days of the notification referred to in the preceding paragraph, interested parties may submit comments and consultations on such measures to enable the notifying Party to address and take them into account. To the extent possible, the notifying Party shall give favourable consideration to requests from the other Party for an extension of the time limit for comments.

3. In the event that a Party adopts a technical regulation or conformity assessment procedure, due to urgent problems or threat thereof related to its legitimate objectives, it shall notify the other Party electronically, through the above-mentioned contact point, at the same time as other WTO Members.

4. Each Party shall publish, in printed or electronic form, or otherwise make publicly available, its responses to significant

comments at the same time as the technical regulation or conformity assessment procedure is published.

5. Each Party shall, on request of the other Party, provide information on the objectives of and reasons for a technical regulation or conformity assessment procedure that the Party has adopted or proposes to adopt.

6. Each Party shall ensure that there is at least one Information Centre in its territory capable of responding to all reasonable enquiries and requests from the other Party and interested persons, and of providing relevant documentation in relation to all matters under this Chapter.

7. Each Party shall implement this Article as soon as practicable and in no event later than three years after the entry into force of this Agreement.

Article 8.10. Committee on Technical Barriers to Trade

1. The Parties establish a Committee on Technical Barriers to Trade composed of representatives designated by each Party, in accordance with Annex 8.1.

2. The functions of the Committee shall include:

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

(b) deal promptly with matters that a Party proposes with respect to the preparation, adoption, application, implementation, or enforcement of standards, technical regulations or conformity assessment procedures, including authorization or approval procedures;

(c) increase cooperation for the development and improvement of standards, technical regulations, or conformity assessment procedures;

(d) as appropriate, facilitate sectoral cooperation between governmental and non-governmental entities on standards, technical regulations and procedures of conformity assessment in the territories of the Parties, as well as to facilitate the process of mutual recognition agreements and equivalence of technical regulations;

(e) exchange information about work being carried out in non-governmental, regional, multilateral fora and cooperative programmes involved in activities related to standards, technical regulations and conformity assessment procedures;

(f) on request of a Party, to consult on any matter arising under this Chapter;

(g) take any other action that the Parties consider will assist them in the implementation of this Chapter and the TBT Agreement and the facilitation of trade in products;

(h) review this Chapter in the light of developments in the TBT Agreement Committee, and develop recommendations to amend this Chapter if necessary;

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

(j) establish, if necessary, for particular matters or sectors, working groups for the treatment of specific matters and issues related to this Chapter.

3. The Parties shall make every effort to reach a mutually satisfactory solution to the consultations referred to in paragraph 2(f) within a period of up to 30 days.

4. Where the Parties have resorted to consultations pursuant to paragraph 2(f), such consultations shall, at the option of the complaining Party, replace those provided for in Article 14.4.

5. Upon request, a Party shall give sympathetic consideration to any sector-specific proposal by the other Party for enhanced cooperation under this Chapter.

6. The Committee shall meet as deemed necessary by the Parties, and where possible, once a year, by videoconference, teleconference or other agreed means.

Article 8.11. Technical Cooperation

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

2. Each Party shall encourage standardizing and conformity assessment bodies in its territory to cooperate with those of the other Party in its territory, as appropriate, in the conduct of their activities, such as through membership in international standardizing and conformity assessment bodies.

Article 8.12. Exchange of Information

Any information or explanation that is provided at the request of a Party pursuant to the provisions of this Chapter shall be provided in printed or electronic form within a reasonable period of time.

Article 8.13. Definitions

For the purposes of this Chapter, the terms contained in Annex 1 of the TBT Agreement shall apply.

Chapter 9. INVESTMENT

Article 9.1. Future Negotiation

Within two years of the entry into force of this Agreement, the Parties shall enter into negotiations on investment on a mutually beneficial basis, with a view to deepening and improving the bilateral investment regime.

Chapter 10. TRADE IN SERVICES

Article 10.1. Sea and Air Transport

1. The Parties recognise free access to the transport of their foreign trade cargoes to vessels owned, chartered or operated by the shipping companies of both Parties, under conditions of effective reciprocity, in accordance with their respective legislation, applicable in bilateral trade and from or to third countries.

2. With respect to the transportation of hydrocarbons, in the event that Ecuador's internal provisions or international agreements provide for hydrocarbon concessions to other countries or groups of countries, these will be granted under the same conditions to the Republic of Chile.

3. The maritime authorities of the Parties shall ensure transparency in the provision of these services.

4. Regarding air transport, taking as a framework the current agreement on air services signed by both Parties, they agree that the companies of both countries may carry out and market scheduled and mixed air services for passengers, cargo and mail between points in both territories and between these territories and third countries, with full traffic rights within the Latin American region (member countries of ALADI), under the terms already established by the aeronautical authorities.

5. Traffic rights not covered by this article are subject to negotiation between the aeronautical authorities.

Article 10.2. Future Negotiation

Within two years of the entry into force of this Agreement, the Parties shall enter into negotiations on trade in services on a mutually beneficial basis.

Chapter 11. ENTRY AND TEMPORARY STAY

Article 11.1. Scope and Coverage

1. This Chapter reflects the preferential commercial and cooperative relationship that exists between the Parties, the mutual objective of facilitating the entry and temporary stay of business persons, according to the principle of reciprocity and the need to agree on simplified, transparent, secure, effective and understandable criteria and procedures, in accordance with the respective domestic legislation.

2. This Chapter does not apply to measures affecting natural persons seeking access to the labor market of a Party, nor does it apply to measures relating to citizenship, nationality, residence or permanent employment.

Article 11.2. Exchange of Information

1. No later than six months after the entry into force of this Agreement, the Parties shall exchange information on measures affecting the entry and temporary stay of business persons through the following contact points:

(a) in the case of Chile, the Department of Services, Investments and Air Transport, General Directorate of International Economic Relations, Ministry of Foreign Affairs; and,

(b) in the case of Ecuador, the Ministry of Foreign Affairs, Trade and Integration and the Ministry of Labour and Employment.

2. Where a Party amends or modifies a migration measure affecting the entry and temporary stay of business persons, such amendment or modification shall be published and made available in a manner that allows the other Party and business persons to become aware of it.

Article 11.3. Future Negotiation

1. Two years after the entry into force of this Agreement, the Parties shall review the rules and conditions applicable to the movement of natural persons, with a view to achieving a comprehensive Chapter on Entry and Temporary Stay, in accordance with the provisions of this Chapter.

2. Until such time, the Parties shall facilitate entry and temporary stay in accordance with their domestic legislation and existing bilateral conventions.

3. In the case of Ecuador, the visa to be granted will be the 12-VI or 12-IX.

Article 11.4. Definitions

For purposes of this Chapter:

temporary entry and stay means the entry into and stay in the territory of a Party of a business person, without the intention of establishing permanent residence;

immigration measure means any procedure, regulation or law affecting the entry and stay of aliens; business person means a natural person who has the nationality of a Party in accordance with Article 2.1 and who engages in trade in goods or services or investment activities in the other Party. For purposes of this Chapter, business persons are (11):

(a) business visitors;

(b) traders;

(c) investors;

(d) transfers of personnel within a company; and,

(e) professionals

(11) Without prejudice to the definition of business persons, the Parties reserve the right to assign a specific type of visa to each of the above categories, in accordance with their respective domestic legislation.

Chapter 12. TRANSPARENCY

Article 12.1. Points of Contact

1. Each Party establishes a contact point, in accordance with Annex 12.1, to facilitate communications between the Parties on any matter covered by this Agreement.

2. At the request of the other Party, the contact point shall indicate the unit or official responsible for the matter and provide such support as may be required to facilitate communication with the requesting Party.

Article 12.2. Publicity

1. Each Party shall ensure that its laws, regulations, procedures and administrative rulings of general application that relate to any matter covered by this Agreement are promptly published or made available in such a manner as to enable interested persons and the other Party to become acquainted with them.

2. To the extent possible, each Party:

(a) publish in advance any measures, referred to in paragraph 1, that it intends to take; and

(b) provide interested persons and the other Party with a reasonable opportunity to comment on the proposed measures.

Article 12.3. Notification and Provision of Information

1. Each Party shall notify the other Party, to the extent practicable, of any existing or proposed measures that the Party considers would substantially affect the operation of this Agreement, or the interests of the other Party under this Agreement.

2. A Party shall, on request of the other Party, provide information and promptly respond to its questions concerning any measure in force or proposed, whether or not the other Party has previously been notified of that measure.

3. Any notification or provision of information referred to in this Article shall be made without prejudice to whether or not the measure is compatible with this Agreement.

Article 12.4. Administrative Procedures

In order to administer in a consistent, impartial and reasonable manner all measures of general application affecting matters covered by this Agreement, each Party shall ensure that, in its administrative procedures applying the measures referred to in Article 12.2 with respect to particular persons, goods or services of the other Party in specific cases:

(a) whenever possible, persons of the other Party who are directly affected by a proceeding shall, in accordance with domestic provisions, be given reasonable notice of the commencement of the proceeding, including a description of the nature of the proceeding, a statement of the legal basis pursuant to which the proceedings are instituted and a general description of all issues in dispute;

(b) when time, the nature of the proceeding, and the public interest permit, such persons are afforded a reasonable opportunity to present facts and arguments in support of their positions prior to any final administrative action; and,

(c) its procedures are in accordance with that Party's domestic law.

Article 12.5. Review and Challenge

1. Each Party shall establish or maintain judicial tribunals or procedures, or procedures of an administrative nature, for the purpose of the prompt review and, where warranted, correction of final administrative actions relating to matters covered by this Agreement. Such tribunals or proceedings shall be impartial and not connected with the agency or administrative enforcement authority, and shall have no substantial interest in the outcome of the matter.

2. Each Party shall ensure that, before such courts or in such proceedings, the parties have the right to:

(a) a reasonable opportunity to support or defend their respective positions; and,

(b) a decision or ruling based on the evidence and submissions or, in cases where required by its domestic law, on the record compiled by the administrative authority.

3. Each Party shall ensure, subject to challenge or further review as provided in its domestic law, that such rulings or decisions are enforced by, and govern the practice of, the agency or authority with respect to the administrative action that is the subject of the decision.

Article 12.6. Definition

For the purposes of this Chapter:

administrative ruling of general application means an administrative ruling or interpretation that applies to all persons and matters generally within its scope and that establishes a standard of conduct, but does not include:

(a) a determination, determination or ruling made in an administrative proceeding that applies to particular persons, goods or services of the other Party in a specific case; or

(b) a resolution or ruling that decides with respect to a particular act or practice.

ANNEX 12.1. CONTACT POINTS

For the purposes of Article 12.1, the point of contact shall be:

(a) in the case of Chile, the Ministry of Foreign Affairs, General Directorate of International Economic Relations, through the Director of Bilateral Economic Affairs; and,

(b) in the case of Ecuador, the Ministry of Foreign Affairs, Trade and Integration, through the Director-General of Integration and Trade Negotiations.

Chapter 13. ADMINISTRATION OF THE AGREEMENT

Article 13.1. Economic and Trade Commission

The Parties hereby establish the Economic and Trade Commission (hereinafter the "Commission"), which shall be composed of the representatives referred to in Article 1 of Annex 13.1 of this Chapter, or their designees.

Article 13.2. Functions

1. The Commission shall have the following functions:

(a) ensure that the provisions of this Agreement are complied with and properly implemented;

(b) monitor the implementation of this Agreement and evaluate the results achieved in its application;

(c) attempt to resolve disputes that may arise in connection with the interpretation or application of this Agreement;

(d) monitor the work of all committees and working groups established under this Agreement and recommend appropriate action;

(e) determine the amount of remuneration and expenses to be paid to the arbitrators;

(f) periodically evaluate the progress of this Agreement in order to seek its improvement and ensure a bilateral integration process that consolidates and develops an expanded economic space, based on adequate reciprocity, the promotion of fair competition and an active participation of public and private economic agents; and,

(g) consider any other matter that may affect or permit the better functioning of this Agreement.

2. The Commission may:

(a) establish and delegate responsibilities to committees;

(b) advance the implementation of the objectives of this Agreement by approving any amendments, in accordance with Annex 13.2, of:

(i) the specific rules of origin set out in Annex 4.1; and,

(ii) the tariff reduction schedule, in accordance with Article 3.3;

(c) seek the advice of non-governmental individuals or groups; and,

(d) if agreed by the Parties, take any other action in the exercise of its functions.

Article 13.3. Agreement Coordinators

1. Each Party shall designate a Coordinator, who shall work jointly on preparations for the meetings of the Commission and shall give appropriate follow-up to the decisions of the Commission.

2. The Coordinating Bodies of each Party shall be:

(a) in the case of Chile, the unit designated by the Director-General for International Economic Relations or his representative; and,

(b) in the case of Ecuador, the unit designated by the Vice-Minister of Foreign Trade of the Ministry of Foreign Affairs, Trade

and Integration or his representative.

Annex 13.1. The Commission

Article 1. Members

For the purposes of Article 13.1, the Commission shall be composed of:

(a) in the case of Chile, the Minister of Foreign Affairs, or his or her representative; and

(b) in the case of Ecuador, the Minister of Foreign Affairs, Trade and Integration, or his or her representative.

Article 2. Meetings

1. The meetings of the Commission shall be ordinary or extraordinary. In the first case, they shall be held periodically and, in the second, within fifteen days following the request formulated to that effect by one of the Parties.

2. The regular meetings of the Commission shall be held alternately in Chile and Ecuador. Extraordinary meetings may also be held by videoconference.

3. The meetings shall be chaired by the Contracting Party hosting the meeting, while the extraordinary meetings shall be chaired by the Party convening the meeting.

4. The agenda of the meetings of the Commission shall be determined by mutual agreement of the Parties. Extraordinary meetings may only deal with the subjects indicated in the notice of the meeting, unless otherwise agreed by the Parties.

5. Decisions of the Commission shall be taken by consensus.

Article 3. Minutes

1. The Chair of the meeting shall be responsible for drawing up the minutes of the meetings of the Commission, which shall record the topics discussed and the decisions adopted, in accordance with the approved agenda.

2. At the end of the meeting, the minutes shall be submitted to the representatives of the Contracting Parties for approval. In the case of extraordinary meetings held by videoconference, the minutes shall be signed through diplomatic channels.

Annex 13.2. Implementation of Commission Approved Modifications

The Parties shall implement the decisions of the Commission referred to in Article 13.2.2, in accordance with their domestic law, in accordance with the following procedure:

(a) With respect to Chile, by means of implementing agreements, in accordance with its Political Constitution; and,

(b) With respect to Ecuador, depending on the type of decisions of the Commission, by Executive Decree, Ministerial Agreement, COMEXI Resolution, or any other administrative act provided by the Foreign Trade Law.

Chapter 14. DISPUTE RESOLUTION

Article 14.1. General Provision

The Parties shall at all times endeavour to reach agreement on the interpretation and implementation of this Agreement and shall make every effort, through cooperation and consultations, to reach a mutually satisfactory resolution of any matter that might affect its operation.

Article 14.2. Scope of Application

1. Except as otherwise provided in this Agreement, the dispute settlement provisions of this Chapter shall apply:

(a) to the prevention or settlement of disputes between the Parties concerning the interpretation or application of this Agreement;

(b) where a Party considers that an existing or proposed measure of the other Party is or may be inconsistent with the

obligations of this Agreement or that the other Party is otherwise in breach of its obligations under such instruments; or,

(c) where a Party considers that an existing or proposed measure of the other Party causes nullification or impairment of benefits it could reasonably have expected to receive from the application of this Agreement, by virtue of the application of a measure that does not contravene those instruments.

2. Parties may not have recourse to the dispute settlement mechanism on the basis of paragraph 1(c) where:

(a) the measure in question is covered by a rule of exception provided for in Chapter 15 of this Agreement; and

(b) the measure in question relates to Chapter 6 of this Agreement.

Article 14.3. Choice of Forum

1. Disputes arising with respect to the same matter that is governed by this Agreement, the WTO Agreement, and any other trade agreement to which the Parties are parties may be submitted to the dispute settlement mechanisms of any of those fora, at the option of the complaining party.

2. The complaining party shall notify the other party in writing of its intention to bring a dispute to a particular forum before doing so.

3. Once the complaining party has initiated dispute settlement proceedings under Article 14.6 of this Agreement, under the WTO Agreement or another trade agreement to which the Parties are party (12), the forum selected shall be exclusive of others.

4. Where there is more than one dispute concerning the same subject matter under this Agreement, they shall, to the extent possible, be heard by the same arbitral tribunal, if the Parties so agree.

(12) For purposes of this Article, dispute settlement proceedings under the WTO Agreement or other trade agreement shall be deemed to have been initiated when the establishment of a panel or arbitral tribunal has been requested by either Party.

Article 14.4. Consultations

1. Either Party may request in writing consultations with the other Party with respect to any existing or proposed measure that it considers to be inconsistent with this Agreement or with respect to any other matter that it considers may affect the operation of this Agreement.

2. All requests for consultations shall state the reasons for the request, including identification of the existing or proposed measure or matter at issue, as well as the legal basis for the complaint.

3. The Party to which the request for consultations was addressed shall respond in writing within seven days of the date of receipt of the request.

4. The Parties shall hold consultations within 30 days of the date of receipt of the request. For matters relating to perishable goods, consultations shall be held within 15 days of the date of receipt of the request.

5. During the consultations, the Parties shall make every effort to reach a mutually satisfactory resolution of the matter submitted for consultations. To this end, the Parties shall:

(a) provide sufficient information to permit a full examination of how the existing or proposed measure, or any other matter, may affect the operation and implementation of this Agreement; and

(b) treat as confidential any information exchanged in the consultation process.

6. With a view to reaching a mutually agreed solution to the matter, the Party that requested the consultations may make representations or proposals to the other Party, which shall give due consideration to such representations or proposals.

Article 14.5. Economic-Commercial Commission. Good Offices, Conciliation and Mediation.

1. A Party may request in writing a meeting of the Commission, in the event that the matter cannot be resolved in accordance with Article 14.4, within

(a) within 60 days of submitting a request for consultation;

(b) within 15 days of delivery of a request for consultations on matters relating to perishable goods; or,

(c) any other term that may be agreed upon.

2. The requesting Party shall indicate in the request the measure or other matter that is the subject of the complaint and deliver it to the other Party.

3. Unless the Parties decide otherwise, the Commission shall meet within 10 days of the delivery of the request and shall endeavour to resolve the dispute without delay.

4. The Commission may:

(a) convene such technical advisers or establish such working groups or panels of experts as it deems necessary;

(b) use of good offices, conciliation, mediation or other dispute resolution procedures; or,

(c) make recommendations; that may assist the Parties in reaching a mutually satisfactory resolution of the dispute.

Article 14.6. Establishment of an Arbitral Tribunal

1. If the Parties fail to resolve the matter within:

(a) 25 days from the date of the meeting of the Commission convened in accordance with Article 14.5;

(b) 70 days from the date of receipt of the request for consultations, if the Commission has not met in accordance with Article 14.5.3;

(c) 30 days from the date of receipt of the request for consultations on matters relating to perishable goods, where the Commission has not met in accordance with Article 14.5.3; or,

(d) such other period as the Parties may agree; any Party may request the establishment of an arbitral tribunal.

2. The request for the establishment of an arbitral tribunal shall be made in writing and shall identify therein:

(a) the specific measure before it;

(b) the legal basis for the request, including the provisions of this Agreement that are allegedly being violated and any other relevant provisions; and

(c) the factual basis of the application.

3. Unless otherwise agreed by the Parties, the arbitral tribunal shall be constituted and perform its functions in accordance with the provisions of this Chapter.

4. Notwithstanding paragraphs 1, 2 and 3, an arbitral tribunal may not be constituted to review a draft measure.

Article 14.7. Composition of Arbitral Tribunal

1. The arbitral tribunals shall be composed of three members.

2. In the notice in writing pursuant to Article 14.6, the claimant party shall designate a member of such arbitral tribunal.

3. Within 15 days after receipt of the request for the establishment of an arbitral tribunal, the respondent shall designate another member of the arbitral tribunal and notify the claimant.

4. The Parties shall agree on the appointment of the third arbitrator within 15 days after the appointment of the second arbitrator. The member so appointed shall act as chairman of the arbitral tribunal.

5. If it has not been possible to form the arbitral tribunal within 30 days from the date of receipt of the request for its establishment, the necessary appointments shall be made, at the request of any of the Parties, by the Secretary General of ALADI, within the following 30 days.

6. The president of the arbitral tribunal may not be a national of any of the Parties, nor have his or her permanent residence in the territories of any of them, nor have any employment relationship with any of the Parties or have had any involvement

in the case, in any capacity whatsoever.

7. All referees shall:

(a) have expertise or experience in law, international trade, other matters covered by this Agreement, or the settlement of disputes arising under international trade agreements;

(b) be chosen on the basis of their objectivity, reliability and sound judgment; (c) be independent, have no affiliation with, and take no instructions from, the Parties; and

(d) comply with the Rules of Conduct for the Implementation of the Understanding on Rules and Procedures Governing the Settlement of Disputes under the WTO Agreement (document WT/DSB/RC/1).

8. Individuals who have participated in the proceedings referred to in Article 14.5 may not be arbitrators in a dispute.

9. If any arbitrator appointed pursuant to this Article resigns or is unable to serve as arbitrator, a replacement arbitrator shall be appointed within 15 days of the occurrence of the event, according to the election procedure used to select the original arbitrator. The replacement arbitrator shall have all the authority and duties of the original arbitrator. If it has not been possible to appoint him/her within such period, the appointment shall be made, at the request of any of the Parties, by the Secretary General of ALADI, within 30 days thereafter.

10. If a Party considers that one of the arbitrators appointed does not meet the requirements set forth in paragraphs 7 and 8 of this Article, it may challenge him or her, with reasons, before the other Party. If there is no agreement between the Parties regarding the challenge, the challenging party shall request the Secretary General of LAIA to rule on the challenge within five days. If the challenge is admissible, the provisions of paragraph 9 of this Article shall apply. A Party may not challenge the arbitrators appointed on more than two occasions.

11. The date of constitution of the arbitral tribunal shall be the date on which its chairman is appointed.

Article 14.8. Functions of Arbitral Tribunals

1. The function of an arbitral tribunal is to make an objective assessment of the dispute submitted to it, including an objective assessment of the facts of the case, the applicability of and compliance with this Agreement. It may also make such other findings as may be necessary for the resolution of the dispute submitted to it.

2. The arbitral tribunal shall regularly consult with the parties to the dispute and afford them adequate opportunity to reach a mutually satisfactory solution.

3. The findings and final report of the arbitral tribunal shall be binding on the parties to the dispute.

4. The arbitral tribunal shall, in addition to those matters covered by Article 14.9, establish, in consultation with the disputing parties, its own procedures regarding the rights of the Parties to be heard and its deliberations.

5. The arbitral tribunal shall reach its decisions by consensus. If the arbitral tribunal is unable to reach consensus, it shall take its decisions by a majority of its members.

Article 14.9. Rules of Procedure of Arbitral Tribunals

1. Unless the parties to the dispute otherwise agree, the proceedings of the arbitral tribunal shall be governed by the Model Rules of Procedure for the Conduct of Arbitral Tribunals set out in Annex 14.1.

2. The terms of reference of the arbitral tribunal shall be as follows, unless, within 20 days after the date of dispatch of the request for the establishment of an arbitral tribunal, the Parties agree otherwise:

"To examine, in the light of the relevant provisions of this Agreement, the matter referred to in the request for the establishment of an arbitral tribunal in accordance with the provisions of Article

14.6 and make findings, determinations and decisions as provided in Article 14.11.3 and submit the reports referred to in Articles 14.11 and 14.12".

3. If a complaining party wishes to claim that a matter has caused it nullification or impairment, the terms of reference should so state.

4. Where a disputing party requests that the arbitral tribunal make findings as to the extent of the adverse trade effects that

the breach of this Agreement has caused, or has caused nullification or impairment within the meaning of Article 14.2.1(c), the terms of reference shall so state.

5. At the request of a disputing party or on its own initiative, the arbitral tribunal may request scientific information and technical advice from experts, as it deems appropriate. Any information thus obtained shall be provided to the disputing parties for their comments.

6. The expenses associated with the proceedings shall be borne equally by the Parties, unless the arbitral tribunal determines otherwise in view of the particular circumstances of the case.

7. Each disputing party shall bear the expenses and remuneration of the arbitrator appointed by it in accordance with Article 14.7(2), (3) and (5). The expenses and remuneration of the presiding arbitrator shall be borne in equal shares.

Article 14.10. Suspension or Termination of Proceedings

1. The Parties may agree that the arbitral tribunal may suspend its work at any time for a period not exceeding 12 months from the date of such agreement. If the work of the arbitral tribunal has been suspended for more than 12 months, the establishment of the arbitral tribunal shall be terminated, unless the disputing parties agree otherwise.

2. The Parties may agree to terminate the proceedings as a result of a mutually satisfactory resolution of the dispute. Notwithstanding the foregoing, the complaining party may, at any time, withdraw the request for the establishment of the arbitral tribunal and the arbitral tribunal shall immediately terminate its work.

Article 14.11. Preliminary Report

1. The report of the arbitral tribunal shall be drawn up in the absence of the disputing parties and shall be based on the relevant provisions of this Agreement and the submissions and arguments of the disputing parties.

2. Unless the disputing parties agree otherwise, within 120 days after its establishment, or 90 days in cases involving perishable goods, the arbitral tribunal shall submit a preliminary report to the disputing parties.

3. The preliminary report shall contain:

(a) findings of fact;

(b) the arbitral tribunal's determination as to whether a disputing party has breached its obligations under this Agreement, or whether the respondent's measure causes nullification or impairment within the meaning of Article 14.2(c), or any other determination called for in the terms of reference; and

(c) the decision of the arbitral tribunal.

4. In exceptional cases, where the arbitral tribunal considers that it cannot issue its preliminary report within 120 days, or within 90 days in cases involving perishable goods, it shall inform the disputing parties in writing of the reasons for the delay and shall include an estimate of the period of time within which it will issue its report. In no case shall the period of delay exceed an additional 30 days, unless the disputing parties agree otherwise.

5. One of the arbitrators may give dissenting opinions on issues on which there is no consensus decision.

6. No arbitral tribunal may, either in its preliminary report or in its final report, disclose which arbitrators voted with the majority or with the minority.

7. A disputing party may submit written comments on the preliminary report, including the request referred to in Article 14.13.3, to the arbitral tribunal within 15 days after the submission of the preliminary report, unless the disputing parties agree otherwise.

8. After considering the written observations on the preliminary report, the arbitral tribunal may reconsider its report and conduct any further examination it deems appropriate.

Article 14.12. Final Report

1. The arbitral tribunal shall submit to the disputing parties a final report, including dissenting opinions, if any, within 30 days after the submission of the preliminary report, unless the disputing parties agree otherwise. The disputing parties shall publicly disclose the final report within 15 days thereafter, subject to the protection of confidential information.

2. If in its final report the arbitral tribunal determines that the respondent has failed to comply with its obligations under this Agreement, the decision shall be, whenever possible, to eliminate such failure.

3. Where a measure has been found to nullify or impair benefits under this Agreement, or to jeopardize the attainment of objectives of this Agreement, without violation of its provisions, there shall be no obligation to revoke the measure. However, in such cases, the arbitral tribunal shall recommend that the respondent party make a mutually satisfactory adjustment for the benefit of the complaining party.

Article 14.13. Implementation of the Final Report

1. The final report of the arbitral tribunal shall be final and binding on the disputing parties and shall not be subject to appeal.

2. Unless the disputing parties agree otherwise, the disputing parties shall immediately implement the decision of the arbitral tribunal contained in the final report.

3. If the respondent is unable to comply immediately, it shall so inform the arbitral tribunal and the claimant within 30 days after the public disclosure of the final report, in which case the disputing parties may agree on a reasonable period of time within which to bring the measure into conformity. If there is no agreement within 15 days of the initiation of discussions to define the time period, any of the disputing parties may refer the matter to the arbitral tribunal, which shall, in consultation with the disputing parties, determine the reasonable period of time within 30 days of the request.

Article 14.14. Divergence on Compliance

1. In the event of disagreement as to the existence or implementation of measures to comply with the decision or the compatibility of such measures with this Agreement taken by the respondent within the reasonable period of time referred to in Article 14.13, such dispute shall be resolved in accordance with the dispute settlement procedure of this Chapter, with the intervention, whenever possible, of the same arbitral tribunal that initially heard the case.

2. The arbitral tribunal shall notify the disputing parties of its report within 60 days of the date on which the matter was referred to it. Where the arbitral tribunal considers that it cannot issue its report within that period, it shall inform the disputing parties in writing of the reasons for the delay, including an estimate of the period of time within which it will issue its report. In no case may the period of delay exceed an additional 30 days.

Article 14.15. Compensation and Suspension of Benefits

1. If:

(a) the reasonable period of time has expired and the defendant fails to give notice that it has complied; or,

(b) the arbitral tribunal, pursuant to Article 14.14 concludes that there are no measures designed to comply with the decision, or such measures are inconsistent with this Agreement,

the complaining party may suspend, vis-a-vis the responding party, concessions or other obligations under this Agreement equivalent to the level of nullification or impairment as a result of a measure contrary or inconsistent with the provisions of these instruments. For this purpose, it shall give written notice of such intention to the responding party at least 60 days prior to the entry into force of the measures.

2. At any time after the delivery of the final report of the arbitral tribunal, the disputing parties may agree to enter into negotiations with a view to finding mutually acceptable compensation on a temporary basis until the measure in dispute is brought into conformity. Unless the disputing parties agree otherwise, such negotiation shall not suspend proceedings already initiated, in particular those referred to in Articles 14.14, 14.15.7 and 14.16, nor shall it preclude the complaining party from availing itself of the right set forth in paragraph 1.

3. Compensation and suspension of concessions or other obligations are temporary measures and in no case preferable to the full implementation of the arbitral tribunal's decision to bring the measure into conformity with this Agreement. The compensation and suspension of benefits shall only apply until the measure found to be inconsistent with this Agreement has been removed, or the disputing parties have reached a mutually satisfactory solution.

4. In considering which benefits to suspend pursuant to paragraph 1, the complaining party:

(a) shall first seek to suspend benefits in the same sector or sectors affected by the measure found by the arbitral tribunal to

be inconsistent with this Agreement or to cause nullification or impairment in accordance with Article 14.2; and

(b) if the complaining party considers that it is not practicable or effective to suspend benefits in the same sector(s), it may suspend benefits in other sectors. The notice announcing such a decision shall state the reasons on which the decision is based.

5. Failure to comply with the mutually agreed compensation will be considered as an aggravating factor in setting the amount of the suspension of benefits.

6. Upon written request by the respondent, within 15 days of the communication referred to in paragraph 1, the arbitral tribunal initially seized of the matter, shall determine whether the level of concessions or other obligations which the claimant wishes to suspend is not equivalent to the level of nullification and impairment in accordance with paragraph 1, or whether the procedures and principles of paragraph 4 have been followed.

7. The arbitral tribunal shall circulate its report to the disputing parties within 45 days of the date on which the matter was submitted in accordance with paragraph 6. The arbitral tribunal's decision, which shall be made publicly available, shall be final and binding and the disputing parties shall endeavour not to obtain a second arbitration.

Article 14.16. Review of Compliance

1. If the responding party considers that it has eliminated the non-conformity or the nullification or impairment found by the arbitral tribunal, it shall inform the other disputing party of the compliance measure adopted. In the event of a well-founded disagreement as to the compatibility of such measure with this Agreement, the responding party may submit the matter to the procedure set out in Article 14.14.

2. The complaining party shall promptly reinstate the concessions or other obligations it has suspended in accordance with article 14.15 if it does not express its disagreement with the respondent's measure of performance within 15 days after receipt of the notice under paragraph 1, or if it expresses its disagreement without substantiating it, or if the court decides that the respondent has eliminated the disagreement.

Article 14.17. Other Provisions

1. Any time limit or performance specified in this Chapter may be modified by mutual agreement between the Parties.

2. In cases of urgency, including those referred to in Article 14.4.4, the Parties and the arbitral tribunals shall make every effort to expedite the proceedings to the maximum extent possible.

Article 14.18. Right of Individuals

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

Annex 14.1. MODEL RULES OF PROCEDURE FOR THE FUNCTIONING OF ARBITRAL TRIBUNALS

Article 1. General Provisions

For the purposes of this Chapter and this Annex: disputing parties means the Parties in dispute pursuant to this Chapter; party complained against means a Party that has been sued in accordance with Article 14.6;

complaining party means the Party requesting the establishment of an arbitral tribunal under Article 14(6); and

arbitral tribunal means the arbitral tribunal established under Article 14.6.

Article 2. Notifications

1. Any request, notice, writing or other document shall be delivered by a Party, by the Secretary- General of LAIA, or by the arbitral tribunal, by delivery against receipt, by registered mail, courier or express courier company, facsimile transmission, telex, telegram or any other means of telecommunication that allows a record of the delivery to be kept.

2. The disputing parties shall provide a copy of each of their written submissions to the other disputing party and to each of

the arbitrators. A copy of the relevant document shall also be provided in electronic form.

3. All notifications shall be made and sent to each disputing party.

4. Minor clerical errors in an application, notice, pleading or other document relating to proceedings before an arbitral tribunal may be corrected by sending a new document clearly indicating the changes made.

5. If the last day for delivery of a document falls on a public holiday in one of the disputing parties, the document may be delivered on the next working day.

Article 3. Cancellation or Impairment

1. The burden of proof, where non-violation nullification or impairment is claimed, is on the complaining party, for which the complaint shall be supported by a detailed justification of any claim relating to a measure that is not inconsistent with this Agreement.

2. Where a measure has been found to nullify or impair benefits under this Agreement or to jeopardize the attainment of the objectives of this Agreement, without violation of its provisions, there shall be no obligation to revoke that measure. However, in such cases, the arbitral tribunal shall recommend that the respondent party make a mutually satisfactory adjustment.

3. At the request of either disputing party, the arbitral tribunal may include a determination of the level of benefits nullified or impaired and may also suggest means of arriving at a mutually satisfactory adjustment.

4. Notwithstanding the preceding rule, set-off may be part of a mutually satisfactory adjustment as a final settlement of the dispute.

Article 4. Commencement of Arbitration

Unless the disputing parties agree otherwise, they shall meet with the arbitral tribunal within seven days of the date of the establishment of the arbitral tribunal to determine such matters as the disputing parties or the arbitral tribunal consider relevant, including the remuneration and expenses to be paid to the chairman of the arbitral tribunal, which shall generally conform to the standards of the Understanding on Rules and Procedures Governing the Settlement of Disputes under the WTO Agreement.

Article 5. Initial Briefs

The Claimant shall deliver its Statement of Claim no later than 20 days after the date of the establishment of the arbitral tribunal. The respondent shall submit its statement in response no later than 20 days after the date of service of the initial written statement.

Article 6. Functioning of Arbitral Tribunals

1. All meetings of arbitral tribunals shall be presided over by their chairman.

2. Except as otherwise provided in these rules, the arbitral tribunal may perform its functions by any means, including telephone, facsimile transmission or computer links.

3. Only the arbitrators may participate in the deliberations of the arbitral tribunal.

4. The drafting of decisions and reports shall be the sole responsibility of the arbitral tribunal.

5. Where a procedural question arises that is not covered by these rules, the arbitral tribunal may adopt such procedure as it considers appropriate, provided that it is not inconsistent with this Agreement.

6. When the arbitral tribunal considers it necessary to modify any procedural time limit or to make any other procedural or administrative adjustment to the proceedings, it shall inform the disputing parties in writing of the reason for the modification or adjustment, indicating the time limit or adjustment required. 7. All time limits may be reduced, waived or extended by mutual agreement of the disputing parties.

Article 7. Hearings

1. The chairman shall fix the date and time of the hearings after consulting with the disputing parties and the other arbitrators on the arbitral tribunal. The presiding arbitrator shall notify the disputing parties in writing of the date, time and place of the hearing. The arbitral tribunal may decide not to convene a hearing unless a disputing party objects.

2. The hearing shall be held in the territory of the responding party, unless the disputing parties agree otherwise. The responding party shall be responsible for the logistical administration of the dispute settlement procedure, in particular for the organization of the hearings, unless otherwise agreed.

3. The arbitral tribunal may hold additional hearings with the consent of the disputing parties.

4. All arbitrators must be present at hearings.

5. No later than five days before the date of the hearing, each disputing party shall provide a list of the names of other representatives or advisers who will be present at the hearing.

6. The hearings of arbitral tribunals shall be closed to the public unless the disputing parties decide otherwise. If the disputing parties decide that the hearing shall be open to the public, a part of the hearing may nevertheless be closed to the public if the arbitral tribunal, at the request of the disputing parties, so decides for serious reasons. In particular, the arbitral tribunal shall meet in closed session when the submission and arguments of a disputing party include confidential business information. If the hearing is open to the public, the date, time and place of the hearing shall be published by the disputing party in charge of the logistical administration of the proceeding. 7. The arbitral tribunal shall conduct the hearing in the order set forth below:

(a) arguments of the complaining party;

(b) arguments of the defendant;

(c) the disputing parties' rebuttal arguments;

(d) reply of the complaining party; and,

(e) counter-reply of the defendant.

The presiding officer may set time limits on oral interventions ensuring that equal time is given to the complaining party and the respondent.

8. The arbitral tribunal may put direct questions to any disputing party at any time during the hearing.

9. Within 10 days of the date of the hearing, each disputing party may submit a supplemental brief on any issue raised at the hearing.

Article 8. Written Questions

1. The arbitral tribunal may submit written questions to any disputing party at any time during the arbitral proceedings. The arbitral tribunal shall deliver the written questions to the party to which they are addressed.

2. The disputing party to which the arbitral tribunal has addressed written questions shall deliver a copy of any written answer to the other disputing party and to the arbitral tribunal. Each disputing party shall be given an opportunity to comment in writing on the response within five days after the date of delivery of the response.

3. The disputing parties shall maintain the confidentiality of the hearings to the extent that the arbitral tribunal conducts the hearings in camera pursuant to the rule set forth in Article 7.6 of this Annex. Each disputing party shall treat as confidential information submitted by the other disputing party in confidence to the arbitral tribunal. Where a disputing party submits to the arbitral tribunal a confidential version of its written submissions, it shall also, upon request of the other disputing party, provide a non-confidential summary of the information contained in its written submissions that may be disclosed to the public no later than 15 days after the date of the request or of the filing of the written submission, whichever is later. Nothing in these rules shall prevent a disputing party from making public statements of its own position.

Article 9. Ex Parte Contacts

1. The arbitral tribunal shall refrain from meeting or maintaining contact with a disputing party in the absence of the other disputing party.

2. No disputing party may contact any of the arbitrators in the absence of the other disputing party or the other arbitrators.

3. No arbitrator may discuss with one or both of the disputing parties any matter relating to the proceeding in the absence of the other arbitrators.

Article 10. Role of Experts

1. At the request of a disputing party or on its own initiative (which shall require the consent of both disputing parties), the arbitral tribunal may obtain information and technical advice from such persons and entities as it considers appropriate. Any information so obtained shall be submitted to the disputing parties for comment.

2. Where a written request for a report is made to an expert, any time period applicable to the proceedings before the arbitral tribunal shall be suspended from the date of delivery of the request until the date on which the report is delivered to the arbitral tribunal.

Article 11. Compensation Agreement

The settlement agreement reached by the disputing parties pursuant to Article 14.15.2 of the Agreement shall be recorded in minutes to be signed by the representatives of the disputing parties.

Article 12. Calculation of Time Limits

The time limits referred to in this Chapter and in this Annex shall start to run from the day following the day of notification in accordance with Article 2 of this Annex.

Chapter 15. GENERAL EXCEPTIONS

Article 15.1. General Exceptions

For the purposes of Chapters 3, 4, 5, 7 and 8 of this Agreement, Article XX of the GATT 1994 and its interpretative notes are hereby incorporated into and made part of this instrument, mutatis mutandis. The Parties understand that the measures referred to in Article XX(b) of GATT 1994 include environmental measures necessary to protect human, animal or plant life or health, and that Article XX(g) of GATT 1994 applies to measures relating to the conservation of living or non-living exhaustible natural resources.

Article 15.2. Essential Security

Nothing In this Agreement shall be construed to:

(a) compel a Party to provide or give access to information the disclosure of which it considers contrary to its essential security interests; or,

(b) prevent a Party from applying any measure it considers necessary for the protection of its essential security interests, as well as for the fulfilment of its obligations under the Charter of the United Nations with respect to the maintenance and restoration of international peace and security.

Article 15.3. Disclosure of Information

Nothing in this Agreement shall be construed to require a Party to provide or permit access to information the disclosure of which would impede law enforcement or would be contrary to the laws of the Party protecting the personal privacy or financial affairs or accounts of individual customers of financial institutions.

Article 15.4. Balance of Payments Difficulties

1. If a Party is experiencing, or is threatened with, serious balance of payments and external financial difficulties, it may adopt or maintain restrictive measures on trade in goods and services and on payments and capital movements, including those related to foreign direct investment.

2. The Parties shall endeavour to avoid the application of the restrictive measures referred to in paragraph 1.

3. Restrictive measures adopted or maintained under this Article shall be non-discriminatory and of limited duration and shall not go beyond what is necessary to remedy the external balance of payments and financial situation. They shall be in

accordance with the terms of the WTO Agreements and consistent with the Articles of Agreement of the International Monetary Fund, as appropriate.

4. The Party that maintains or has adopted restrictive measures, or any modification thereof, shall inform the other Party without delay and shall submit, as soon as practicable, a timetable for their elimination.

5. The Party applying restrictive measures shall promptly enter into consultations within the framework of the Commission established under Article 13.1. Such consultations shall assess the balance of payments situation of that Party and the restrictions adopted or maintained under this Article, taking into account, inter alia, such factors as:

(a) the nature and extent of external financial and balance of payments difficulties;

(b) the external economic and trade environment of the Party subject to the consultations; and,

(c) other possible corrective measures that may be used. The consultations shall examine the conformity of any restrictive measures with paragraphs 3 and 4. Any statistical or other findings of fact presented by the International Monetary Fund (IMF) on exchange, monetary reserves and balance of payments issues shall be accepted and conclusions shall be based on the Fund's assessment of the external financial and balance of payments situation of the Party subject to the consultations.

Article 15.5. Taxation

1. Except as provided in this Article, nothing in this Agreement shall apply to taxation measures.

2. Nothing in this Agreement shall affect the rights and obligations of either Party under any tax treaty. In the event of any inconsistency between this Agreement and any such treaty, the treaty shall prevail to the extent of the inconsistency. In the case of a tax treaty between the Parties, the competent authorities under that treaty shall have sole responsibility for determining whether there is any inconsistency between this Agreement and that treaty.

3. Notwithstanding paragraph 2, Article 3.1, 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 Article Ill of GATT 1994.

4. For the purposes of this article: competent authorities means:

(a) in the case of Chile, the Director of the Internal Revenue Service, Ministry of Finance; and,

(b) in the case of Ecuador, the Director of the Internal Revenue Service.

tax treaty means an international double taxation avoidance treaty or other international tax treaty or arrangement; e,

taxes and tax measures do not include a:

(a) customs duties, as set out in Article 2.1 of this Agreement; and,

(b) measures resulting from the application of Chapter 6 of this Agreement.

Chapter 16. FINAL PROVISIONS

Article 16.1. Amendments and Additions

1. The Parties may agree on any amendments or additions to this Agreement.

2. The agreed amendments and additions shall enter into force in accordance with the provisions of Article 16.6, and shall constitute an integral part of this Agreement.

Article 16.2. Amendment of the WTO Agreement

If any provision of the WTO Agreement that the Parties have incorporated into this Agreement is amended, the Parties shall consult on whether to amend this Agreement.

Article 16.3. Accession

1. In compliance with the provisions of the Treaty of Montevideo of 1980, this Agreement is open to accession, through prior negotiation, by the other member countries of ALADI.

2. The accession shall be formalized once its terms have been negotiated between the Parties and the acceding country, through the conclusion of an Additional Protocol to this Agreement, which shall enter into force 60 days after being deposited with the General Secretariat of LAIA.

3. This Agreement shall not be subject to reservations.

Article 16.4. Convergence

The Parties shall promote the convergence of this Agreement with other integration agreements of Latin American countries, in accordance with the mechanisms established in the 1980 Treaty of Montevideo.

Article 16.5. Future Negotiations

Upon entry into force of this Agreement, the Parties shall commence negotiations on a Chapter on government procurement.

Article 16.6. Entry Into Force

1. This Agreement shall be of indefinite duration.

2. The entry into force of this Agreement is subject to the completion of the necessary internal legal procedures of each Party.

3. This Agreement shall enter into force 45 days after the date of the last Note in which either Party notifies the other that the above procedures have been completed, or such other period as the Parties may agree.

Article 16.7. Repeals

The Parties hereby replace and render ineffective the Economic Complementation Agreement No. 32 for the Establishment of an Expanded Economic Area between Ecuador and Chile, signed between both governments on 20 December 1994, including its annexes, appendices, protocols and other instruments signed under it, by this consolidated text.

Article 16.8. Denounciation

The Party Wishing to Denounce this Agreement Shall Communicate Its Decision to the other Party 180 days prior to the deposit of the respective instrument of denunciation with the General Secretariat of LAIA.

IN WITNESS WHEREOF, the undersigned, being duly authorized by their respective Governments, have signed this Agreement in two equally authentic copies.

DONE at Santiago, on the tenth day of the month of March, 2008.

For the Government of the Republic of Ecuador:

María Isabel Salvador,

Minister of Foreign Affairs, Trade and Integration

For the Government of the Republic of Chile:

Alejandro Foxley, Minister of Foreign Affairs.