PREAMBLE

The Government of the State of Israel ("Israel") and the Government of the Republic of Colombia ("Colombia"), hereinafter referred to as "the Parties", resolved to:

STRENGTHEN the special bonds of friendship and cooperation between them;

CONTRIBUTE to the harmonious development and expansion of world trade by removing obstacles to trade through the creation of a free trade area and by avoiding to create new barriers to trade or investments;

STRENGTHEN their economic relations and to promote economic cooperation, in particular for the development of trade;

CREATE an expanded and secure market for their goods and services and establish clear and mutually advantageous rules in order to foster a predictable environment for their trade and investments;

RECOGNIZE that the promotion and protection of investments of investors of one Party in the territory of the other Party will be conducive to the stimulation of mutually beneficial business activity;

PROMOTE broad-based economic development in order to improve living standards and reduce poverty;

IMPLEMENT this Agreement in a manner consistent with environmental protection and conservation, promotion of sustainable development and with their desire to strengthen their cooperation on environmental matters;

REAFFIRM their membership in the World Trade Organization and their commitment to comply with their respective rights and obligations under the *Marrakesh Agreement Establishing the World Trade Organization* and agreements to which they are both parties;

EXPLORE the possibility of promoting the harmonious development of their trade as well as the expansion and diversification of their mutual cooperation in fields of common interest , including fields not covered by this Agreement; and

HAVING REGARD that Colombia is a member of the Andean Community established by the Cartagena Agreement;

HAVE AGREED, in pursuit of the above, to conclude the following Free Trade Agreement (hereinafter referred to as "this Agreement"):

CHAPTER 1
INITIAL PROVISIONS AND GENERAL DEFINITIONS

SECTION A: INITIAL PROVISIONS

ARTICLE 1.1: ESTABLISHMENT OF A FREE TRADE AREA

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

ARTICLE 1.2: RELATION TO OTHER AGREEMENTS

The Parties affirm their existing rights and obligations with respect to each other in accordance with the *Marrakesh Agreement Establishing the World Trade Organization* and its successors agreements and other agreements to which both Parties are party.

ARTICLE 1.3: OBJECTIVES OF THE AGREEMENT

The objectives of this Agreement, as elaborated more specifically in its provisions are to:

1. Eliminate barriers to trade in goods and services, and facilitate the movement of goods between the Parties;

2. Promote conditions of competition relating to economic relations between the Parties;

3. Substantially increase investment opportunities, as well as cooperation in areas which are of mutual interest to the Parties;

4. Create effective procedures for the application and compliance with this Agreement, and its joint administration; and

5. Promote further bilateral and multilateral cooperation to expand and enhance the benefits of this Agreement.

ARTICLE 1.4: EXTENT OF OBLIGATIONS

Each Party shall ensure that necessary measures are taken in order to give effect to the provisions of this Agreement, including their observance by its regional, municipal and local governments and authorities.

SECTION B: GENERAL DEFINITIONS

ARTICLE 1.5: GENERAL DEFINITIONS

For purposes of this Agreement, unless otherwise specified:

Agriculture Agreement means *Agreement on Agriculture*, contained in Annex 1A to the WTO Agreement;

Antidumping Agreement means the *Agreement on Implementation of Article VI of the GATT 1994* and its Interpretative Notes, contained in Annex 1A to the WTO Agreement;

Customs Authorities means Customs Authorities as defined in Annex A;

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

(a) charge equivalent to an internal tax imposed in accordance with Article III:2 of the GATT 1994 and its Interpretative Notes, in respect of like, directly competitive, or substitutable goods of the Party, or in respect of goods from which the imported good has been manufactured or produced in whole or in part;

(b) antidumping or countervailing or safeguard duties that are applied pursuant to Chapter 8 (Trade Remedies) and each Party's law; or

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

Customs Valuation Agreement means the *Agreement on implementation of Article VII of the **GATT 1994*** contained in Annex 1A to the WTO Agreement;

days means calendar days;

GATS means the *WTO General Agreement on Trade in Services* contained in Annex 1B to the WTO Agreement;

GATT 1994 means the *WTO General Agreement on Tariffs and Trade 1994* contained in Annex 1A to the WTO Agreement;

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

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

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

IMF Agreement means *Articles of Agreement of the International Monetary Fund*;

Joint Committee means the Joint Committee established under Article 13.1 (Institutional Provisions);

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

measure covers any measure whether in the form of a law, regulation, rule, procedure, decision, administrative action, practice or any other form;

national means:

(a) with respect to Colombia, Colombians by birth or naturalization, in accordance with Article 96 of the *Constitución Política de Colombia*; and

(b) with respect to Israel, as provided for, in accordance with its national law;

person means a natural person or a juridical person;

personal data means any information relating to an identified or identifiable natural person. An identifiable person is one who can be identified, directly or indirectly, in particular by reference to an identification number or to one or more factors specific to his or her physical, physiological, mental, economic, cultural or social identity.

preferential treatment or preferential tariff treatment means the duty rate applicable under this Agreement to an originating good as defined in Chapter 3 (Rules of Origin) or under Annex 3-A (Product Specific Rules);

Safeguards Agreement means the *Agreement on Safeguards* contained in Annex 1A to the WTO Agreement;

sanitary or phytosanitary measure means any measure referred to in Annex A, paragraph 1 of the SPS Agreement;

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

Subsidies Agreement means the *Agreement on Subsidies and Countervailing Measures*, contained in Annex 1A to the WTO Agreement;

TBT Agreement means the *Agreement on Technical Barriers to Trade*, contained in Annex 1A to the WTO Agreement;

territory means:

(a) with respect to the Republic of Colombia, its continental and insular territory, internal waters, the territorial sea and the air space and maritime areas over which it exercises sovereignty or sovereign rights or jurisdiction in accordance to its domestic law and international law, including applicable international treaties;

(b) with respect to Israel, for the purposes of trade in goods, the territory where its custom laws are applied;

TRIPS Agreement means the *Agreement on Trade-Related Aspects of Intellectual Property Rights,* contained in Annex 1C to the WTO Agreement[1];

WTO means the *World Trade Organization;* and

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

[1] For greater certainty, "TRIPS Agreement" includes any waiver in force between the Parties of any provision of the TRIPS Agreement granted by WTO Members in accordance with the WTO Agreement.

CHAPTER 2
MARKET ACCESS FOR GOODS

SECTION A: COMMON PROVISIONS

ARTICLE 2.1: SCOPE OF APPLICATION

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

ARTICLE 2.2: CLASSIFICATION AND VALUATION OF GOODS

1. The classification of goods in trade between the Parties shall be that set out in the respective tariff nomenclature of each Party in conformity with the Harmonized System (HS).

2. A Party may introduce new tariff splits, provided that the preferential conditions applied in the new tariff splits are not less preferential than those applied originally.

3. For the purpose of determining the customs value of goods traded between the Parties, provisions of Article VII of the GATT 1994, its Interpretative Notes, and the Customs Valuation Agreement shall apply *mutatis mutandis*.

ARTICLE 2.3: NATIONAL TREATMENT

1. Except as otherwise provided in this Agreement, each Party shall accord national treatment to the goods of the other Party in accordance with Article III of the GATT 1994, including its Interpretative Notes. To this end, Article III of the GATT 1994 and its Interpretative Notes, are incorporated into and made part of this Agreement, *mutatis mutandis*.

2. Paragraph 1 shall not apply to the measures set out in Annex 2-C.

ARTICLE 2.4: RESTRICTIONS TO SAFEGUARD THE BALANCE OF PAYMENTS

1. The Parties shall endeavor to avoid the imposition of restrictive measures for balance of payments purposes.

2. A Party in serious balance of payments difficulties, or under imminent threat thereof, may, in accordance with the conditions established under the GATT 1994 and the *WTO Understanding on the Balance of Payments Provisions of the GATT 1994* adopt trade restrictive measures, which shall be of limited duration and non-discriminatory, and may not go beyond what is necessary to remedy the balance of payments situation.

ARTICLE 2.5: TEMPORARY ADMISSION OF GOODS

1. Each Party shall grant duty-free temporary admission for the following goods, regardless of their origin:

(a) professional equipment, including equipment for the press or television, software, and broadcasting and cinematographic equipment, necessary for carrying out the business activity, trade, or profession of a person who qualifies for temporary entry pursuant to the law of the importing Party;

(b) goods intended for display or demonstration;

(c) commercial samples and advertising films and recordings;

2. Each Party shall, upon request of the person concerned and for reasons its Customs Authority considers valid, extend the time limit for temporary admission beyond the period initially fixed.

3. No Party may condition the duty-free temporary admission of a good referred to in paragraph 1, other than to require that the good:

(a) be used solely by or under the personal supervision of a national or resident of the other Party in the exercise of trade, business, professional, or sport activities;

(b) not be sold or leased while in its territory;

(c) be accompanied by a security in an amount no greater than the import duties and other charges that would otherwise be owed on entry or final importation, releasable on exportation of the good;

(d) be capable of identification when exported;

(e) be exported upon the departure of the person referenced in subparagraph (a), or within such other period related to the purpose of the temporary admission as the Party may establish, or within one year, unless extended;

(f) be admitted in no greater quantity than is reasonable for its intended use; and

(g) be otherwise admissible into the Party's territory under its law.

4. If any condition that a Party imposes under paragraph 3 has not been fulfilled, the Party may apply the customs duty and any other charge that would normally be owed on the good plus any other charges or penalties provided for under its law.

5. Each Party shall adopt and maintain procedures providing for the expeditious release of goods admitted under this Article. To the extent possible, such procedures shall provide that, when such goods accompany a national or resident of the other Party who is seeking temporary entry, the goods shall be released simultaneously with the entry of that national or resident.

6. Each Party shall permit a good temporarily admitted under this Article to be exported through a customs port other than that through which it was admitted.

7. Each Party shall provide that the importer or other person responsible for a good admitted under this Article shall not be liable for failure to export the good on presentation of satisfactory proof to the importing Party that the good has been destroyed within the original period fixed for temporary admission or any lawful extension thereof.

8. Subject to Chapters 10 (Investments) and 11 (Trade in Services):

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

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

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

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

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

ARTICLE 2.6: GOODS RE-ENTERED AFTER REPAIR OR ALTERATION

1. Neither Party shall apply a customs duty to a good, regardless of its origin, that re-enters its territory after that good has been temporarily exported from its territory to the territory of the other Party for repair or alteration, regardless of whether such repair or alteration could be performed in the territory of the Party from which the good was exported for repair or alteration.

2. Neither Party shall apply a customs duty to a good, regardless of its origin, imported temporarily from the territory of the other Party for repair or alteration.

ARTICLE 2.7: DUTY-FREE ENTRY OF COMMERCIAL SAMPLES OF NEGLIGIBLE VALUE AND PRINTED ADVERTISING MATERIALS

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

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

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

ARTICLE 2.8: FEES AND OTHER CHARGES

1. Each Party shall ensure, in accordance with Article VIII of the GATT 1994 and its Interpretative Notes, that all fees and charges of whatever character (other than customs duties and other duties and charges that are excluded from the definition of a customs duty) imposed on, or in connection with, importation or exportation of goods, are limited to the approximate cost of services rendered and do not represent an indirect protection of domestic goods or taxation of imports or exports for fiscal purposes.

2. To the extent possible, each Party shall make available and maintain, preferably through the Internet, updated information regarding all fees and charges imposed in connection with importation or exportation of goods.

ARTICLE 2.9: IMPORT LICENSING PROCEDURES

No Party shall adopt or maintain a measure that is inconsistent with *the WTO Agreement on Import Licensing Procedures* (hereinafter referred to as the "Import Licensing Agreement") which is incorporated into and made an integral part of this Agreement, *mutatis mutandis.*

ARTICLE 2.10: RULES OF ORIGIN AND COOPERATION BETWEEN THE CUSTOMS ADMINISTRATIONS

The rules of origin applicable between the Parties to goods covered under this Agreement and methods of administrative cooperation are set out in Chapter 3 (Rules of Origin).

ARTICLE 2.11: CUSTOMS DUTIES ON EXPORTS

1. Except as otherwise provided in this Agreement, customs duties on exports and charges having equivalent effect shall be abolished in trade between the Parties upon the date of the entry into force of this Agreement. From the date of the entry into force of this Agreement no new customs duties on exports or charges having equivalent effect shall be introduced in trade between the Parties.

2. Paragraph 1 shall not apply to the measures set out in Annex 2-C.

ARTICLE 2.12: IMPORT AND EXPORT RESTRICTIONS

1. Except as otherwise provided in this Agreement, neither 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 in accordance with Article XI of the GATT 1994 and its Interpretative Notes; and to this end, Article XI of the GATT 1994 and its Interpretative Notes are incorporated into and made a part of this Agreement, *mutatis mutandis*.

2. Paragraph 1 shall not apply to the measures set out in Annex 2-C.

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

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

   (b) import licensing conditioned on the fulfillment of a performance requirement, except as provided in a Party's schedule in Annex 2-A.

4. For the purposes of this Article, performance requirement means a requirement that:

   (a) a given level or percentage of goods or services be exported;

   (b) domestic goods or services of the Party granting a waiver of customs duties or an import license be substituted for imported goods;

   (c) a person benefiting from a waiver of customs duties or an import license purchase other goods or services in the territory of the Party granting the waiver of customs duties or the import license, or accord a preference to domestically produced goods;

   (d) a person benefiting from a waiver of customs duties or an import license produce goods or supply services, in the territory of the Party granting the waiver of customs duties or the import license, with a given level or percentage of domestic content; or

   (e) relates in any way the volume or value of imports to the volume or value of exports or to the amount of foreign exchange inflows;

   but does not include a requirement that an imported good be:

   (f) subsequently exported;

   (g) used as a material in the production of another good that is subsequently exported;

(h) substituted by an identical or similar good used as a material in the production of another good that is subsequently exported; or

(i) substituted by an identical or similar good that is subsequently exported.

ARTICLE 2.13: SUBCOMMITTEE ON MARKET ACCESS

1. The Parties hereby establish a Subcommittee on Market Access comprising representatives of each Party.

2. The Subcommittee shall meet upon request of a Party or of the Joint Committee to consider any matter not covered by another Subcommittee arising under this Chapter.

3. The functions of the Subcommittee shall include, *inter alia*:

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

(b) addressing any non-tariff measure which may restrict trade in goods between the Parties and, if appropriate, referring such matters to the Joint Committee for its consideration;

(c) providing advice and recommendations to the Joint Committee on cooperation needs regarding market access matters;

(d) reviewing the amendments to the Harmonized System (HS) to ensure that each Party's obligations under this Agreement are not altered, and consulting to resolve any conflicts between:

(i) such amendments to the Harmonized System (HS) and Annex 2-A or Annex 2-B; or

(ii) Annex 2-A or Annex 2-B and national nomenclatures; and

(e) consulting on and endeavoring to resolve any difference that may arise among the Parties on matters related to the classification of goods under the Harmonized System (HS).

4. The Parties hereby establish an ad-hoc Working Group on Trade in Agricultural Goods. In order to address any obstacle to the trade of agricultural goods between the Parties, the ad-hoc Working Group shall meet upon request of a Party. The ad-hoc Working Group shall report to the Subcommittee on Market Access.

SECTION B: INDUSTRIAL GOODS

ARTICLE 2.14: ELIMINATION OF CUSTOMS DUTIES

1. The provisions of this Article shall apply to products originating in Israel and Colombia listed in Chapters 25-97 of the Harmonized System (HS), except those products whose subheadings are specified in Article 2.15.

2. Except as otherwise provided in this Agreement, each Party shall gradually eliminate its customs duties on goods originating in the other Party in accordance with the schedules included in Annex 2-A .

3. Unless otherwise provided in Annex 2-A (Section 1-A and 1-B), each Party shall eliminate its customs duties on imports originating in the other Party upon entry into force of the Agreement.

4. For each good specified in Annex 2-A, the base rate of customs duties, to which the successive reductions are to be applied, shall be the MFN rate applied on 1st of January 2012.

5. Except as otherwise provided in this Agreement, a Party shall not increase any customs duty set as base rate in Annex 2-A, or adopt any new customs duty or charges having equivalent effect on a good originating in the other Party.

6. Upon request of a Party, the Parties shall consult in order to consider accelerating the elimination of customs duties set out in Annex 2-A.

7. Paragraph 5 shall not preclude any Party from:

(a) raising a customs duty to the level established in Annex 2-A, for the respective year, following an unilateral reduction; or

(b) maintaining or increasing a customs duty in accordance with the WTO Understanding on Rules and Procedures Governing the Settlement of Disputes (hereinafter referred to as “DSU") or Chapter 12 (Dispute Settlement).

SECTION C: AGRICULTURAL GOODS

ARTICLE 2.15: SCOPE

1. This Section applies to the measures adopted or maintained by the Parties related to agricultural goods.

2. The term "agricultural goods" means, for the purposes of this Agreement, the goods falling within Chapters 01 to 24 of the Harmonized System (HS) and subheadings, 3501.90, 3502.11, 3502.19, 3502.20, 3502.90, 3505.10, 3505.20, 3823.11, 3823.12, 3823.13, 3823.19 and 3824.60.

3. For agricultural goods, the provisions of this Section shall prevail over the provisions of any other Section or Chapter of this Agreement.

ARTICLE 2.16: PREFERENTIAL TREATMENT FOR AGRICULTURAL GOODS

1. For those products originating in Israel listed in the Annex 2-B (Section 1-A and 1-B), customs duties shall be eliminated or reduced as indicated in the Annex.

2. For those products originating in Colombia listed in of the Annex 2-B (Section 2-A and 2-B), customs duties shall be eliminated or reduced as indicated in the Annex.

ARTICLE 2.17: ADMINISTRATION AND IMPLEMENTATION OF TARIFF-RATE QUOTAS

1. Each Party shall implement and administer tariff rate quotas for imports of agricultural goods set out in Annex 2-B in accordance with Article XIII of GATT 1994, including its Interpretative Notes, and the Import Licensing Agreement.

2. Upon request of an exporting Party, an importing Party shall provide information to the exporting Party with respect to the administration of the tariff rate quotas of the importing Party.

ARTICLE 2.18: PRICE BAND SYSTEM

Except as otherwise provided in this Agreement, Colombia may apply the Andean Price Band System established in *Decision 371 of the Andean Community* and its modifications, or subsequent systems for agricultural goods covered by such Decision.

ARTICLE 2.19: EXPORT SUBSIDIES AND OTHER EQUIVALENT EFFECT MEASURES

1. Upon entry into force of this Agreement, no Party shall maintain, introduce or reintroduce export subsidies or other measures with equivalent effect on agricultural goods included in Annex 2-B, and destined to the territory of the other Party.

2. If either Party maintains, introduces or re-introduces export subsidies on a product included in Annex 2-B, the importing party will ask by written request to the exporting party to initiate consultations in order to review whether or not there is an export subsidy. If after 90 days from the request for consultations, the export subsidy is confirmed and it is not suspended by the exporting party, and no mutually satisfactory solution is agreed upon, the importing Party may increase the rate of duty on imports to the tariff of Most Favored Nation (MFN), applied for the period in which the export subsidy is in force. For the extra tariff to be removed, the other Party shall provide detailed information demonstrating that the applied subsidy has been removed.

3. Export subsidies, as mentioned above, shall be defined in accordance with Article 9 to the WTO Agreement on Agriculture (or any successor agreement to which both Israel and Colombia are parties).

4. Any measure taken by one of the Parties under this Article should be carried out in accordance with its domestic legislation and its procedures should be consistent with the WTO rules.

CHAPTER 3
RULES OF ORIGIN

ARTICLE 3.1: DEFINITIONS

For the purposes of this Chapter:

aquaculture means the farming of aquatic organisms, including fish, molluscs, crustaceans, other aquatic invertebrates and aquatic plants, from seedstock such as eggs, fry, fingerlings and larvae, by intervention in the rearing or growth processes to enhance production, such as regular stocking, feeding, protection from predators, etc;

chapters, **headings and subheadings** mean the chapters, the headings and the subheadings (two, four and six digit codes respectively) used in the nomenclature which makes up the Harmonized System (HS);

CIF Value means the value of the goods, including freight and insurance costs up to named port of destination either in the territories of the Parties;

classified / classification, refer(s) to the classification of a product or material under a particular heading or sub-heading;

consignment means products which are either sent simultaneously from one exporter to one consignee or covered by a single transport document covering their shipment from the exporter to the consignee or, in the absence of such a document, by a single invoice;

customs value means the value as determined in accordance with Article VII of GATT 1994 and its interpretative notes, and the Customs Valuation Agreement;

ex-works price means the price paid for the product ex-works to the manufacturer in the territories of the Parties in whose undertaking the last working or processing is carried out, provided the price includes the value of all the materials used, minus any internal taxes which are, or may be, repaid when the product obtained is exported;

goods means both materials and products;

manufacture means any kind of working or processing, including assembly or specific operations;

material means any ingredient, raw material, component or part, etc., used in the manufacture of the product;

product means the product manufactured, even if it is intended for later use in another manufacturing operation;

value of non-originating materials means the CIF value or if it is not known its equivalent in accordance with Article VII of GATT 1994 and its Interpretative Notes and the Customs Valuation Agreement.

ARTICLE 3.2: GENERAL REQUIREMENTS

1. For the purpose of implementing this Agreement, the following products shall be considered as originating in the territory of Israel:

(a) products wholly obtained in the territory of Israel within the meaning of Article 3.4;

(b) products obtained in the territory of Israel incorporating materials which have not been wholly obtained there, provided that such materials have undergone sufficient working or processing in the territory of Israel within the meaning of Article 3.5.

2. For the purpose of implementing this Agreement, the following products shall be considered as originating in the territory of the Republic of Colombia:

(a) products wholly obtained in the territory of the Republic of Colombia within the meaning of Article 3.4;

(b) products obtained in the territory of the Republic of Colombia incorporating materials which have not been wholly obtained there, provided that such materials have undergone sufficient working or processing in the territory of the Republic of Colombia within the meaning of Article 3.5.

3. Products originating in the territories of the Parties have to satisfy all other applicable requirements under this Chapter.

ARTICLE 3.3: ACCUMULATION OF ORIGIN

1. Notwithstanding Article 3.2.1(b), goods originating in the territory of Israel shall be considered as materials originating in the territory of the Republic of Colombia and it shall not be necessary that such materials had undergone working or processing.

2. Notwithstanding Article 3.2.2(b), goods originating in the territory of the Republic of Colombia shall be considered as materials originating in the territory of Israel and it shall not be necessary that such materials had undergone sufficient working or processing.

3. Subject to paragraph 4, where each Party has a trade agreement that, as contemplated by the WTO Agreement, concerns the establishment of a free trade area with a non-Party, the territory of that non-Party shall be deemed to form part of the territory of the free trade area established by this Agreement, for purposes of determining whether a good is an originating good under this Agreement.

4. A Party shall apply paragraph 3 only where provisions having equivalent effect to those of paragraph 3 are in force between each Party and the non-Party with

which each Party has separately concluded a free trade agreement. Where such provisions between a Party and the non-Party apply only to certain goods or under certain conditions, the other Party may limit the application of paragraph 3 to those goods and under such conditions, subject to the provisions of this Agreement.

ARTICLE 3.4: WHOLLY OBTAINED PRODUCTS

1. The following shall be considered as wholly produced or obtained in the territory of the Parties:

(a) mineral products extracted from the soil, subsoil or from the seabed of any of the Parties, including its territorial seas, contiguous zone, internal waters, continental shelf or exclusive economic zone;

(b) plants and vegetable products grown, collected, harvested there, including in their territorial seas, contiguous zone, internal waters, exclusive economic zone or continental shelf;

(c) live animals born and raised there, including by aquaculture;

(d) products from live animals as in subparagraph (c);

(e) animals and products obtained by hunting, trapping, collecting, fishing and capturing in a Party; including in its territorial seas, ccontiguous zone, internal waters, continental shelf or in the exclusive economic zone;

(f) used articles collected there fit only for the recovery of raw materials;

(g) waste and scrap resulting from utilization, consumption or manufacturing operations conducted there provided that such waste and scrap are fit only for recovery of raw materials;

(h) products of sea fishing and other products taken from the waters in the high seas (outside the continental shelf or in the exclusive economic zone of the Parties), only by their vessels;

(i) products of sea fishing obtained, only by their vessels under a specific quota or other fishing rights allocated to a Party by the international agreements to which the Parties are parties;

(j) products made aboard their factory ships exclusively from products referred to in subparagraphs (h) and (i);

(k) products obtained from the seabed and subsoil beyond the limits of national jurisdiction are considered to be wholly obtained in the Party that has exploitation rights under international law;

(l) goods produced in any of the Parties exclusively from the products specified in subparagraphs (a) to (g) above.

2. The terms 'their vessels' and 'their factory ships' in paragraphs 1(h), 1(i) and 1(j) shall apply only to vessels and factory ships:

(a) which are flagged and registered or recorded in a Party; and

(b) which are owned by a natural person with domicile in that Party or by a commercial company with domicile in that Party, established and registered in accordance with the law of that said Party and performing its activities in conformity with the law of that said Party.

ARTICLE 3.5: SUFFICIENTLY WORKED OR PROCESSED PRODUCTS

1. For the purpose of Articles 3.2.1(b) and Articles 3.2.2(b), a product is considered to be originating if the non-originating materials used in its manufacture undergo working or processing beyond the operations referred to in Article 3.6; and

(a) the production process results in a tariff change of the non-originating materials from a four-digit heading of the Harmonized System (HS) into another four-digit heading; or

(b) the value of all non-originating materials used in its manufacture does not exceed 50% of the ex-works price; or

(c) if the product falls within the classifications included in the list in Annex 3-A on Product Specific Rules of Origin (hereinafter referred to as PSR), subparagraphs (a) and (b) above shall not apply. In this case it must fulfill the specific rule detailed therein.

2. A product will be considered to have undergone a change in tariff classification pursuant to subparagraphs 1(a) and 1(c) above if the value of all non-originating materials that are used in the production of the good and that do not undergo the applicable change in tariff classification does not exceed 10% of the ex-works value of the product.

3. The Joint Committee may modify Annex 3-A by mutual agreement.

ARTICLE 3.6: MINOR PROCESSING OPERATIONS

1. Without prejudice to paragraph 2, the following operations shall be considered as minor processing and shall be insufficient to confer the status of originating goods, whether or not the requirements of Article 3.5 are satisfied:

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

(b) simple changing of packaging, breaking-up and assembly of packages;

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

(d) simple painting and polishing operations, including applying oil;

(e) husking, partial or total bleaching, polishing, and glazing of cereals and rice;

(f) ironing or pressing of textiles;

(g) operations to colour or flavor sugar or form sugar lumps partial or total milling of crystal sugar;

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

(i) sharpening, simple grinding or simple cutting;

(j) sifting, screening, sorting, classifying, grading, matching (including the making-up of sets of articles);

(k) affixing marks, labels, logos and other similar distinguishing signs on products or their packaging;

(l) diluting in water or other substances, provided that the characteristics of the product remain unchanged;

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

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

(o) simple mixing of products, whether or not of different kinds, simple mixing of sugar with any material;

(p) slaughter of animals; and

(q) a combination of two or more of the operations specified in subparagraphs (a) to (p).

2. All operations carried out either in territory of the Republic of Colombia or in the territory of Israel on a given product shall be considered together when determining whether the working or processing undergone by that product is to be regarded as insufficient within the meaning of paragraph 1.

ARTICLE 3.7: UNIT OF QUALIFICATION

1. The unit of qualification for the application of the provisions of this Chapter shall be that of the particular product which is considered as the basic unit when determining classification using the nomenclature of the Harmonized System (HS).
It follows that:

(a) when a product composed of a group or assembly of articles is classified under the terms of the Harmonized System (HS) in a single heading, the whole constitutes the unit of qualification; and

(b) when a consignment consists of a number of identical products classified under the same heading of the Harmonized System (HS), each product must be taken individually when applying the provisions of this Chapter.

2. Where, under General Rule 5 of the Harmonized System (HS), packaging is included with the product for classification purposes, it shall be included for the purposes of determining origin.

3. When the products qualify as wholly obtained according to Article 3.4, the packaging shall not be taken into consideration for the purposes of determining origin.

ARTICLE 3.8: ACCOUNTING SEGREGATION

1. For the purpose of establishing if a product is originating when in its manufacture are utilized originating and non-originating fungible materials, mixed or physically combined, the origin of such materials can be determined by any of the inventory management methods applicable in the Party.

2. Where considerable cost or material difficulties arise in keeping separate stocks of originating and non-originating materials which are identical and interchangeable, the so-called "accounting segregation" method may be used for managing such stocks.

3. This method must be able to ensure that the number of products obtained which could be considered as "originating" is the same as that which would have been obtained if there had been physical segregation of the stocks.

4. This method is recorded and applied on the basis of the general accounting principles applicable in the Party where the product was manufactured.

5. The user of this method may issue or apply for proofs of origin providing information about the inventory management method used, as the case may be, for the quantity of products which may be considered as originating. The management method selected for a particular fungible material or material shall continue to be used for that good or material throughout the fiscal year of the person that selected the inventory management method.

ARTICLE 3.9: ACCESSORIES, SPARE PARTS AND TOOLS

Accessories, spare parts and tools dispatched with a piece of equipment, machine, apparatus or vehicle, which are part of the normal equipment and included in the price thereof or which are not separately invoiced, shall be regarded as one with the piece of equipment, machine, apparatus or vehicle in question.

ARTICLE 3.10: SETS

Sets, as defined in General Rule 3 of the Harmonized System (HS), shall be regarded as originating when all component goods are originating. Nevertheless, when a set is composed of originating and non-originating goods, the set as a whole shall be regarded as originating, provided that the CIF value of the non-originating goods does not exceed 15% of the ex-works price of the set.

ARTICLE 3.11: NEUTRAL ELEMENTS

In order to determine whether a product originates, it shall not be necessary to determine the origin of the following which might be used in its manufacture:

(a) energy and fuel;

(b) plant and equipment;

(c) machines and tools; and

(d) goods which do not enter into the final composition of the product.

ARTICLE 3.12: PRINCIPLE OF TERRITORIALITY

1. Except as provided in paragraph 3, the conditions for acquiring originating status set out in Article 3.5 must be fulfilled without interruption in the territory of Israel or in the territory of the Republic of Colombia.

2. Where originating goods exported from the territory of Israel or from the territory of the Republic of Colombia to a non-Party, return to the exporting Party, they must be considered as non-originating, unless it can be demonstrated to the satisfaction of the customs authorities that:

(a) the returning goods are the same as those exported; and

(b) the non-Party have not undergone any operation beyond that necessary to preserve them in good condition while in that non-Party or while being exported.

3. Notwithstanding paragraphs 1 and 2, goods listed in Annex 3-F shall be considered originating goods in accordance with Annex 3-F, even if such goods have undergone operations and processes outside the territories of the Parties.

ARTICLE 3.13: DIRECT TRANSPORT

1. The preferential treatment provided for under this Agreement applies only to products, satisfying the requirements of this Chapter, which are transported directly between the territories of the Parties. However, products originating in the terrritories of the Parties and constituting one single consignment which is not split up may be transported through the territory of a non-Party with, should the occasion arise, transhipment or temporary warehousing in such territories, provided that the goods have remained under the surveillance of the customs authorities in the country of transit or temporary warehousing; and

(a) the transit entry is justified for geographical reasons or by consideration related exclusively to transport requirements; and

(b) they are not intended for trade, consumption, use or employment in the non-Party where the goods were in transit; and

(c) they do not undergo operations other than unloading, reloading or any operation designed to preserve them in good condition.

2. Evidence that the conditions set out in paragraph 1 have been fulfilled shall be supplied, upon request, to the customs authorities of the importing Party by the submission of:

(a) any single through transport documents, that meets international standards and that proves that the goods were directly transported from the exporting Party through the non-Party where the goods are in transit to the importing Party; or

(b) a certificate issued by the customs authorities of the non-Party where the goods were in transit, which contains an exact description of the goods, the date and place of loading and re-loading of the goods in that non-Party and the conditions under which the goods were placed; or

(c) in the absence of any of the above documents, any other documents that will prove the direct shipment.

3. Notwithstanding paragraphs 1 and 2, within one year from the entry into force of this Agreement, the Parties shall discuss the possibility of a mechanism for allowing that an originating good, which is transshipped through the territory of a non-Party with which each Party has entered separately into a free trade agreement under Article XXIV of GATT 1994 and its Interpretative Notes, will not lose its originating status.

ARTICLE 3.14: EXHIBITIONS

1. Originating goods, sent for exhibition in a non-Party other than the territory of either Party and sold after the exhibition for importation in the territory of either Party shall benefit on importation from the provisions of this Agreement provided it is shown to the satisfaction of the customs authorities that:

(a) an exporter has consigned these goods from the territory of either Party to the non-Party in which the exhibition is held and has exhibited them there;

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

(c) the goods have been consigned during the exhibition or immediately thereafter in the non-Party to which they were sent for exhibition; and

(d) the goods have not, since they were consigned for exhibition, been used for any purpose other than demonstration at the exhibition.

2. A proof of origin must be issued or made out in accordance with the provisions of this Chapter and submitted to the customs authorities of the importing Party in the normal manner. The name and address of the exhibition must be indicated thereon. Where necessary, additional documentary evidence of the conditions under which the products have been exhibited may be required.

3. Paragraph 1 shall apply to any trade, industrial, agricultural or crafts exhibition, fair or similar public show or display which is not organized for private purposes in shops or business premises with a view to the sale of foreign goods, and during which the goods, remain under customs control.

ARTICLE 3.15: GENERAL REQUIREMENTS FOR PROOF OF ORIGIN

For the purpose of this Chapter, Certificate of Origin refers to either an Electronic Certificate of Origin or a Paper Certificate of Origin.

1. Products originating in the territory of Israel shall, on importation into the territory of the Republic of Colombia, and products originating in the territory of the Republic of Colombia shall, on importation into Israel, benefit from this Agreement upon submission in accordance with the domestic law of the importing Party of one of the following proofs of origin:

(a) A Certificate of Origin, a specimen of which appears in Annex 3-B; or

(b) in the cases specified in Article 3.19, a declaration, subsequently referred to as the 'Invoice Declaration' given by an exporter on an invoice, delivery note, or any other commercial document, which

describes the products concerned in sufficient detail to enable them to be identified; the text of the Invoice Declaration appears in Annex 3-C.

2. Notwithstanding paragraph 1, originating products within the meaning of this Chapter shall, in the cases specified in Article 3.23, benefit from this Agreement without it being necessary to submit any of the documents referred to above.

ARTICLE 3.16: PROCEDURES FOR THE ISSUANCE OF CERTIFICATES OF ORIGIN

1. Certificates of Origin shall be issued by the customs authorities of the exporting Party, either upon an electronic application or an application in paper form, having been made by the exporter or under the exporter's responsibility by his or her authorized representative, in accordance with the domestic regulations of the exporting Party.

2. For the purpose of paragraph 1, the exporter or his or her authorized representative shall fill out the electronic application form in accordance with Annex 3-D and in the case of applications in paper form, in accordance with Annex 3-E. These forms shall be completed in English. In special cases, the importing Party may require a translation of the certificate of origin.

3. The exporter applying for the issuance of a Certificate of Origin shall be prepared to submit at any time, at the request of the customs authorities of the exporting Party, all appropriate documents proving the originating status of the goods concerned, as well as the fulfillment of the other requirements of this Chapter.

4. Certificates of Origin shall be issued if the goods to be exported can be considered as products originating in the exporting Party in accordance with Article 3.2.

5. The customs authorities shall take any steps necessary to verify the originating status of the products and the fulfillment of the other requirements of this Chapter. For this purpose, they shall have the right to call for any evidence and to carry out any inspection of the exporter's books or any other check considered appropriate.

6. Each Certificate of Origin will be assigned a specific number by the issuing customs authorities.

7. Certificates of Origin shall be issued by the customs authorities and made available to the exporter as soon as the actual exportation has been effected or insured.

ARTICLE 3.17: CERTIFICATES OF ORIGIN ISSUED RETROSPECTIVELY

1. Notwithstanding Article 3.16.7, a Certificate of Origin may exceptionally be issued after exportation of the products to which it relates if it was not issued at the time of exportation because of errors or involuntary omissions or special

circumstances or it is demonstrated to the satisfaction of the customs authorities that the Certificate was issued but was not accepted at importation for technical reasons.

2. For the implementation of paragraph 1, the exporter must indicate in his or her application the place and date of exportation of the products to which the Certificate of Origin relates, and state the reasons for his or her request.

3. The Customs Authority of the exporting Party may issue a Certificate of Origin retrospectively only after verifying that the information supplied in the exporter's application agrees with that in the corresponding file.

4. It shall be indicated on the Certificates of Origin issued in accordance with this Article that they were issued retrospectively in the appropriate field as detailed in Annex 3-B.

5. The provisions of this Article shall be applied to goods which comply with the provisions of this Agreement, and which on the date of its entry into force, are either in transit or are in the territory of the Parties in temporary storage under customs control. This shall be subject to the submission to the customs authorities of the importing Party, within six months from the said date, of a Certificate of Origin issued retrospectively by the Customs Authority of the exporting Party together with documents, showing that the goods have been transported directly in accordance with the provisions of Article 3.13.

ARTICLE 3.18: DUPLICATE CERTIFICATES OF ORIGIN

1. In the event of theft, loss or destruction of a Certificate of Origin in paper form, the exporter may apply to the customs authorities that issued it for a duplicate Certificate on the basis of the export documents in their possession.

2. It shall be indicated in the appropriate field on Certificates of Origin issued in accordance with this Article that they are duplicates, as detailed in Annex 3-B.

3. The duplicate, which shall bear the date of issue of the original Certificate of Origin, shall take effect as of that date.

ARTICLE 3.19: CONDITIONS FOR MAKING OUT AN INVOICE DECLARATION

1. An Invoice Declaration as referred to in Article 3.15.1 (b) may be made out by any exporter where the value of the originating good does not exceed US $1000 dollars.

2. The exporter making out an invoice declaration shall be prepared to submit at any time, at the request of the customs authorities of the exporting Party, all appropriate documents proving the originating status of the products concerned, as well as the fulfilment of the other requirements of this Chapter.

3. An Invoice Declaration shall be made out by the exporter by typing, stamping or printing on the invoice, the delivery note or another commercial document, the

declaration, the text of which appears in Annex 3-C. If the declaration is hand-written, it shall be written in ink in printed characters.

ARTICLE 3.20: VALIDITY OF PROOFS OF ORIGIN

1. Proofs of origin shall be valid for 12 months from the date of issue in the exporting Party, and must be submitted within that period to the customs authorities of the importing Party.

2. Proofs of origin which are submitted to the customs authorities of the importing Party after the final date for presentation specified in paragraph 1 may be accepted for the purpose of applying preferential treatment, where the failure to submit these documents by the final date is due to exceptional circumstances.

3. In other cases of belated presentation, the customs authorities of the importing Party may accept the proofs of origin where the products have been submitted before the said final date.

ARTICLE 3.21: SUBMISSION OF PROOFS OF ORIGIN

Proofs of Origin shall be submitted to the customs authorities of the importing Party in accordance with the procedures applicable in that Party. Those authorities may require the import declaration to be accompanied by a statement from the importer to the effect that the products meet the conditions required for benefiting from the application of this Agreement.

ARTICLE 3.22: IMPORTATION BY INSTALLMENTS

Where, at the request of the importer and on the conditions laid down by the customs authorities of the importing Party, dismantled or non-assembled products within the meaning of General Rule 2(a) of the Harmonized System (HS) are imported by installments, a single proof of origin for such products shall be submitted to the customs authorities upon importation of the first installment.

ARTICLE 3.23: EXEMPTIONS FROM PROOFS OF ORIGIN

1. Products sent as small packages from private persons to private persons or forming part of travellers' personal luggage shall be admitted as originating products without requiring the submission of a proof of origin, provided that such products are not imported by way of trade and have been declared as meeting the requirements of this Chapter and where there is no doubt as to the veracity of such a declaration. In the case of products sent by post, this declaration can be made on the customs declaration or on a sheet of paper annexed to that document.

2. Imports which are occasional and consist solely of products for the personal use of the recipients or travellers or their families shall not be considered as imports

by way of trade if it is evident from the nature and quantity of the products that no commercial purpose is in view.

3. Furthermore, the total value of these products shall not exceed US$ 1.000 in the case of small packages or US$ 1.000 in the case of products forming part of travellers' personal luggage.

4. For the purposes of paragraph 3, in cases where the products are invoiced in a currency other than US dollars, amounts in the national currencies of the Parties equivalent to the amounts expressed in US dollars shall be fixed in accordance with the current exchange rate applicable in the importing Party.

ARTICLE 3.24: SUPPORTING DOCUMENTS

1. The documents referred to in Articles 3.16.3 and 3.19.2 used for the purpose of proving that products covered by a Proof of Origin can be considered as products originating in the territory of either Party and fulfill the other requirements of this Chapter may consist, *inter alia*, of the following:

(a) direct evidence of the processes carried out by the exporter or supplier to obtain the goods concerned, contained for example, in his or her books;

(b) documents proving the originating status of materials used, issued or made out in the territory of either Party where these documents are used in accordance with their respective domestic law;

(c) documents proving the working or processing of materials in the territory of either Party, issued or made out in the territory of either Party , where these documents are used in accordance with their respective domestic law;

(d) Certificates of Origin or Invoice Declarations proving the originating status of materials used, issued or made out in the territory of either Party, in accordance with this Chapter.

2. In the case where an operator situated in a non-party which is not the exporting Party, issues an invoice covering the consignment, that fact shall be indicated in the Certificate of Origin in accordance with Annex 3-B.

ARTICLE 3.25: PRESERVATION OF PROOFS OF ORIGIN AND SUPPORTING DOCUMENTS

1. The exporter applying for the issue of the Certificate of Origin shall keep for at least five years the documents referred to in Article 3.16.3.

2. The exporter making out an Invoice Declaration shall keep for at least five years a copy of this invoice declaration, as well as the documents referred to in Article 3.19.2.

3. The exporting Party or the exporter, according to domestic law of the exporting Party that issued a Certificate of Origin shall keep for at least five years any document relating to the application procedure referred to in Article 3.16.2.

4. The importing Party or the importer, according to domestic law of the importing Party, shall keep for at least five years the Certificates of Origin and the Invoice Declarations submitted.

ARTICLE 3.26: DISCREPANCIES AND FORMAL ERRORS

1. The discovery of slight discrepancies between the statements made in the proofs of origin and those made in the documents submitted to the customs office for the purpose of carrying out the formalities for importing the products shall not *ipso facto* render the proofs of origin null and void if it is duly established that this document does correspond to the products submitted.

2. Obvious formal errors, such as typing errors, on a proof of origin should not cause this document to be rejected if these errors are not such as to create doubts concerning the correctness of the statements made in this document.

ARTICLE 3.27: MUTUAL ASSISTANCE

1. The customs authorities of the Parties shall provide each other with the addresses of the customs authorities responsible for verifying Certificates of Origin and Invoice Declarations.

2. The customs authorities of the Parties shall provide each other with specimen impressions of stamps and signatures used in their customs offices for the issuance of Certificates of Origin in paper form, where applicable.

3. Any changes to the elements referred to in paragraph 1 or 2 shall be notified by the customs authorities of the Party concerned to the customs authorities of the other Party without undue delay, indicating the date when these changes come into effect.

4. In order to ensure the proper application of this Chapter, the Parties shall assist each other, through their respective customs authorities, in checking the authenticity of the Certificates of Origin, the Invoice Declarations and the correctness of the information given in these documents. Such assistance shall include, inter alia, granting designated customs officers of one Party access to the other Party's Internet site where Electronic Certificates of Origin are stored.

ARTICLE 3.28: VERIFICATION OF PROOFS OF ORIGIN

1. Subsequent verifications of proofs of origin shall be carried out at random or whenever the customs authorities of the importing Party have reasonable doubts as to the authenticity of proofs of origin, the originating status of the products concerned or the fulfilment of the other requirements of this Chapter.

2. For the purposes of implementing the provisions of paragraph 1, the customs authorities of the importing Party shall submit a written request for verification of origin to the customs authorities of the exporting Party. The request for verification shall include the number of the Certificate of Origin or a copy thereof if the Certificate of Origin is in paper form, or in the case of an Invoice Declaration, a copy thereof. In support of the request for verification, where needed, the reasons for the request should be indicated, and any documents and information obtained suggesting that the information given on the proofs of origin is incorrect should be attached.

3. The verification shall be carried out by the customs authorities of the exporting Party. For this purpose, they shall have the right to call for any evidence and to carry out any inspection of the exporter's accounts or any other check considered appropriate.

4. If the customs authorities of the importing Party decide to suspend the granting of preferential treatment to the products concerned while awaiting the results of the verification, release of the products shall be offered to the importer subject to any precautionary measures judged necessary.

5. The customs authorities requesting the verification shall be informed of the results of this verification as soon as possible, but not later than ten months from the date of the request. These results must indicate clearly whether the information contained in the proofs of origin and the supporting documents is correct, and whether the products concerned can be considered as products originating in territory of the Parties and fulfil the other requirements of this Chapter.

6. If in cases of reasonable doubt there is no reply within ten months from the date of the verification request or if the reply does not contain sufficient information to determine the authenticity of the proofs of origin or the real origin of the products, the requesting customs authorities shall, except in exceptional circumstances, refuse entitlement to the preferences.

7. This Article shall not preclude the exchange of information or the granting of any other assistance as provided for Annex A (Mutual Administrative Assistance in Customs Matters) to the Agreement.

8. For the purposes of this Article, communications between the customs authorities of the importing and the exporting Parties shall be conducted in the English language.

ARTICLE 3.29: DISPUTE SETTLEMENT

1. Where disputes arise in relation to the verification procedures of Article 3.28 which cannot be settled between the Customs Authority requesting a verification and the Customs Authority responsible for carrying out the verification or where a question is raised by one of the customs authorities as to the interpretation of this Chapter, the matter shall be submitted to the Sub-committee on Customs, Trade Facilitation and Rules of Origin established by the Joint Committee in accordance with Chapter 13 (Institutional Provisions) of this Agreement.

2. If no solution is reached, Chapter 12 (Dispute Settlement) of this Agreement shall apply.

3. In all cases, disputes between the importer and the customs authorities of the importing Party shall be treated under the law of the importing Party.

ARTICLE 3.30: FREE ECONOMIC ZONES

1. The exporting Party shall take all necessary measures to ensure that products covered by a proof of origin, which are transported through a free zone situated in its territory, are not substituted by other products or undergo any processing other than required for their preservation.

2. Notwithstanding paragraph 1, when products originating in the territory of either Party enter into a free zone situated in their territory under cover of a proof of origin and undergo treatment or processing, the authorities concerned shall issue a new Certificate of Origin at the exporter's request, if the treatment or processing undergone is in conformity with the provisions of this Chapter.

CHAPTER 4
CUSTOMS PROCEDURES

ARTICLE 4.1: CUSTOMS COOPERATION

The Parties shall cooperate in order to ensure:

1. The correct implementation and operation of the provisions of this Agreement as they relate to:

   (a) importations or exportations within the framework of this Agreement;

   (b) preferential treatment and claims procedures;

   (c) verification procedures;

   (d) customs valuation and tariff classification of goods; and

   (e) restrictions or prohibitions on imports and/or exports;

2. Each Party shall designate official contact points and provide details thereof to the other Party, with a view to facilitating the effective implementation of this Chapter and Chapter 3 (Rules of Origin). If a matter cannot be resolved through the contact points, it shall be referred to the Subcommittee on Customs, Trade Facilitation and Rules of Origin as set out in this Chapter.

ARTICLE 4.2: TRADE FACILITATION

1. The Parties shall apply their respective customs laws and procedures in a transparent, consistent, fair and predictable manner in order to facilitate the free flow of trade under this Agreement.

2. Pursuant to paragraph 1, the Parties shall:

   (a) simplify their customs procedures to the greatest extent possible;

   (b) make use of information and communications technology in their customs procedures; and

   (c) to the extent possible, provide for advance electronic submission and processing of information before the physical arrival of goods to enable the quick release of goods upon their arrival.

3. The Parties shall endeavor to improve trade facilitation by mutual consultations and exchange of information between their respective customs authorities.

ARTICLE 4.3: RELEASE OF GOODS

1. Each Party shall endeavor to ensure that its customs authority and other competent authorities shall adopt or maintain procedures that:

(a) provide for the release of goods within a period no greater than that required to ensure compliance with its customs law, and to the extent possible release the goods within 48 hours of arrival;

(b) provide for advance electronic submission and processing of information before the physical arrival of goods to enable their release upon arrival;

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

(d) allow importers to withdraw goods from customs before the final determination of the applicable customs duties, taxes, and fees, by its customs authority, according to the domestic legislation of each Party. Before releasing the goods, a Party may, according to its own domestic legislation, require an importer to provide sufficient guarantee covering the ultimate payment of customs duties, taxes or fees in connection with the importation of the goods.

2. Each Party shall endeavor to adopt and maintain procedures under which, in cases of emergency, goods can go through the customs procedures for 24 hours a day including holidays.

3. Each Party shall endeavor to ensure, in accordance with its law, that all competent administrative entities, intervening in control and physical inspection of goods subject to either imports or exports, perform their activities, simultaneously and in a single place.

ARTICLE 4.4: RISK MANAGEMENT

The Parties shall exchange information on their respective risk management techniques used in the application of their customs procedures and shall endeavor to improve them in the framework of cooperation between their respective customs authorities. In administering customs procedures and to the extent possible, each customs authority shall focus resources on high-risk shipments of goods and facilitate the clearance, including release, of low-risk goods.

ARTICLE 4.5: TRANSPARENCY

1. The Parties shall promptly publish or otherwise make publicly available, including on the Internet, their laws, regulations, administrative procedures, and administrative rulings of general application on customs matters that pertain to or affect the operation of this Agreement, so as to enable interested persons and parties to become acquainted with them.

2. Such laws, regulations, administrative procedures and administrative rulings mentioned in paragraph 1 shall include, *inter alia*, those pertaining to:

(a) special customs procedures such as temporary imports, imports for the purpose of repairs, alterations, refurbishments, overhauls and other similar procedures;

(b) procedures for the re-importing and re-exporting of goods;

ARTICLE 4.6: PAPERLESS CUSTOMS PROCEDURES

The Parties recognize that electronic filing in trade and in transferring of trade-related information and electronic versions of documents is an alternative to paper-based methods that will significantly enhance the efficiency of trade through reduction of cost and time. Therefore, the Parties shall cooperate with a view to implementing and promoting paperless customs procedures.

ARTICLE 4.7: ADVANCE RULINGS

1. In accordance with its domestic law, each Party shall endeavor to provide, through its customs or other competent authorities, for the expeditious issuance of written advance rulings.

2. The customs authorities or another competent authority in the importing Party shall issue advance rulings concerning:

(a) the classification of goods;

(b) the application of customs valuation criteria for a particular case, in accordance with the provisions of the Customs Valuation Agreement; and

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

3. The customs authorities or another competent authority in the exporting Party shall issue advance rulings concerning compliance with the rules of origin as set forth in Chapter 3 (Rules of Origin) of this Agreement, as well as the eligibility of such goods for preferential treatment under this Agreement.

4. Each Party shall adopt or maintain procedures for the issuance of such advance rulings, including the details of the information required for processing an application for a ruling.

5. A Party may decline to issue an advance ruling if the facts and circumstances forming the basis of the advance ruling are the subject of an investigation or an administrative or judicial review. The Party that declines to issue an advance ruling shall promptly notify the requester in writing, setting forth the relevant facts and the basis for its decision to decline to issue the advance ruling.

6. Each Party shall provide that advance rulings shall be in force from their date of issuance, or another date specified in the ruling. Subject to paragraphs 1-5, an advance ruling shall remain in force provided that the facts or circumstances on which the ruling is based

remain unchanged, or for the period specified in the laws, regulations or administrative rulings of the importing Party.

ARTICLE 4.8: UNIFORM PROCEDURES

The Joint Committee shall agree upon uniform procedures that may be necessary for the administration, application and interpretation of this Agreement in customs matters and related topics.

ARTICLE 4.9: AUTHORIZED ECONOMIC OPERATORS

1. The Parties shall promote the implementation of the Authorized Economic Operator (hereinafter referred to as "AEO") concept according to World Customs Organization SAFE Framework of Standards.

2. Each Party shall promote the granting of AEO status to its economic operators with a view of achieving trade facilitation benefits.

3. The Parties shall endeavor to promote a mutual recognition agreement for Approved Economic Operators (AEOs).

ARTICLE 4.10: REVIEW AND APPEAL

Regarding its determinations on customs matters, each Party shall grant access to:

(a) at least one level of administrative review, within the same institution, of the official or authority responsible for the determination under review; and

(b) judicial review of the determination or decision taken at the final level of administrative review.

ARTICLE 4.11: CONFIDENTIALITY

1. A Party shall maintain confidentiality of the information provided by the other Party pursuant to Chapter 3 (Rules of Origin) and this Chapter, and protect it from disclosure that could prejudice the competitive position of the person providing the information. Any violation of confidentiality shall be treated in accordance with the domestic legislation of each Party.

2. The above mentioned information shall not be disclosed without the specific permission of the Party providing such information, except to the extent that it may be required to be disclosed for law enforcement purposes or in the course of judicial proceedings.

ARTICLE 4.12: SUBCOMMITTEE ON CUSTOMS, TRADE FACILITATION AND RULES OF ORIGIN

1. The Parties agree to establish a Subcommittee on Customs, Trade Facilitation and Rules of Origin to address any customs-related issues relevant to:

(a) the uniform interpretation, application and administration of Chapter 3 (Rules of Origin), and this Chapter;

(b) addressing issues on tariff classification, valuation and determination of the origin of goods for the purposes of this Agreement;

(c) reviewing of rules of origin;

(d) including in their bilateral dialogue regular updates on changes in their respective law; and

(e) considering any other customs-related issues, referred to it by the customs authorities of the Parties, by the Parties or by the Joint Committee.

2. The Subcommittee on Customs, Trade Facilitation and Rules of Origin will meet within one year from the date of entry into force of this Agreement and shall meet thereafter as agreed upon by the Parties alternately in Israel or in Colombia.

3. The Subcommittee on Customs, Trade Facilitation and Rules of Origin shall comprise representatives of customs and, if necessary, other competent authorities from each Party and shall draw up its own rules of procedure at its first meeting.

4. The Subcommittee on Customs, Trade Facilitation and Rules of Origin may formulate resolutions, recommendations or opinions which it considers necessary and report to the Parties or to the Joint Committee.

5. The Subcommittee on Customs, Trade Facilitation and Rules of Origin may draft uniform procedures, which it considers necessary, to be submitted to the Joint Committee for its approval.

CHAPTER 5
TECHNICAL ASSISTANCE AND TRADE CAPACITY BUILDING

ARTICLE 5.1: OBJECTIVES

1. The Parties agree to strengthen cooperation that will contribute to the implementation of this Agreement with the aim of optimizing its results, expanding opportunities and obtaining the greatest benefits for the Parties.

2. Cooperation between the Parties should contribute to achieving the objectives of this Agreement through the identification and development of cooperation initiatives capable of providing added value to the bilateral relationship.

3. Cooperation between the Parties under this Chapter will complement the cooperation referred to in other chapters of this Agreement.

ARTICLE 5.2: SCOPE AND MEANS

1. To achieve the objectives referred to in Article 5.1, the Parties attach particular importance to cooperation initiatives aimed at:

(a) strengthening the relations of trade capacity building between the Parties;

(b) improving and creating new opportunities for trade and investment;

(c) fostering competitiveness and innovation;

(d) promoting the development of small and medium-sized enterprises (hereinafter referred to as SMEs);

(e) supporting the role of the private sector, with special emphasis on SMEs, in promoting and building strategic alliances to encourage mutual economic growth and development; and

(f) addressing the needs for cooperation identified in other parts of this Agreement.

2. Cooperation shall be led by the contact points responsible for this Chapter, by means of the instruments, resources and mechanisms made available by the Parties to that end, in conformity with the rules and procedures in force.

3. In particular, the Parties may use different instruments and modalities, such as exchanging information, experience, best practices, capacity building and technical assistance, as well as triangular cooperation amongst others for the joint identification, development and implementation of projects.

4. The Parties may cooperate in various areas, including but not limited to the following sectors: agricultural technology, telecommunications, public health, innovation, biotechnology and environmental technology.

ARTICLE 5.3: CONTACT POINTS FOR THE IMPLEMENTATION

1. The Parties shall attach particular importance to following up the cooperation projects put in place to contribute to their optimal execution and to maximize the benefits of this Agreement.

2. In order to implement this Chapter in an efficient and effective way, and to facilitate communication for any matter covered by this Chapter, the Parties hereby establish the following contact points:

(a) for the Republic of Colombia: Ministry of Trade, Industry and Tourism; Chief of Sectorial Planning Advisory Office;

(b) for the State of Israel: Ministry of Economy; Foreign Trade Administration;

or their successors.

3. The contact points shall be responsible for:

(a) receiving and channeling the project proposals presented by the Parties;

(b) informing on the project status;

(c) informing on the acceptance or denial of the project;

(d) monitoring and assessing the progress in the implementation of trade related cooperation initiatives; and

(e) other tasks on which the Parties may agree.

4. The contact points shall inform the Joint Committee about the cooperation activities covered under this Chapter, in a timely manner through the Coordinators referred to in Article 13.5 (Free Trade Agreement Coordinators).

ARTICLE 5.4: ADDITIONAL BILATERAL INSTRUMENTS

The activities undertaken under this chapter shall not affect other cooperation initiatives based on bilateral instruments between the Parties.

CHAPTER 6
SANITARY AND PHYTOSANITARY MEASURES

ARTICLE 6.1: OBJECTIVES

The objectives of this Chapter are to:

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

(b) ensure that the Parties' sanitary and phytosanitary measures do not create unjustified barriers to trade; and

(c) enhance the implementation of the SPS Agreement.

ARTICLE 6.2: GENERAL PROVISIONS

1. The Parties reaffirm their existing rights and obligations with respect to each other under the SPS Agreement, and to this end the SPS Agreement is incorporated into and made part of this Agreement, *mutatis mutandis*.

2. The Parties shall not apply their sanitary and phytosanitary measures in a manner that constitutes an arbitrary or unjustifiable discrimination or a disguised restriction on trade between them.

ARTICLE 6.3: TRANSPARENCY

The Parties shall exchange information on:

(a) any changes in their sanitary and phytosanitary status, including important epidemiological findings, which may affect the trade between the Parties;

(b) results of import checks in case of rejected or non-compliant consignments, within three working days; or

(c) results of verification procedures, such as inspections or on site audits within 60 days, which may be extended for a similar period in case of appropriate justification.

ARTICLE 6.4: RISK ASSESSMENT

When the import requirements include an assessment of risk, the importing Party shall initiate the assessment in a timely manner and, without prejudice to the duration of the process, shall inform the exporting Party on the estimated period of time needed for such assessment. Technical justification shall be given in case the assessment takes longer. The exporting Party shall send information upon request to the importing Party to support the risk assessment, and the importing Party shall, as appropriate, use this information for the risk assessment process.

ARTICLE 6.5: ADAPTATION TO THE REGIONAL CONDITIONS

The Parties will develop procedures, as needed, taking into account guidelines of WTO Committee on Sanitary and Phytosanitary Measures (hereinafter referred to as the "SPS Committee"), the International Plant Protection Convention (IPPC), the World Organization for Animal Health (OIE), and Codex Alimentarius for the recognition of:

(a) pest or disease free areas;

(b) areas of low pest or disease prevalence; and

(c) pest or disease free production sites and/or compartments.

ARTICLE 6.6: INSPECTION AND APPROVAL PROCEDURES

1. Upon request, the importing Party shall inform the exporting Party of its sanitary and phytosanitary import requirements.

2. In cases where approval of establishments is required by the importing Party the exporting Party will apply the importing Party's requirements in order to approve the establishments.

3. Once the importing Party has concluded that the commodity and where applicable the approved establishments of the exporting Party meets its sanitary and phytosanitary requirements, such Party will notify the other party of its eligibility to export.

ARTICLE 6.7: COMPETENT AUTHORITIES

For the purpose of implementing the provisions of this Chapter, the competent authorities are the following:

(a) for the Republic of Colombia:

Colombian Agriculture and Livestock Institute (Instituto Colombiano Agropecuario – ICA) under the Ministry of Agriculture and Rural Development (Ministerio de Agricultura y Desarrollo Rural);

National Institute for the Surveillance of Foods and Drugs (Instituto Nacional de Vigilancia de Medicamentos y Alimentos– INVIMA) under the Ministry of Health and Social Protection (Ministerio de Salud y Protección Social);

(b) for the State of Israel:

Plant Protection and Inspection Services ("PPIS"), Ministry of Agriculture and Rural Development;

Veterinary Services and Animal Health ("IVSAH"), Ministry of Agriculture and Rural Development;

The National Food Services - Ministry of Health;

Cosmetic Department, Pharmaceutical Administration - Ministry of Health;

or their respective successors.

ARTICLE 6.8: SUBCOMMITTEE ON SANITARY AND PHYTOSANITARY MATTERS

1. The Subcommittee on Sanitary and Phytosanitary Matters (hereinafter referred to as the "Subcommittee") established pursuant to Chapter 13 (Institutional Provisions) shall have the following functions:

(a) facilitating the implementation and cooperation between the parties in all matters pertaining to this Chapter;

(b) monitoring the implementation, enforcement and administration of this Chapter;

(c) promptly addressing, with the aim of solving, any issue that a Party raises related to the development, adoption, application or enforcement of sanitary and phytosanitary measures that affect, or may affect, trade between the Parties;

(d) exchanging information, at a Party's request, on each Party's actual or planned SPS measures;

(e) exchanging information on developments in non-governmental, regional and multilateral fora engaged in activities related to SPS;

(f) reviewing this Chapter in light of any developments under the SPS Committee and, if necessary, developing recommendations for amendments to this Chapter; and

(g) taking any other steps that the Parties consider will assist them in implementing this Chapter.

2. The Subcommittee shall meet upon request of a Party. Meetings may be conducted in person, via teleconference, videoconference, or any other means as mutually determined by the Parties.

3. The Subcommittee will be comprised of representatives of the competent authorities and will be co-chaired by representatives of both Parties from their respective ministries primarily responsible for international trade.

4. The contact points set out in Article 6.9 will be responsible for coordinating with the

relevant institutions and persons of the respectitve Parties as well as ensuring that such institutions and persons are engaged in the Subcommittee.

5. The Subcommittee shall report to the Joint Committee of its activities and work plans.

6. The Subcommittee shall establish its rules and procedures during its first meeting.

7. The Subcommittee may establish *ad hoc* technical working groups, as needed, in accordance with its rules and procedures.

ARTICLE 6.9 CONTACT POINTS

The Parties agree to establish contact points for facilitating the implementation of this Chapter, and for coordinating every SPS matter related to the implementation of this Agreement with its national competent authorities:

(a) for the Republic of Colombia, the Ministry of Trade, Industry and Tourism (Ministerio de Comercio, Industria y Turismo) ; and

(b) for the State of Israel, the Ministry of Economy;

or their successors.

CHAPTER 7
TECHNICAL BARRIERS TO TRADE

ARTICLE 7.1: OBJECTIVES

The objectives of this Chapter are:

(a) to increase and facilitate trade between the Parties;

(b) to ensure that standards, technical regulations, and conformity assessment procedures do not create unnecessary obstacles to trade; and

(c) to enhance joint cooperation, between the Parties.

ARTICLE 7.2: GENERAL PROVISIONS

The Parties reaffirm their existing rights and obligations with respect to each other under the TBT Agreement, and to this end the TBT Agreement is incorporated into and made part of this Agreement, *mutatis mutandis*.

ARTICLE 7.3: DEFINITIONS

For the purposes of this Chapter the definitions shall be those contained in Annex 1 of the TBT Agreement.

ARTICLE 7.4: SCOPE OF APPLICATION

1. This Chapter shall apply to the preparation, adoption and application of technical regulations, standards and conformity assessment procedures, including any amendment or addition thereto, that may affect trade in goods between the Parties.

2. Notwithstanding paragraph 1, this Chapter shall not apply to:

(a) technical specifications prepared by governmental bodies for production or consumption requirements of such bodies, covered by Chapter 9 (Government Procurement), and

(b) sanitary and phytosanitary measures covered by Chapter 6 (SPS).

ARTICLE 7.5: COOPERATION AND TRADE FACILITATION

1. The Parties shall strengthen their cooperation in the fields of standards, technical regulations, conformity assessment and metrology with a view to increasing the mutual understanding of their respective systems and facilitating access to their respective markets.

2. Pursuant to paragraph 1, the Parties shall seek to identify, develop and promote bilateral initiatives on cooperation and trade facilitation regarding standards, technical regulations, conformity assessment procedures and metrology that are appropriate for particular issues or sectors, taking into consideration, *inter alia,* the Parties' experience in regional and multilateral arrangements or agreements.

3. These initiatives may include:

(a) cooperation on regulatory issues, such as transparency, the promotion of good regulatory practices, harmonization with international standards, and use of accreditation to qualify conformity assessment bodies;

(b) technical assistance and cooperation regarding metrology;

(c) initiatives to develop common views on good regulatory practices such as transparency, the use of equivalency and regulatory impact assessment; and

(d) the use of mechanisms to facilitate the acceptance of the results of conformity assessment procedures conducted in the other Party's territory.

4. The Subcommittee on Technical Barriers to Trade shall define priority sectors for cooperation described in paragraph 3.

5. The Parties shall maintain effective communication between their respective regulatory authorities and between their respective standardization bodies.

6. Where a Party detains at a port of entry a good originating in the territory of the other Party due to a perceived failure to comply with a technical regulation, it shall immediately notify the importer of the reasons for the detention.

ARTICLE 7.6: INTERNATIONAL STANDARDS

1. The Parties shall:

(a) apply the Decision of the Committee on Principles for the Development of International Standards, Guides and Recommendations with Relation to Articles 2, 5 and Annex 3 of the Agreement adopted[1] by the WTO Committee on Technical Barriers to Trade (hereinafter referred to as the "TBT Committee"), when determining whether an international standard; guide or recommendation

[1] G/TBT/1/Rev.10, 9 June 2011 Annex B to part I (original Decision: January 1st, 1995)

exists within the meaning of Articles 2 and 5 and the scope of Annex 3 of the TBT Agreement;

(b) encourage its standardization bodies to cooperate with the relevant standardization bodies of the other Party in international standardization activities;

(c) exchange information on their standardization processes as well as on the extent they use international, regional or sub-regional standards as the basis for national standards; and

(d) exchange general information on cooperation agreements concluded on standardization matters with a non-Party.

2. Each Party shall use relevant international standards, guides and recommendations to the extent provided in Articles 2.4 and 5.4 of the TBT Agreement, as a basis for its technical regulations and conformity assessment procedures.

ARTICLE 7.7: TECHNICAL REGULATIONS

1. The Parties shall use international standards as a basis for preparing their technical regulations, unless those international standards are ineffective or inappropriate to achieving the legitimate objective pursued. A Party shall, upon request of the other Party, provide the reasons for not having used international standards as a basis for preparing its technical regulations.

2. Upon request of the other Party interested in developing a similar technical regulation, and in order to minimize the duplication of costs, a Party shall, to the extent possible, provide the requesting Party with any information, technical study, risk assessment or other available relevant document, on which that Party has relied for the development for such technical regulation excluding confidential information.

3. Upon request of the other Party, a Party shall consider entering into negotiations in order to conclude an agreement for the acceptance of technical regulations of the other Party as equivalent, even if these regulations differ from its own, provided that those technical regulations produce outcomes equivalent to those produced by its own technical regulations in meeting its legitimate objectives and achieving the same level of protection.

4. Where a Party does not accept entering into negotiations with the other Party as specified in paragraph 3, it shall, upon request of the other Party, explain in writing the reasons for its decision.

ARTICLE 7.8: CONFORMITY ASSESSMENT AND ACCREDITATION

1. The Parties recognize the existence of a broad range of mechanisms to facilitate acceptance of the results of conformity assessment procedures of the other Party.

Accordingly, the Parties may agree:

(a) on the acceptance of a suppliers' declaration of conformity;

(b) on the acceptance of the results of the conformity assessment procedures of the other Party, including those regarding specific technical regulations of the other Party;

(c) that a conformity assessment body located in a Party's territory may enter into voluntary recognition agreements with a conformity assessment body located in the other Party's territory; and

(d) on designation of conformity assessment bodies located in the other Party's territory.

2. To that end, the Parties shall:

(a) exchange information on the range of mechanisms used in their territories;

(b) promote the acceptance of results of conformity assessment procedures by bodies located in the territory of the Parties and recognized under a multilateral accreditation agreement or by an agreement reached between their relevant respective conformity assessment bodies;

(c) consider initiating negotiations in order to conclude agreements to facilitate the acceptance in their territories of the results of conformity assessment procedures conducted by bodies located in the territory of the other Party, when it is in the interest of the Parties and it is economically justified; and

(d) encourage their conformity assessment bodies to take part in agreements with the conformity assessment bodies of the other Party for the acceptance of conformity assessment results.

3. The Parties shall give positive consideration to a request by the other Party to negotiate agreements for the mutual recognition of the results of their respective conformity assessment procedures. Where a Party, declines such a request, it shall, upon request, explain in writing the reasons for its decision. The Parties shall work together to implement the mutual recognition agreements in which both Parties are members.

4. A Party may consider, unilaterally, the recognition of the results of the conformity assessment procedures of the other Party.

5. In order to enhance confidence, in the permanent reliability of each one of the conformity assessment results, prior to an agreement as described in paragraph 3, the Parties may consult and exchange information on matters such as the technical competence of the conformity assessment bodies involved.

ARTICLE 7.9: TRANSPARENCY

1. Each Party shall, upon request of the other Party, provide information, including the objective of, and rationale for, a technical regulation or conformity assessment procedure which the Party has adopted or proposes to adopt.

2. A Party shall give appropriate consideration to the comments received from the other Party when a proposed technical regulation is submitted for public consultation and, upon request of the other Party, provide written answers to the comments made by such other Party.

3. Each Party shall electronically notify the other Party's TBT Enquiry Point referred to in Annex 7-A upon submission of its notification to the WTO Central Registry of Notifications in accordance with the TBT Agreement.

4. Each Party shall endeavor to inform the other Party's TBT Enquiry Point referenced in Annex 7-A of the following documents:

(a) new technical regulations and amendments to existing technical regulations that are based on relevant international standards;

(b) new conformity assessment procedures and amendments to existing conformity assessment procedures that are based on relevant international standards; and

(c) proposed new technical regulations and conformity assessment procedures in case there is a doubt on the significant effect on trade.

5. Upon a written request by one of the Parties showing a substantial trade interest, the notification of technical regulations and conformity assessment procedures shall include a link to or a copy of the complete text of the notified document, if those regulations and conformity assesment procedures are not based on relevant international standards. In this case, the Parties shall provide a link to or a copy of the complete text of the notified document in English.

6. If a Party adopts an international standard as a technical regulation or conformity assement procedure with changes to its original version, shall inform the other Party of the changes. In this case it shall not be necessary to provide a complete copy of the text.

7. Each Party shall allow a period of at least 60 days (hereinafter referred to as the "comment period") following notification of proposed technical regulations and conformity assessment procedures for the other Party to provide written comments, except where urgent problems of safety, health, environmental protection or national security arise or threaten to arise. A Party shall give positive consideration to a reasonable request for extending the comment period.

8. Each Party may consider to publish or otherwise make available to the public, in print or electronically, its responses or a summary of its responses, to official comments it receives from

the other Party, no later than the date it publishes the final technical regulation or conformity assessment procedure.

9. A Party may give positive consideration to a reasonable request from the other Party, to extend the period of time between the adoption of technical reulation and its entry into force, if the request is received prior to the end of the comment period following notification of a proposed technical regulation.

10. Except for urgent circumstances, the Parties shall allow a reasonable interval[2] between the publication of technical regulations and their entry into force in order for producers in the exporting Party to adapt their products or methods of production to the requirements of the importing Party.

11. The Parties shall ensure that all adopted technical regulations and conformity assessment procedures are publicly available.

ARTICLE 7.10: INFORMATION EXCHANGE

1. Any information or explanation that a Party provides upon request of the other Party pursuant to this Chapter shall be provided in print or electronically within a reasonable period of time. A Party shall endeavor to respond to such a request within 60 days.

2. The contact point referred to in Annex 7-A shall be responsible for facilitating communication between the Parties on any matter covered by this Chapter, including administrative notifications and information submitted under this Chapter, as set forth under Article 7.9. On the request of the other Party, the contact point shall identify the office or the official responsible for the matter and assist, as necessary, in facilitating communications with the requesting Party.

3. The TBT enquiry point referred to in Annex 7-A shall be responsible for providing information regarding technical regulations or conformity assessment procedures, to transmitting the comments related to technical regulations or conformity assessment procedures that a Party has adopted or intends to adopt, and responding to any other information demanded pursuant to Article 7.9.

ARTICLE 7.11: SUBCOMMITTEE ON TECHNICAL BARRIERS TO TRADE

1. The Subcommittee on Technical Barriers to Trade established pursuant to Chapter 13 (Institutional Provisions) shall have the following functions:

[2] "Reasonable interval" shall be understood to normally mean a period of no less than six months, except when such period would be ineffective in fulfilling the legitimate objectives pursued, in accordance with paragraph 5 of the Implementation –Related Issues and Concerns, Decision of 14 November 2001(WT/MIN(01)/17).

(a) working in order to facilitate implementation of this Chapter and cooperation between the Parties in all matters pertaining to this Chapter;

(b) monitoring the implementation, enforcement and administration of this Chapter;

(c) promptly addressing any issue that a Party raises related to the development, adoption, application or enforcement of standards, technical regulations, or conformity assessment procedures;

(d) improving joint cooperation between the Parties in the areas mentioned in Article 7.5;

(e) conducting negotiations for mutual recognition agreements;

(f) exchanging information, at a Party's request, on standards, technical regulations, and conformity assessment procedures, including the Parties' respective views regarding non-Party issues;

(g) exchanging information on developments in non-governmental, regional and multilateral *fora* engaged in activities related to standards, technical regulations and conformity assessment procedures;

(h) consulting, at a Party's written request, with the aim of solving any matter arising under this Chapter within a reasonable period of time;

(i) reviewing this Chapter in light of any developments under the TBT Committee and, if necessary, developing recommendations for amendments to this Chapter;

(j) establishing issue or sector-specific ad hoc working groups, if necessary to achieve the objectives of this Chapter; and

(k) taking any other steps that the Parties consider will assist them in implementing this Chapter.

2. The Subcommittee shall meet upon request of a Party. Meetings may be conducted in person, via teleconference, videoconference, or any other means as mutually determined by the Parties.

3. In a dispute on matters covered by this Chapter, consultations pursuant to paragraph 1(h) shall be mandatory in order to activate the procedures provided in Chapter 12 (Dispute Settlement).

4. The contact points set out in Annex 7-A shall be responsible for coordinating with the relevant authorities and persons in their respective countries as well as ensuring that such authorities and persons are in contact.

ARTICLE 7.12: BORDER CONTROL AND MARKET SURVEILLANCE

The Parties shall:

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

(b) ensure that border control and market surveillance activities are undertaken by the competent authorities, to which end these authorities may use accredited, designated or delegated bodies, avoiding conflicts of interest between those bodies and the economic operators subject to control or supervision.

CHAPTER 8
TRADE REMEDIES

SECTION A: BILATERAL SAFEGUARD MEASURES

ARTICLE 8.1: DEFINITIONS

For the purposes of this Chapter:

competent investigating authority means:

(a) for the State of Israel: the Commissioner of Trade Levies, in the Ministry of Economy or the corresponding unit in the Ministry of Agriculture and Rural Development;

(b) for the Republic of Colombia: the Ministry of Trade, Industry and Tourism (Ministerio de Comercio, Industria y Turismo);

or their successors;

domestic industry means the producers as a whole of the like or directly competitive goods of a Party or whose collective output of the like or directly competitive goods constitutes a major proportion of the total production of such goods;

originating goods as referred to in Chapter 3 (Rules of Origin);

serious injury means the significant overall impairment in the position of a domestic industry;

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

transition period for each good means the period of tariff elimination for that good, with the addition of three years.

ARTICLE 8.2: APPLICATION OF A BILATERAL SAFEGUARD MEASURE

1. Subject to Article 8.7.3, if a good originating in one Party, as a result of the reduction or elimination of a customs duty provided for in this Agreement, is being imported into the other Party in such increased quantities, in absolute or relative terms, and under such conditions that the imports of the good originating from that Party alone constitute a substantial cause of serious injury or threat of serious injury to a domestic industry, the importing Party may, to the minimum extent necessary to remedy the injury:

(a) suspend the further reduction of any rate of a customs duty provided for under this Agreement on the goods; or

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

(i) the most favored nation (MFN) applied rate of duty in effect at the time the measure is applied; or

(ii) the base rate as provided for in Article 2.14 (Elimination of Customs Duties) in Chapter 2 (Market Access for Goods).

2. The Party that applies a safeguard measure may establish an import quota for the product concerned under the agreed preference/concession established in this Agreement. If a quota is applied, such a measure shall not reduce the quantity of imports to a level below the average of imports before the existence of serious injury.

ARTICLE 8.3: LIMITATIONS FOR APPLYING A BILATERAL SAFEGUARD MEASURE

1. Bilateral safeguard measures may not be applied in the first year after the tariff preferences, under Chapter 2 (Market Access for Goods) of this Agreement, come into force.

2. A bilateral safeguard measure shall not be applied except to the extent and for such time as may be necessary to prevent or remedy serious injury and to facilitate adjustment and, it shall not be applied for a period exceeding two years.

However, this period may be extended to up to two additional years if the competent authorities of the importing Party determine, in conformity with the procedures specified in Article 8.4, that the measure continues to be necessary to prevent or remedy serious injury and to facilitate adjustment and that there is evidence that the industry is adjusting, provided that the total period of application of a safeguard measure, including the period of initial application and any extension thereof, shall not exceed four years.

3. Neither Party shall apply a bilateral safeguard measure more than once against the same good.

4. For perishable or seasonal goods no measure may be taken more than four times within the initial two years or for a cumulative period exceeding four years provided in paragraph 2 above.

5. Upon termination of the bilateral safeguard measure, the rate of duty or quota shall be the level which would have been in effect had the measure not been imposed.

6. Bilateral safeguard measures may not be applied or maintained after the transition period unless otherwise agreed by the Parties.

7. Following conclusion of the transition period, the Joint Committee shall evaluate whether or not to continue the bilateral safeguard measures mechanism

included in this Chapter.

ARTICLE 8.4: INVESTIGATION PROCEDURES

1. A Party shall apply a safeguard measure only following an investigation by the Party's competent authority in accordance with its domestic legislation and Articles 3 and 4.2(c) of the Safeguards Agreement; and to this end, Articles 3 and 4.2(c) of the Safeguards Agreement are incorporated into and made part of this Agreement, *mutatis mutandis*.

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

ARTICLE 8.5 PROVISIONAL BILATERAL SAFEGUARD MEASURES

1. In critical circumstances where delay would cause damage that would be difficult to repair, a Party may apply a bilateral safeguard measure on a provisional basis pursuant to a preliminary determination by its competent authorities that there is clear evidence that imports of an originating good from the other Party have increased as the result of reduction or elimination of a customs duty under this Agreement, and that such imports constitute a substantial cause of serious injury, or threat thereof, to the domestic industry.

2. A Party shall not apply a provisional measure until at least 44 days after the date on which its competent authorities have initiated an investigation.

3. The duration of any provisional measure shall not exceed 200 days, during which time the Party shall comply with the requirements of Article 8.4.

ARTICLE 8.6: NOTIFICATIONS AND CONSULTATIONS

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

   (a) initiating a safeguard proceeding under this Chapter;

   (b) making a finding of serious injury, or threat thereof, caused by increased imports under Article 8.2; and

   (c) taking a preliminary or final decision to apply or extend a safeguard measure.

2. A Party shall provide the other Party with a copy of the public version of its competent investigating authority's report under Article 8.4.1.

3. If a Party whose goods are subject to a safeguard proceeding under this Chapter

requests to hold consultations within 10 days from receipt of a notification as specified in paragraph 1(c), the Party conducting that proceeding shall enter into consultations with the requesting Party with a view to finding an appropriate and mutually satisfactory solution.

4. The consultations under paragraph 3 shall take place in the Joint Committee. In the absence of a decision or if no satisfactory solution is reached within 20 days of the notification being made, the Party may apply bilateral safeguard measures.

SECTION B: GLOBAL SAFEGUARD MEASURES

ARTICLE 8.7: IMPOSITION OF GLOBAL SAFEGUARD MEASURES

1. Each Party retains its rights and obligations in accordance with Article XIX of the GATT 1994 and the Safeguards Agreement.

2. This Agreement does not confer any additional rights or obligations on the Parties with regard to actions taken in accordance with Article XIX of the GATT 1994 and the Safeguards Agreement, except that a Party taking a global safeguard measure shall exclude imports of an originating good of the other Party if such imports are not a substantial cause of serious injury or threat thereof.

3. No Party may apply, with respect to the same good, at the same time:

(a) a bilateral safeguard measure; and

(b) a measure in accordance with Article XIX of the GATT 1994 and the Safeguards Agreement.

4. In determining whether imports from the other Party are a substantial cause of serious injury or threat thereof, the competent investigating authority shall consider such factors as the change in the import share of the other Party and the level and change in the level of imports of the other Party. In this regard, imports from the other Party normally shall not be deemed to be a substantial cause of serious injury or threat thereof, if the growth rate of imports from that Party during the period in which the injurious increase in imports occurred is appreciably lower than the growth rate of total imports from all sources over the same period.

Imports from the Party which have been excluded from the applied safeguard measure, shall not be included in the calculation of the serious injury caused to the domestic industry of the Party who applied such measure.

5. The following conditions and limitations shall apply to a proceeding that may result in global safeguard measures under Article 8.4:

(a) the Party initiating such a proceeding shall, without delay, deliver to the other Party written notice thereof;

(b) upon termination of the measure, the rate of a customs duty or quota shall be the rate which would have been in effect had the measure not been imposed.

SECTION C: ANTIDUMPING AND COUNTERVAILING MEASURES

ARTICLE 8.8: ANTIDUMPING AND COUNTERVAILING MEASURES

Each Party retains its rights and obligations in accordance with Article VI of the GATT 1994, the Antidumping Agreement and the Subsidies Agreement, with regard to the application of antidumping duties and countervailing measures.

CHAPTER 9
GOVERNMENT PROCUREMENT

ARTICLE 9. 1: DEFINITIONS

For the purposes of this Chapter:

commercial goods and services means goods or services of a type generally sold or offered for sale in the commercial marketplace to, and customarily purchased by, non-governmental buyers for non-governmental purposes;

conditions for participation means registration, qualification, and other pre-requisites for participation in a procurement;

construction service means a service that has as its objective the realization by whatever means of civil or building works, based on Division 51 of the United Nations Provisional Central Product Classification;

electronic auction means an iterative process that involves the use of electronic means for the presentation by suppliers of either new prices, or new values for quantifiable non-price elements of the tender related to the evaluation criteria, or both, resulting in a ranking or re-ranking of tenders;

in writing or **written** means any worded or numbered expression that can be read, reproduced and later communicated. It may include electronically transmitted and stored information;

limited tendering means a procurement method whereby the procuring entity contacts a supplier or suppliers of its choice;

measure means any law, regulation, procedure, administrative guidance or practice, or any action of a procuring entity relating to a covered procurement;

multi-use list means a list of suppliers that a procuring entity has determined satisfy the conditions for participation in that list, and that the procuring entity intends to use more than once;

notice of intended procurement means a notice published by a procuring entity inviting interested suppliers to submit a request for participation, a tender, or both;

offset means any condition or undertaking that encourages local development or improves a Party's balance-of-payments accounts, such as the use of domestic content, the licensing of technology, investment, counter-trade and similar action or requirement;

open tendering means a procurement method whereby all interested suppliers may submit a tender;

procuring entity means an entity covered under a Party's Annex 9-A;

qualified supplier means a supplier that a procuring entity recognizes as having satisfied the conditions for participation;

selective tendering means a procurement method whereby only qualified suppliers are invited by the procuring entity to submit a tender;

services includes construction services, unless otherwise specified;

standard means a document approved by a recognized body that provides for common and repeated use, rules, guidelines or characteristics for goods or services, or related processes and production methods, with which compliance is not mandatory. It may also include or deal exclusively with terminology, symbols, packaging, marking or labeling requirements as they apply to a good, service, process or production method;

supplier means a person or group of persons that provides or could provide goods or services; and

technical specification means a tendering requirement that:

1. lays down the characteristics of goods or services to be procured, including quality, performance, safety and dimensions, or the processes and methods for their production or provision; or

2. addresses terminology, symbols, packaging, marking or labelling requirements, as they apply to a good or service.

ARTICLE 9.2: SCOPE

1. This Chapter shall apply to any measure of a Party regarding covered procurement.

2. For the purposes of this Chapter, **covered procurement** means a government procurement:

   (a) of goods, services or any combination thereof

      (i) as specified in Annex 9-A;

      (ii) not procured with a view to commercial sale or resale, or for use in the production or supply of goods or services for commercial sale or resale;

   (b) by any contractual means, including purchase, lease, and rental or hire purchase, with or without an option to buy;

   (c) for which the value, as estimated in accordance with paragraphs 5 and 6, equals or exceeds the relevant threshold specified in Annex 9-A at the time of publication of a notice in accordance with Article 9.6;

   (d) by a procuring entity; and

(e) that is not otherwise excluded from coverage in paragraph 3 or in Annex 9-A.

3. This Chapter shall not apply to:

(a) the acquisition or rental of land, existing buildings, or other immovable property or rights thereon;

(b) non-contractual agreements or any form of assistance that a Party provides, including cooperative agreements, grants, loans, equity infusions, guarantees, fiscal incentives, subsidies;

(c) the procurement or acquisition of fiscal agency or depository services, liquidation and management services for regulated financial institutions, or services related to the public debt, including loans and government bonds, notes and other securities. For greater certainty, this Chapter shall not apply to procurement of banking, financial, or specialized services related to the following activities:

(i) the incurring of public indebtedness; or

(ii) public debt management;

(d) public employment contracts;

(e) procurement conducted under the particular procedure or condition of an international agreement relating to the stationing of troops or relating to the joint implementation by the signatory countries of a project, or under the particular procedure or condition of an international organization, or funded by international grants, loans, or other assistance where the applicable procedure or condition would be inconsistent with this Chapter;

(f) procurement for the direct purpose of providing foreign assistance; and

(g) purchases for a procuring entity from another public entity, provided that the procurement is directly related to the legal object of the supplying public entity.

4. Where a procuring entity, in the context of covered procurement, requires persons not listed in Annex 9-A to procure in accordance with particular requirements, Article 9.4 shall apply *mutatis mutandis* to such requirements.

Valuation

5. In estimating the value of a procurement for the purposes of ascertaining whether it is a covered procurement, a procuring entity shall:

(a) neither divide a procurement into separate procurements nor select or use a particular valuation method for estimating the value of a procurement with the intention of totally or partially excluding it from the application of this Chapter; and

(b) include the estimated maximum total value of the procurement over its entire duration, whether awarded to one or more suppliers, taking into account all forms of remuneration, including:

(i) premiums, fees, commissions and interest; and

(ii) where the procurement provides for the possibility of options, the total value of such options.

6. Where an individual requirement for a procurement results in the award of more than one contract, or in the award of contracts in separate parts (hereinafter referred to as "recurring procurements"), the calculation of the estimated maximum total value shall be based on:

(a) the total maximum value of the procurement over its entire duration ;

(b) the value of recurring procurements of the same type of good or service awarded during the preceding 12 months or the procuring entity's preceding fiscal year, adjusted, where possible, to take into account anticipated changes in the quantity or value of the good or service being procured over the following 12 months; or

(c) the estimated value of recurring procurements of the same type of good or service to be awarded during the 12 months following the initial contract award or the procuring entity's fiscal year.

7. Where the estimated maximum total value of a procurement over its entire duration is not known, the procurement shall be covered by this Chapter.

ARTICLE 9.3: SECURITY AND GENERAL EXCEPTIONS

1. Nothing in this Agreement shall be construed to prevent any Party from taking any action or not disclosing any information that it considers necessary for the protection of its essential security interests relating to the procurement of arms, ammunition or war materials, or to procurement indispensable for national security or for national defense purposes.

2. Subject to the requirement that such measures are not applied in a manner that would constitute a means of arbitrary or unjustifiable discrimination between the Parties where the same conditions prevail or a disguised restriction on trade between the Parties, nothing in this Chapter shall be construed to prevent a Party from imposing or enforcing measures:

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

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

(c) necessary to protect intellectual property; or

(d) relating to goods or services of persons with disabilities, philanthropic institutions, or prison labor.

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

ARTICLE 9.4: GENERAL PRINCIPLES

National Treatment and Non-Discrimination

1. With respect to any measure regarding covered procurement, each Party, including its procuring entities, shall accord immediately and unconditionally to the goods and services of the other Party and to the suppliers of the other Party offering such goods or services, treatment no less favourable than that accorded to domestic goods, services and suppliers.

2. With respect to any measure regarding covered procurement, a Party, including its procuring entities, shall not:

(a) treat a locally established supplier less favourably than another locally established supplier on the basis of the degree of foreign affiliation or ownership; or

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

Use of Electronic Means

3. When conducting covered procurement by electronic means, a procuring entity shall:

(a) ensure that the procurement is conducted using information technology systems and software, including those related to authentication and encryption of information, that are generally available and interoperable with other generally available information technology systems and software; and

(b) maintain mechanisms that ensure the integrity of requests for participation and tenders, including establishment of the time of receipt and the prevention of inappropriate access.

Measures Not Specific to Procurement

4. The provisions of paragraphs 1 and 2 shall not apply to customs duties and charges of any kind imposed on, or in connection with, importation, the method of levying such duties and charges, other import regulations or formalities, and measures affecting trade in services other than measures governing covered procurement.

Offsets

5. With regard to covered procurement, a Party, including its procuring entities, shall not seek, take account of, impose, or enforce offsets at any stage of the procurement except as otherwise provided in Annex 9-A.

Rules of Origin

6. For the purposes of covered procurement, each Party shall apply to covered procurements of goods or services, imported from or supplied by the other Party, the rules of origin that it applies in the normal course of trade to those goods or services.

Conduct of Procurement

7. A procuring entity shall conduct covered procurement in a transparent and impartial manner that:

(a) is consistent with this Chapter, using methods such as open tendering, selective tendering and limited tendering;

(b) avoids conflicts of interest; and

(c) prevents corrupt practices.

ARTICLE 9.5: INFORMATION ON THE PROCUREMENT SYSTEM

1. Each Party shall promptly publish its procurement laws, regulations, procedures, policy guidelines, judicial decisions and administrative rulings of general application regarding covered procurements, as well as and any changes or additions to this information, in electronic or paper media that are widely disseminated and remain accessible to the public.

2. Each Party shall list in Annex 9-B the electronic or paper media in which the Parties publishes the information described in paragraph 1.

3. Each Party shall promptly reply to any request from the other Party for an explanation of any matter relating to its procurement laws, regulations, procedures, policy guidelines, judicial decisions and administrative rulings of general application.

ARTICLE 9.6: PUBLICATION OF NOTICES

Notice of Intended Procurement

1. For each covered procurement, except in the circumstances described in Article 9.11, a procuring entity shall publish a notice inviting interested suppliers to submit tenders or, where appropriate, applications for participation in the procurement. Any such notice shall be published in an electronic or paper medium that is widely disseminated and readily accessible to the public, free of charge, for the entire period established for tendering. Each Party shall ensure for covered procurements that its central government procuring entities, as set out in Section A of Annex 9-A, publish notices of intended procurement in a single point of entry to an electronic publication, that is accessible through the Internet or a comparable network.

2. The Parties shall encourage their procuring entities covered under Section B or C of Annex 9-A, to publish their notices by electronic means free of charge through their respective single point of access.

3. Except as otherwise provided in this Chapter, each notice of intended procurement shall include:

(a) the name and address of the procuring entity and other information necessary to contact the procuring entity and obtain all relevant documents relating to the procurement, and their cost and terms of payment, if any;

(b) a description of the procurement, including the nature and the quantity of the goods or services to be procured or, where the quantity is not known, the estimated quantity;

(c) the time-frame for delivery of goods or services or the duration of the contract;

(d) the procurement method that will be used and whether it will involve negotiation or electronic auction;

(e) where applicable, the address and any final date for the submission of requests for participation in the procurement;

(f) the address and the final date for the submission of tenders;

(g) a list and brief description of any conditions for participation of suppliers, including any requirements for specific documents or certifications to be provided by suppliers in connection therewith, unless such requirements are included in tender documentation that is made available to all interested suppliers at the same time as the notice of intended procurement;

(h) where, pursuant to Article 9.8, a procuring entity intends to select a limited number of qualified suppliers to be invited to tender, the criteria that will be used to select them and, where applicable, any limitation on the number of suppliers that will be permitted to tender;

(i) the language or languages in which tenders or requests for participation may be submitted, in case they may be submitted in a language other than an official language of the Party of the procuring entity; and

(j) an indication that the procurement is covered by this Chapter.

Notice of Planned Procurement

4. Each Party shall encourage its procuring entities to publish, prior to each fiscal year or as early as possible in each fiscal year, a notice regarding their procurement plans for that fiscal year. The notice should include the subject-matter of the procurement and the planned date of the publication of the notice of the intended procurement.

ARTICLE 9.7: CONDITIONS FOR PARTICIPATION

1. A procuring entity shall limit any conditions for participation in a procurement to those that are essential to ensure that a supplier has the legal, commercial, technical, and financial abilities to undertake the relevant procurement.

2. In assessing whether a supplier satisfies the conditions for participation, a procuring entity:

(a) shall evaluate the financial, commercial and technical abilities of a supplier on the basis of that supplier's business activities both inside and outside the territory of the Party of the procuring entity;

(b) shall base its evaluation solely on the conditions that a procuring entity has specified in advance in notices or tender documentation;

(c) shall not impose the condition that, in order for a supplier to participate in a procurement or be awarded a contract, the supplier has previously been awarded one or more contracts by a procuring entity of that Party or that the supplier has prior work experience in the territory of that Party; and

(d) may require prior experience where essential to meet the requirements of the procurement.

3. Where there is supporting evidence, a Party, including its procuring entities, may exclude a supplier on grounds such as:

(a) bankruptcy;

(b) false declarations;

(c) significant or persistent deficiencies in performance of any substantive requirement or obligation under a prior contract or contracts;

(d) final judgments in respect of serious crimes or other serious offences;

(e) professional misconduct or acts or omissions that adversely reflect on the commercial integrity of the supplier; or

(f) failure to pay taxes.

ARTICLE 9.8: REGISTRATION AND QUALIFICATION OF SUPPLIERS

Registration Systems and Qualification Procedures

1. A Party, including its procuring entities, may maintain a supplier registration system under which interested suppliers are required to register and provide certain information.

2. Each Party shall ensure that:

(a) its procuring entities make efforts to minimize differences in their qualification procedures; and

(b) where its procuring entities maintain registration systems, the entities make efforts to minimize differences in their registration systems.

3. A Party, including its procuring entities, shall not adopt or apply any registration system or qualification procedure with the purpose or the effect of creating unnecessary obstacles to the participation of suppliers of the other Party in its procurement.

Selective Tendering

4. Where a Party's law allows the use of selective tendering procedures, a procuring entity shall, for each intended procurement:

(a) include in the notice of intended procurement at least the information specified in Article 9.6.3 subparagraphs (a), (b), (d), (e), (g), (h), (i) and (j) and invite suppliers to submit a request for participation; and

(b) provide, by the commencement of the time-period for tendering, at least the information in Article 9.6.3 subparagraphs (c), and (f) regarding the qualified suppliers that it notifies as specified in Articles 9.9.3(b).

5. A procuring entity shall allow all qualified suppliers to participate in a particular procurement, unless the procuring entity states in the notice of intended procurement any limitation on the number of suppliers that will be permitted to tender and the criteria for selecting the limited number of suppliers.

6. Where the tender documentation is not made publicly available from the date of publication of the notice referred to in paragraph 4, a procuring entity shall ensure that those documents are made available at the same time to all the qualified suppliers selected in accordance with paragraph 5.

Multi-Use Lists

7. A procuring entity may establish a multi-use list, provided that the entity annually publishes or otherwise makes available continuously in electronic form a notice inviting interested suppliers to apply for inclusion on the list. The notice shall include:

(a) a description of the goods and services, or categories thereof, for which the list may be used;

(b) the conditions for participation to be satisfied by suppliers for inclusion on the list and the methods that the procuring entity will use to verify a supplier's satisfaction of the conditions;

(c) the name and address of the procuring entity and other information necessary to contact the entity and obtain all relevant documents relating to the list;

(d) the period of validity of the list and the means for its renewal or termination, or where the period of validity is not provided, an indication of the method by which notice will be given of the termination of use of the list; and

(e) an indication that the list may be used for procurement covered by this Chapter.

8. A procuring entity shall allow suppliers to apply for inclusion on a multi-use list and shall include on the list all qualified suppliers within a reasonably short time.

9. Notwithstanding paragraph 7, where a multi-use list will be valid for three years or less, a procuring entity may publish the notice referred to in paragraph 7 only once, at the beginning of the period of validity of the list, provided that the notice:

(a) states the period of validity and that further notices will not be published; and

(b) is published by electronic means and is made available continuously during the period of its validity.

ARTICLE 9.9: TIME LIMITS

1. A procuring entity shall, consistent with its own reasonable needs, provide sufficient time for suppliers to prepare and submit requests for participation and responsive tenders, taking into account such factors as:

(a) the nature and complexity of the procurement;

(b) the extent of subcontracting anticipated; and

(c) whether tenders can be received by electronic means.

Such time-periods, including any extension of the time-periods, shall be the same for all interested or participating suppliers.

2. A procuring entity that uses selective tendering shall establish that the final date for the submission of requests for participation shall not, in principle, be less than 15 days from the date of publication of the notice of intended procurement. Where a state of urgency duly substantiated by the procuring entity renders this time-period impracticable, the time-period may be reduced to not less than 10 days.

3. Except as provided for in paragraphs 4 and 5, a procuring entity shall establish that the final date for the submission of tenders shall not be less than 40 days from the date on which:

(a) in the case of open tendering, the notice of intended procurement is published; or

(b) in the case of selective tendering, the entity notifies suppliers that they will be invited to submit tenders whether or not it uses a multi-use list.

4. A procuring entity may reduce the time-period for tendering set out in paragraph 3 to not less than 10 days where:

(a) the procuring entity has published a notice in an electronic medium listed in Annex 9-B, containing the information specified in Article 9.6.3 at least 40 days and not more than 12 months in advance;

(b) in the case of the second or subsequent publication of notices for procurement of a recurring nature; or

(c) a state of urgency duly substantiated by the procuring entity renders such time-period impracticable.

5. A procuring entity may reduce the time-period for tendering set out in paragraph 3 by five days for each one of the following circumstances:

(a) the notice of intended procurement is published by electronic means;

(b) all the tender documentation is made available by electronic means from the date of the publication of the notice of intended procurement; and

(c) the tenders can be received by electronic means by the procuring entity.

6. The use of paragraph 5, in conjunction with paragraph 4, shall in no case result in the reduction of the time-period for tendering set out in paragraph 3 to less than 10 days from the date on which the notice of intended procurement is published.

7. Notwithstanding any other time-period in this Article, where a procuring entity purchases commercial goods or services, it may reduce the time-period for tendering set out in paragraph 3 to not less than 13 days, provided that it publishes by electronic means, at the same time, both the notice of intended procurement and the tender documentation. Where the entity also accepts tenders for commercial goods and services by electronic means, it may reduce the time-period set out in paragraph 3 to not less than 10 days.

8. Where a procuring entity in Sections B or C of Annex 9-A has selected all or a limited number of qualified suppliers, the time-period for tendering may be fixed by mutual agreement between the procuring entity and the selected suppliers. In the absence of agreement, the period shall not be less than 10 days.

ARTICLE 9.10: INFORMATION ON INTENDED PROCUREMENTS

Tender Documentation

1. A procuring entity shall promptly make available to any supplier interested in participating in a procurement tender documentation that includes all information necessary to permit suppliers to prepare and submit responsive tenders.

2. Unless already provided in the notice of intended procurement, such documentation shall include a complete description of:

(a) the procurement, including the nature and the quantity of the goods or services to be procured or, where the quantity is not known, the estimated quantity and any requirements to be fulfilled, including any technical specifications, conformity assessment certification, plans, drawings or instructional materials;

(b) any conditions for participation of suppliers, including any financial guarantees, information, and documents that suppliers are required to submit;

(c) all evaluation criteria to be considered in the awarding of the contract, and, except where price is the sole criterion, the relative importance of such criteria;

(d) where the procuring entity will conduct the procurement by electronic means, any authentication and encryption requirements or other requirements related to the submission of information by electronic means;

(e) where the procuring entity will hold an electronic auction, the rules, including identification of the elements of the tender related to the evaluation criteria, on which the auction will be conducted;

(f) where there will be a public opening of tenders, the date, time, and place for the opening of tenders, where appropriate, the persons authorized to be present;

(g) any other terms or conditions, including terms of payment and any limitation on the means by which tenders may be submitted, e.g., paper or electronic means; and

(h) any dates for the delivery of goods or the supply of services.

3. A procuring entity shall promptly reply to any reasonable request for relevant information by any interested or participating supplier, provided that such information does not give that supplier an advantage over other suppliers.

4. If, in tendering procedures, an entity allows tenders to be submitted in several languages, one of those languages shall be English.

Technical Specifications

5. A procuring entity shall not prepare, adopt or apply any technical specification or prescribe any conformity assessment procedure with the purpose or the effect of creating unnecessary obstacles to international trade between the Parties.

6. In prescribing the technical specifications for the goods or services being procured, a procuring entity shall, where appropriate:

(a) specify the technical specification in terms of performance and functional requirements, rather than design or descriptive characteristics; and

(b) base the technical specification on international standards, where such exist; otherwise, on national technical regulations, recognized national standards or building codes.

7. Where design or descriptive characteristics are used in the technical specifications, a procuring entity shall indicate, where appropriate, that it will consider tenders of equivalent goods or services that demonstrably fulfill the requirements of the procurement by including words such as "or equivalent" in the tender documentation.

8. A procuring entity shall not prescribe technical specifications that require or refer to a particular trademark or trade name, patent, copyright, design, type, specific origin, producer or supplier, unless there is no other sufficiently precise or intelligible way of describing the procurement requirements and provided that, in such cases, the entity includes words such as "or equivalent" in the tender documentation.

9. A procuring entity shall not seek or accept, in a manner that would have the effect of precluding competition, advice that may be used in the preparation or adoption of any technical specification for a specific procurement from a person that may have a commercial interest in the procurement.

10. For greater certainty, a procuring entity may, in accordance with this Article, prepare, adopt or apply technical specifications to promote the conservation of natural resources or protect the environment.

Modifications

11. Where, prior to the award of a contract, a procuring entity modifies the criteria or technical requirements set out in a notice or tender documentation provided to participating suppliers, or amends or reissues a notice or tender documentation, it shall transmit in writing all such modifications or amended or re-issued notice or tender documentation:

(a) to all the suppliers that are participating at the time the information is modified, if the identities of such suppliers are known, and, in all other cases, in the same manner that the original information was made available; and

(b) in adequate time to allow such suppliers to modify and re-submit amended tenders, as appropriate.

ARTICLE 9.11: NEGOTIATION

1. A Party may provide for its procuring entities to conduct negotiations:

(a) where the entity has indicated its intent to conduct negotiations in the notice of intended procurement as set forth in Articles 9.6.1 through 9.6.3; or

(b) where it appears from the evaluation that no tender is obviously the most advantageous in terms of the specific evaluation criteria set out in the notice of intended procurement or tender documentation.

2. A procuring entity shall:

(a) ensure that any elimination of suppliers participating in negotiations is carried out in accordance with the evaluation criteria set out in the notice of intended procurement or tender documentation; and

(b) where negotiations are concluded, provide a common deadline for the remaining participating suppliers to submit any new or revised tenders.

ARTICLE 9.12: LIMITED TENDERING

1. Provided that it does not use this provision for the purposes of avoiding competition among suppliers or in a manner that discriminates against suppliers of the other Party or protects domestic suppliers, a procuring entity may use limited tendering and may choose not to apply Articles 9.6, 9.7, 9.8, 9.9, Articles 9.10.1 through 9.10.4, 9.10.11, and Articles 9.11, 9.13, 9.14, only under any of the following circumstances:

(a) provided that the requirements of the tender documentation are not substantially modified, where:

(i) no tenders were submitted or no suppliers requested participation;

(ii) no tenders that conform to the essential requirements of the tender documentation were submitted;

(iii) no suppliers satisfied the conditions for participation; or

(iv) the tenders submitted have been collusive.

(b) where the goods or services can be supplied only by a particular supplier and no reasonable alternative or substitute goods or services exist for any of the following reasons:

(i) the requirement is for a work of art;

(ii) the protection of patents, copyrights or other exclusive rights; or

(iii) due to an absence of competition for technical reasons.

(c) for additional deliveries by the original supplier of goods or services that were not included in the initial procurement, where:

(i) a change of supplier for such additional goods or services cannot be made for economic or technical reasons such as requirements of interchangeability or interoperability with existing equipment, software, services or installations procured under the initial procurement; and

(ii) such separation would cause significant inconvenience or substantial duplication of costs for the procuring entity;

(d) insofar as is strictly necessary where, for reasons of extreme urgency brought about by events unforeseeable by the procuring entity, the goods or services could not be obtained in time using open tendering or selective tendering;

(e) for goods purchased on a commodity market;

(f) where a procuring entity procures a prototype or a first good or service that is developed at its request in the course of, and for, a particular contract for research, experiment, study or original development. Original development of a first good or service may include limited production or supply in order to incorporate the results of field testing and to demonstrate that the good or service is suitable for production or supply in quantity to acceptable quality standards, but does not include quantity production or supply to establish commercial viability or to recover research and development costs;

(g) for purchases made under exceptionally advantageous conditions that only arise in the very short term in the case of unusual disposals such as those arising from liquidation, receivership or bankruptcy, but not for routine purchases from regular suppliers;

(h) where a contract is awarded to a winner of a design contest provided that:

(i) the contest has been organized in a manner that is consistent with the principles of this Chapter, in particular relating to the publication of a notice of intended procurement; and

(ii) the participants are judged by an independent jury with a view to a design contract being awarded to a winner;

and

(i) where additional construction services, which were not included in the initial contract but which were within the objectives of the original tender documentation have, through unforeseen circumstances, become necessary to complete the construction services described therein. In such cases, the total value of contracts awarded for additional construction services may not exceed 50 percent of the amount of the initial contract.

2. For each contract awarded under paragraph 1, a procuring entity shall prepare a written report that includes:

(a) the name of the procuring entity;

(b) the value and kind of goods or services procured; and

(c) a statement indicating the circumstances and conditions described in paragraph 1 that justify the use of limited tendering.

ARTICLE 9.13: ELECTRONIC AUCTIONS

Where a procuring entity intends to conduct a covered procurement using an electronic auction, the entity shall provide each participant, before commencing the electronic auction, with:

(a) the automatic evaluation method, including the mathematical formula, that is based on the evaluation criteria set out in the tender documentation and that will be used in the automatic ranking or re-ranking during the auction;

(b) the results of any initial evaluation of the elements of its tender where the contract is to be awarded on the basis of the most advantageous tender; and

(c) any other relevant information relating to the conduct of the auction.

ARTICLE 9.14: TREATMENT OF TENDERS AND AWARDING OF CONTRACTS

Receipt and Opening of Tenders

1. A procuring entity shall receive, open and treat all tenders under procedures that guarantee the fairness and impartiality of the procurement process and shall treat all tenders in confidence until at least the opening of the tenders.

2. A procuring entity shall not penalise any supplier whose tender is received after the time specified for receiving tenders if the delay is due solely to mishandling on the part of the procuring entity.

3. Where a procuring entity provides suppliers with opportunities to correct unintentional errors of form between the opening of tenders and the awarding of the contract, the procuring entity shall provide the same opportunities to all participating suppliers.

Awarding of Contracts

4. A procuring entity shall require that in order to be considered for an award, a tender shall be submitted in writing and shall, at the time of opening, comply with the essential requirements set out in the notices and tender documentation and be from a supplier that satisfies the conditions for participation.

5 Unless a procuring entity determines that it is not in the public interest to award a contract, the entity shall award the contract to the supplier that the entity has determined to be

capable of fulfilling the term of the contract and, based solely on the evaluation criteria specified in the notices and tender documentation, has submitted:

(a) the most advantageous tender; or

(b) where price is the sole criterion, the lowest price.

6. Where a procuring entity receives a tender with a price that is abnormally lower than the prices in other tenders submitted, it may verify with the supplier that it satisfies the conditions for participation and is capable of fulfilling the terms of the contract.

7. A procuring entity shall not use options, cancel a covered procurement, or terminate or modify awarded contracts in a manner that circumvents this Chapter.

ARTICLE 9.15: DISCLOSURE OF INFORMATION

Provision of Information to Parties

1. On request of any other Party, a Party shall provide promptly any information necessary to determine whether a procurement was conducted fairly, impartially and in accordance with this Chapter, including information on the characteristics and relative advantages of the successful tender. In cases where release of the information would prejudice competition in future tenders, the Party that receives the information shall not disclose it to any supplier, except after consulting with, and obtaining the agreement of, the Party that provided the information.

Non-Disclosure of Information

2. Notwithstanding any other provision of this Chapter, a procuring entity shall not provide information to particular suppliers that might prejudice fair competition between suppliers.

3. Nothing in this Agreement shall be construed to require a Party, including its procuring entities, authorities and review bodies, to disclose confidential information where disclosure:

(a) would impede law enforcement;

(b) might prejudice fair competition between suppliers;

(c) would prejudice the legitimate commercial interests of particular persons, including the protection of intellectual property; or

(d) would otherwise be contrary to the public interest.

ARTICLE 9.16: POST-AWARD INFORMATION

1. A procuring entity shall promptly inform suppliers that have submitted tenders of its contract award decision. Subject to paragraphs 2 and 3 of Article 9.15, a procuring entity shall, upon request, provide an unsuccessful supplier with the reasons that the entity did not select that supplier's tender and the relative advantages of the successful supplier's tender.

2. Not later than 72 days after the award of each contract covered by this Chapter, a procuring entity shall publish a notice in the appropriate paper or electronic medium listed in Annex 9-B. Where the entity publishes the notice only in an electronic medium, the information shall remain readily accessible for a reasonable period of time. The notice shall include at least the following information:

(a) a description of the goods or services procured;

(b) the name and address of the procuring entity;

(c) the name and address of the successful supplier;

(d) the value of the successful tender or the highest and lowest offers taken into account in the award of the contract;

(e) the date of award or the contract date; and

(f) the type of procurement method used, and in cases where limited tendering was used in accordance with Article 9.12, a description of the circumstances justifying the use of limited tendering.

3. Each procuring entity shall, for a period of at least three years from the date it awards a contract, maintain:

(a) the documentation and reports of tendering procedures and contract awards relating to covered procurement, including the reports required under Article 9.12 ; and

(b) data that ensure the appropriate traceability of the conduct of covered procurement by electronic means.

ARTICLE 9. 17: DOMESTIC REVIEW PROCEDURES

1. Each Party shall provide a timely, effective, transparent, and non-discriminatory administrative or judicial review procedure through which a supplier may challenge:

(a) a breach of the Chapter; or

(b) where the supplier does not have a right to challenge directly a breach of the Chapter under the law of a Party, a failure to comply with a Party's measures implementing this Chapter.

The procedural rules for all challenges shall be in writing and made generally available.

2. In the event of a complaint by a supplier, arising in the context of covered procurement in which the supplier has, or has had, an interest, that there has been a breach or a failure as referred to in paragraph 1, the Party of the procuring entity conducting the procurement shall encourage the entity and the supplier to seek resolution of the complaint through consultations. The entity shall accord impartial and timely consideration to any such complaint in a manner that is not prejudicial to the supplier's participation in ongoing or future procurement or its right to seek corrective measures under the administrative or judicial review procedure.

3. Each supplier shall be allowed a sufficient period of time to prepare and submit a challenge, which in no case shall be less than 10 days from the time when the basis of the challenge became known or reasonably should have become known to the supplier.

4. Each Party shall maintain at least one impartial administrative or judicial authority (hereinafter referred to as "review body") that is independent of its procuring entities to receive and review, in a non-discriminatory, timely, transparent and effective manner, complaints that a supplier of a Party submits, in accordance with the Party's law, relating to a covered procurement.

5. Where a review body other than an authority referred to in paragraph 4 initially reviews a challenge, the Party shall ensure that the supplier may appeal the initial decision to an impartial administrative or judicial authority that is independent of the procuring entity whose procurement is the subject of the challenge.

6. Each Party shall ensure that a review body, that is not a court, shall have its decision subject to judicial review or have procedures that provide that:

(a) the procuring entity shall respond in writing to the challenge and disclose all relevant documents to the review body;

(b) the participants to the proceedings (hereinafter referred to as "participants") shall have the right to be heard prior to a decision of the review body being made on the challenge;

(c) the participants shall have the right to be represented and accompanied;

(d) the participants shall have access to all proceedings;

(e) the participants shall have the right to request that the proceedings take place in public and that witnesses may be presented; and

(f) decisions or recommendations relating to supplier challenges shall be provided, in a timely fashion, in writing, with an explanation of the basis for each decision or recommendation.

7. Each Party shall adopt or maintain procedures that provide for:

(a) rapid interim measures to preserve the supplier's opportunity to participate in the procurement. Such interim measures may result in suspension of the procurement process. The procedures may provide that overriding adverse consequences for the interests concerned, including the public interest, may be taken into account when deciding whether such measures should be applied. Just cause for not acting shall be provided in writing; and

(b) where a review body has determined that there has been a breach of this Chapter or a failure, corrective action or compensation for the loss or damages suffered, which may be limited to either the costs for the preparation of the tender or the costs relating to the challenge, or both.

ARTICLE 9. 18: RECTIFICATIONS AND MODIFICATIONS TO COVERAGE

1. A Party may make rectifications of a purely formal nature to its coverage under this Chapter, or minor amendments to its schedules in Annex 9-A, provided that it notifies the other Party in writing and the other Party does not object in writing within 30 days from notification. A Party that makes such a rectification or minor amendment need not provide compensatory adjustments to the other Party.

2. A Party may otherwise modify its coverage under this Chapter provided that:

(a) it notifies the other Party in writing and simultaneously offers acceptable compensatory adjustments to the other Party to maintain a level of coverage comparable to that existing prior to the modification, where necessary; and

(b) no objection in writing was submitted by the other Party within 30 days from notification.

3. A Party need not provide compensatory adjustments when proposing a modification on the grounds that government control or influence over the entity's covered procurement has been effectively eliminated. Where a Party objects to the assertion that such government control or influence has been effectively eliminated, the objecting Party may request further information or consultations with a view of clarifying the nature of any government control or influence and of reaching agreement on the procuring entity’s continued coverage under this Chapter.

ARTICLE 9.19: SMALL AND MEDIUM ENTERPRISES’ PARTICIPATION

1. The Parties recognize the importance of the participation of SMEs in government procurement.

2. The Parties also recognize the importance of business alliances between suppliers of each Party, and in particular of SMEs, including the joint participation in tendering procedures.

3. The Parties shall work jointly towards exchanging information and facilitating SMEs access to government procurement procedures, methods and contracting requirements, focused on their special needs.

ARTICLE 9.20: COOPERATION

1. The Parties recognize the importance of cooperation with a view to achieving a better understanding of their respective government procurement systems, as well as a better access to their respective markets, in particular for SMEs.

2. The Parties shall cooperate in matters such as:

(a) exchange of experiences and information, such as regulatory frameworks, best practices and statistics;

(b) development and use of electronic communications in government procurement systems;

(c) capacity and technical assistance to suppliers with respect to access to the government procurement market; and

(d) institutional strengthening for the fulfillment of the provisions of this Chapter, including training of government personnel.

ARTICLE 9.21: SUBCOMMITTEE ON GOVERNMENT PROCUREMENT

1. The Parties hereby establish a Subcommittee on Government Procurement comprising representatives of each Party.

2. The functions of the Subcommittee shall be the following:

(a) evaluate the implementation of this Chapter and recommend appropriate activities to the Parties;

(b) coordinate cooperation activities;

(c) evaluate and follow up the activities related to cooperation that may be presented by the Parties; and

(d) consider further negotiations aimed at broadening the coverage of this Chapter.

3. The Subcommittee shall meet upon request of a Party or as mutually agreed. The meetings may also be held, as necessary, by telephone, videoconference or other means, upon agreement of the Parties.

ARTICLE 9.22: FURTHER NEGOTIATIONS

In the event that a Party offers in the future, additional advantages to a non-Party, additional advantages with regard to its respective government procurement market access coverage agreed under this Chapter, it shall agree, upon request of the other Party, to enter into negotiations with a view to extending coverage under this Chapter on a reciprocal basis.

CHAPTER 10
INVESTMENTS

ARTICLE 10.1: DEFINITIONS

For the purposes of the present Chapter:

Investments means any kind of assets, implemented in accordance with the legislation of the Host Party in whose territory the investment is made including, but not limited to:

(a) movable and immovable property, as well as any other rights *in rem*, in respect of every kind of asset;

(b) rights derived from stocks, shares, bonds, debentures and from other forms of interest in legal entities;

(c) claims to money, goodwill and other assets and any claim having an economic value;

(d) Intellectual Property Rights, including, *inter alia*, patents, trademarks, geographical indications, industrial designs, copyrights and related rights, undisclosed business information, trade secrets, topographies of integrated circuits and plant-breeders rights, and know-how;

(e) business concessions conferred by legislation or under contract, including concessions to search for, cultivate, extract or exploit natural resources.

For the avoidance of doubt investment does not include:

(a) public debt operations;

(b) claims to money arising solely from:

(i) Commercial contracts for the sale of goods and services by a national or legal entity in the territory of a Home Party to a national or a legal entity in the territory of the Host Party; or

(ii) Credits granted in relation with a commercial transaction.

The provisions of this chapter relating to investments shall apply to the reinvestment of the returns of an investment, which shall be granted the same treatment granted to the original investment, if the reinvestment is effected in accordance with the legislation of the Host Party. A change in the form of the investment or a change in the form of the reinvestment shall not affect their character as investments within the meaning of this Chapter if the change is effected in accordance with the legislation of the Host Party in whose territory the investment is made.

For greater certainty, the minimum characteristics of an investment shall be:

(a) the commitment of capital or other resources;

(b) the assumption of risk for the investor;

Investor of a Party means

1.

(a) With respect to the State of Israel: a natural person who is a national or permanent resident of the State of Israel who is not also a national of the Republic of Colombia;

(b) With respect to the Republic of Colombia: a natural person who is a national of Colombia who is not also a national or permanent resident of the State of Israel; or

2. A legal entity, including a corporation, a firm, an association or a partnership, which is either:

(a) constituted or otherwise organized under the legislation of the Home Party, and is engaged in substantive business operations in the territory of:

(i) either Party; or

(ii) any other Member of the WTO and is owned or controlled by natural persons of that Home Party or by a legal entity that meets the conditions of subparagraph (a)(i);

or

(b) a subsidiary or a branch in non-Parties, owned or controlled by a legal entity that meets the conditions of subparagraph (a)(i);

Returns means the amount yielded by an investment including, but not limited to: dividends, profits, sums received from the total or partial liquidation of an investment, interest, capital gains, royalties or fees;

Territory means:

1. With respect to the State of Israel: the territory of the State of Israel including the territorial sea, as well as the continental shelf and the exclusive economic zone over which the State of Israel exercises sovereign rights or jurisdiction in conformity with international law and in accordance with the laws of the State of Israel;

2. With respect to the Republic of Colombia the term "territory" comprises its continental and insular territory, internal waters, the territorial sea and the airspace and maritime areas over which it exercises sovereignty or sovereign rights or jurisdiction in accordance to its domestic law and international law, including applicable international treaties;

Host Party means the Party in whose territory the investment is made, and **Home Party** means in relation to that investment, the other Party;

Freely usable currency means any currency that the International Monetary Fund determines, from time to time, as a freely usable currency in accordance with the IMF Agreement and amendments thereto;

Legislation means the laws and regulations of a Party and the right to exercise the administrative powers conferred by those laws and regulations.

ARTICLE 10.2: SCOPE OF APPLICATION

1. The provisions of this Chapter shall apply to investments of investors of the Home Party in the territory of the Host Party existing at the time of the entry into force of this Agreement, as well as to investments made thereafter, in accordance with the legislation of the Host Party.

2. The provisions of this Chapter shall not apply to an investment that is subject to a dispute which has arisen before the entry into force of this Agreement.

3. For greater certainty, the provisions of this Chapter shall not apply to disputes concerning any act or fact that took place or any situation that ceased to exist, prior to the date of entry into force of this Agreement.

ARTICLE 10.3: PROMOTION AND PROTECTION OF INVESTMENTS

1. Each Party shall, in its territory, encourage and create favorable conditions for investments by investors of the other Party and, subject to its legislation, shall admit such investments.

2. Investments made by investors of each Party shall be accorded fair and equitable treatment in accordance with the provisions of this Chapter and customary international law, and shall enjoy full protection and security in the territory of the other Party.

3. To avoid any doubt:

   (a) "Fair and equitable treatment" includes the prohibition against denial by any unreasonable measures, of the management, maintenance, use, enjoyment or disposal of investments of investors of the Home Party in the Host Party's territory.

   (b) "Fair and equitable treatment" shall not be construed as to prevent a Party from exercising its regulatory powers in a transparent and non-discriminatory manner.

   (c) The "Full protection and security" standard does not imply, in any case, a better police protection than that accorded to nationals of the Party where the investment has been made.

(d) A determination that there has been a breach of another provision of this Agreement or another international agreement does not imply that the fair and equitable treatment has been breached.

4. The Parties announced that they are both members to the OECD Declaration and Decisions on International Investment and Multinational Enterprises, 1976 as revised in 2011.

ARTICLE 10.4: NATIONAL TREATMENT

1. Each Party, subject to its legislation at the time of entry into force of this Agreement, shall accord to covered investors of the other Party treatment no less favorable than that it accords, in like circumstances, to its own investors with respect to the expansion, management, maintenance, use, enjoyment, conduct, or disposal of their investment, operation and sale or other disposition of investments in its territory.

2. Each Party, subject to its legislation at the time of entry into force of this Agreement, shall accord to covered investments treatment no less favorable than that it accords, in like circumstances, to investments of its own investors with respect to the expansion, management, maintenance, use, enjoyment, conduct or disposal of their investment, operation and sale or other disposition of investments in its territory.

3. The Parties shall review and update on a regular basis their exceptions under the principle of National Treatment set forth in this Article through a review mechanism established by the two Parties. A Party may present reservations to such an update only provided that its reservation is based on a material and substantial reason which directly relates to the application of the specific proposed update with regard to investments made prior to that update. In such cases, upon the request of either party, the parties shall initiate a discussion with a view to agree on possible adjustments to be applied as agreed between the parties with regard to such investments.

4. An investor shall have no claim against a Host Party concerning exceptions to National Treatment set forth in this Article, which were in place at the time his investment was made or which were updated in accordance with the conditions and mechanism set forth in paragraph 3.

ARTICLE 10.5: MOST-FAVORED-NATION

1. Each Party shall accord to investors of the other Party treatment no less favorable than that it accords, in like circumstances, to investors of a non-Party with respect to the expansion, management, maintenance, use, enjoyment, conduct or disposal of their investment, operation and sale or other disposition of investments in its territory.

2. Each Party shall accord to covered investments treatment no less favorable than that it accords, in like circumstances, to investments of investors of a non-Party with respect to the expansion, management, maintenance, use, enjoyment, conduct or disposal of their investment, operation and sale or other disposition of investments in its territory.

3. For the sake of avoiding any misunderstanding, it is further clarified that the treatment referred to in paragraphs 1 and 2 shall not apply to definitions, nor to mechanisms for dispute settlement between one Party and an Investor of the other Party, or to any other matter not specifically mentioned in paragraphs 1 and 2.

ARTICLE 10.6: FREE TRANSFERS

1. Each Party shall, in respect of investments, guarantee to investors of the other Party the rights of unrestricted transfer of their:

(a) capital;

(b) returns;

(c) payments pursuant to foreign loans;

(d) payments arising out of the settlement of a dispute under Article 10.12;

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

(f) salaries and remunerations received by the employees hired overseas in connection with an investment;

2. Paragraph 1 shall be applied, in accordance with the following terms:

(a) Transfers shall be effected in accordance with the legislation of each Party relevant to procedures of transfers without undue delay in the freely usable currency in which the capital was originally invested or in any other freely usable currency agreed by the investor and the Host Party; provided that the investor has complied with all his fiscal and other financial obligations to government or local authorities of the Host Party.

(b) Unless otherwise agreed by the investor, transfers shall be made at the rate of exchange applicable on the date of transfer pursuant to the exchange regulations in force in the Host Contacting Party.

(c) In any case, transfers shall be in terms no less favorable than those accorded by the Host Party to its own investors in like circumstances.

3. Notwithstanding paragraphs 1 and 2:

(a) When a Party is in or under threat of:

(i) serious balance of payments difficulties; or

(ii) serious difficulties in macroeconomic management relating to the exchange rate policy or monetary policy,

that Party may, in conformity with the principles laid down within Article VIII of the IMF Agreement, adopt restrictive measures which may not go beyond what is necessary to remedy the situation, shall be temporary and shall be eliminated as soon as conditions permit.

(b) Such measures shall be equitable, non-discriminatory, and in good faith.

(c) The Host Party shall notify the Home Party, as soon as possible, as to the measures taken.

ARTICLE 10.7: EXPROPRIATION

1. Investments of investors of the Home Party shall not be nationalized, expropriated or subjected to measures having effect equivalent to nationalization or expropriation (hereinafter: "expropriation") in the territory of the Host Party, except for a public purpose[1] related to the internal needs of the Host Party, and in accordance with the following terms:[2]

(a) The expropriation shall be made in accordance with the legislation of the Host Party, on a non-discriminatory basis and against prompt, adequate and effective compensation no less favorable than that accorded to the investors of the Host Party. Resulting payments shall be freely transferable.

(b) Such compensation shall amount to the market value of the investment expropriated, immediately before the expropriation or before the imminent expropriation became public knowledge, whichever is the earlier, shall include interest at the applicable rate provided by law of the Host Party until the date of payment, shall be made without delay, be effectively realizable and be freely transferable .

(c) Without prejudice to Article 10.12.8, the investors affected shall have a right, under the law of the Host Party making the expropriation, to prompt review, by a judicial or other independent authority of the Host Party, of the legality of the expropriation and of the valuation of their investment, in accordance with the principles set out in this Article .

2. Notwithstanding the foregoing, with respect to intellectual property rights, a Host Party may permit the use of an intellectual property right, provided such permission is made in conformity with the principles set forth in the TRIPS Agreement.

[1] With respect to the Republic of Colombia, it is understood that the term “social interest” (interés social) contained in Articles 58 and 336 of the Constitución Política de Colombia (1991) is compatible with the term “public purpose” used in this Article.

[2] For greater certainty, nothing in this Article shall be construed to prevent a Party from maintaining or establishing monopolies provided that it is for a public purpose or social interest and in accordance with the same conditions mentioned in Article 10.7.

3. It is understood that the determination whether a measure or series of measures of a Party constitutes an effect equivalent to nationalization or expropriation requires a case-by-case, fact-based inquiry, considering, *inter alia*:

(a) The economic impact of the measure or series of measures;[3]

(b) The level of interference on the reasonable expectations concerning the investment;

(c) The character of the measure or series of measures in accordance with the legitimate public objectives pursued;

(d) The objectives of the measure or series of measures including whether such measure is adopted to protect legitimate public purposes[4].

ARTICLE 10.8: COMPENSATION FOR LOSSES

1. Investors of the Home Party whose investments in the territory of the Host Party suffer losses owing to war or other armed conflict, revolution, a state of national emergency, revolt, insurrection, civil disturbances, riot or other such similar activity in the territory of the Host Party, shall be accorded treatment by the Host Party, as regards to restitution, indemnification, compensation or other settlement, no less favorable than that which the Host Party accords to its own investors or to investors of any non-Party. Resulting payments shall be freely transferable.

2. Without prejudice to paragraph 1, investors of the Home Party who suffer losses in the territory of the Host Party, resulting from:

(a) requisitioning of their property by its forces or authorities; or

(b) destruction of their property by its forces or authorities, which was not caused in combat action or was not required by the necessity of the situation;

shall be accorded restitution or adequate compensation. Resulting payments shall be freely transferable.

ARTICLE 10.9: SUBROGATION

1. If a Home Party or its designated Agency makes a payment under an indemnity or under a guarantee or a contract of insurance against non-commercial risk given in respect of an investment in the territory of the Host Party, the Host Party shall recognize:

[3] The sole fact of a measure or series of measures having adverse effects on the economic value of an investment does not necessarily imply that an indirect expropriation has occurred.

[4] A measure or a series of measures adopted to protect public purposes including inter alia, the protection of public health, safety and the protection of the environment, do not necessarily constitute an effect equivalent to nationalization or expropriation.

(a) the assignment to the Home Party by legislation or by legal transaction of all the rights and claims of the investor indemnified; and

(b) that the Home Party is entitled to exercise such rights and enforce such claims by virtue of subrogation, to the same extent as the investor indemnified, and shall assume the obligations related to the investment.

2. The home Party shall be entitled in all circumstances to:

(a) the same treatment in respect of rights, claims and obligations acquired by it, by virtue of the assignment; and

(b) any payments received pursuant to those rights and claims, as the investor indemnified was entitled to receive by virtue of this Chapter, in respect of the investment concerned and its related returns.

ARTICLE 10.10: NON DEROGATION

This Chapter shall not derogate from a treatment more favorable than is provided to investors or investments of investors in accordance with this Chapter, under the legislation of the Host Party or obligations of the Host Party under international law.

ARTICLE 10.11: EXCEPTIONS

1. Either Party may take measures necessary for the maintenance or protection of its essential security interests. Such measures shall be taken and implemented in good faith, in a non-discriminatory fashion and so as to minimize the deviation from the provisions of this Chapter.

2. Nothing contained in this Chapter shall be construed to prevent a Party from adopting, maintaining or enforcing, in accordance with its legislation, reasonable measures with respect to the financial sector for prudential reasons, including those measures aimed at protecting investors, depositors, insurance takers, trustees, or in general financial consumers, or to safeguard the integrity and stability of the financial system. Such measures shall be in good faith and shall not be used as means of avoiding a Party´s commitments or obligations under this Chapter.

3. The provisions of this Chapter, relating to the granting of treatment no less favorable than that accorded to the investors and investments of investors of either Party or of any non-Party, shall not be construed so as to oblige one Party to extend to the investors of the other Party the benefit of any treatment, preference or privilege resulting from:

(a) any international agreement or arrangement relating wholly or mainly to taxation or any legislation relating wholly or mainly to taxation;

(b) any existing or future customs union, free trade area agreement, common market, economic union or similar international agreement, to which either Party is or will be party, within the meaning of "customs union" or "free trade

area" in accordance with Article XXIV of the GATT 1994 and Article V of the GATS;

(c) any existing or future bilateral or multilateral agreement concerning intellectual property.

(d) any agreement for the Reciprocal Promotion and Protection of Investments concluded between either Party and a third state, that was signed before 1 July, 2003.

ARTICLE 10.12: SETTLEMENT OF DISPUTES BETWEEN A PARTY AND AN INVESTOR OF THE OTHER PARTY

1. In order to submit a claim to arbitration under this Article, non-judicial local administrative remedies[5] shall be exhausted only if required by the legislation of the Party concerned. If the procedures for the exhaustion of such remedies are not completed within six months from the date of their initiation by the investor, the investor shall not be prevented from submitting a claim to arbitration under this Article. Such procedure shall not prevent the investor from requesting consultations as referred to in paragraph 3. This paragraph does not prevent the investor from voluntarily seeking or pursuing non-judicial local administrative remedies.

2. Any investment dispute between a Party and an investor of the other Party in connection with a claim of a breach of the provisions of this Chapter other than Article 10.3.1, Article 10.14 and Article 10.15 shall be settled by consultations and negotiations.

3. Consultations and negotiations shall begin with the submission of a written Notice (hereinafter referred to as Notice of Dispute) by the investor. This notice shall be accompanied by a brief summary of the factual and legal basis of the investment dispute.

4. If a dispute under paragraph 2 cannot be settled within six months of a written Notice of Dispute in accordance with paragraph 3, it shall be settled as follows, upon the request of the investor:

(a) by a competent court of the Host Party; or

(b) by conciliation; or

(c) by arbitration by the International Center for the Settlement of Investment Disputes (ICSID), established by the Convention on the Settlement of Investment Disputes between States and Nationals of Other States, opened for signature at Washington, D.C. on March 18, 1965 (hereinafter referred to as the ICSID Convention), provided that both Parties are contracting parties to the Convention; or

[5] In the case of Colombia it the non-judicial local administrative remedies are called “vía gubernativa”.

(d) by arbitration under the Additional Facility Rules of ICSID (hereinafter referred to as the ICSID Additional Facility Rules), provided that only one of the Parties is a contracting party to the ICSID Convention; or

(e) by an *ad hoc* arbitration tribunal, which unless otherwise agreed, is to be established under the Arbitration Rules of the United Nations Commission on International Trade Law, as revised in 2010 Unless otherwise agreed, all submissions shall be made and all hearings shall be completed within six months of the date of selection of the Chairman, and the arbitral panel shall render its written and reasoned decisions within two months of the date of the final submissions or the date of the closing of the hearings, whichever is later;

(f) Subparagraphs (c), (d) and (e) shall not apply to disputes between a Host Party and any legal entity qualifying as an Investor of a Home Party, that is owned or controlled by a natural person or legal entity of the Host Party;

(g) an investor shall only submit a dispute to arbitration in accordance with subparagraphs (c), (d) and (e), once 90 days have elapsed from the submission of a written notice (hereinafter referred to as Notice of Intent). The Notice of Intent shall only be submitted if the dispute was not settled within six months from the Notice of Dispute and shall indicate the name and address of the disputing investor, the provisions of this Chapter which he deems to be breached, the facts which the dispute is based on, and the approximate amount of damages.

5. Each Party hereby gives its unconditional consent to the submission of a dispute to international arbitration in accordance with paragraphs 4(c), 4(d) and 4(e). This consent and the submission by a disputing investor of a claim to arbitration shall satisfy the requirements of:

(a) Chapter II of the ICSID Convention or the ICSID Additional Facility Rules for written consent of the parties;

(b) Article II of the United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards, 1958 (hereinafter referred as to The New York Convention), for an agreement in writing.

6. As long as both Parties are contracting parties to the ICSID Convention, the provisions set forth in Article 27 thereof shall apply to disputes that have been submitted to arbitration under this Article.

7. An investor shall not submit a Notice of Dispute if more than three years have elapsed since the date the investor had knowledge or should have had knowledge of the alleged violation of the provisions of this Chapter, as well as of the alleged losses and damages.

8.

(a) Once the investor has submitted the dispute to either a competent court of the Host Party or to any of the arbitration mechanisms stated in paragraph 4, the choice of the procedure shall be final;

(b) Notwithstanding subparagraph (a), an investor shall not be prevented from initiating actions, or interim measures not involving the payment of monetary damages before a competent court of the Host Party, provided that the action is initiated for the purpose of preserving the investor's rights and interests.

9. The award shall be final and binding. Each Party shall carry out without undue delay the provisions of any such award and provide in its territory for the enforcement of such award.

10. A tribunal shall decide the issues in dispute in accordance with this Agreement and applicable rules of international law. A tribunal does not have jurisdiction to determine the legality of a measure, alleged to constitute a breach of this Chapter, under the legislation of the disputing Party**.**

11. The tribunal shall consider whether either the claim of the claimant or the objection of the respondent is manifestly without legal merit, and shall provide the disputing parties a reasonable opportunity for comments. In the event of a claim found to be manifestly without legal merit, the tribunal shall, if warranted, award costs against the claimant.

12. The Notice of Dispute, the Notice of Intent, and other documents related to the dispute, shall be presented to the authority/agency of the Host Party, designated in Annex 10-A.

13. The arbitrators shall:

(a) have experience or expertise in international public law, international investment rules, or in dispute settlement derived from international investment agreements;

(b) be independent and not affiliated with or take instructions from the investor, or either Party;

(c) be a national of a country with which both Parties maintain diplomatic relations.

14. The disputing parties may agree on the fees to be paid to the arbitrators. If the disputing parties do not reach an agreement on the fees to be paid to the arbitrators before the constitution of the tribunal, the fees established for arbitrators by ICSID shall apply.

ARTICLE 10.13: INSURANCE AND GUARANTEE

In any proceeding involving an investment dispute, a Party shall not assert, as a defense, counterclaim, right of set-off or for any other reason, that indemnification or other compensation for all or part of the alleged damages has been received or will be received pursuant to an insurance or guarantee contract.

ARTICLE 10.14: INVESTMENT AND ENVIRONMENT

Each Party recognizes that it is inappropriate to encourage investments activities, of investors of the other Party and of a non-Party, by relaxing its domestic environmental legislation.

ARTICLE 10.15: RELATION TO OTHER CHAPTERS

1. In the event of any inconsistency between this Chapter and another Chapter to this Agreement, the other Chapter shall prevail to the extent of the inconsistency.

2. Notwithstanding paragraph 1, it is understood that Article 10.12 will apply solely to disputes in connection with a breach of the provisions of this Chapter as set forth in that Article.

ARTICLE 10.16: DURATION AND TERMINATION

In respect of investments made while this Agreement is in force, its provisions shall remain in effect with respect to such investments for a period of 10 years after the date of termination of this Agreement and without prejudice to the application thereafter of the rules of general international law.

ANNEX 10-A
PRESENTATION OF DOCUMENTS TO A PARTY

The State of Israel

The place of presentation of the Notice of Dispute, the Notice of Intent and other documents concerning settlement of disputes pursuant to Article 10.12, in the State of Israel is:

Ministry Of Finance
International Affairs Department
1 Kaplan St., P.O.Box 3100
Jerusalem, Israel

The Republic of Colombia

The place of presentation of the Notice of Dispute, the Notice of Intent and other documents concerning settlement of disputes pursuant to Article 10.12, in the Republic of Colombia is:

Dirección de Inversión Extranjera y Servicios
Ministerio de Comercio, Industria y Turismo
Calle 28 # 13 A – 15
Bogotá D.C. – Colombia

CHAPTER 11
TRADE IN SERVICES

ARTICLE 11.1: SCOPE AND COVERAGE

1. This Chapter applies to measures adopted or maintained by Parties affecting trade in services. It applies to all services sectors, except as otherwise specified in this Chapter.

2. For the purpose of this Chapter, "measures by Parties" means measures adopted or maintained by:

(a) central, regional, or local governments and authorities; and

(b) non-governmental bodies in the exercise of powers delegated by central, regional, or local governments or authorities.

3. In respect of air transport services, this Chapter shall not apply to measures affecting air traffic rights as well as measures affecting services directly related to the exercise of air traffic rights, except as provided for in paragraph 3 of the Annex on Air Transport Services of the GATS. The definitions contained in paragraph 6 of the Annex on Air Transport Services of the GATS shall apply for the purpose of this Chapter.

4. Nothing in this Chapter shall be construed to impose any obligation with respect to government procurement, which is subject to Chapter 9 (Government Procurement).

ARTICLE 11.2: DEFINITIONS

For the purpose of this Chapter:

a service supplied in the exercise of governmental authority means any service which is supplied neither on a commercial basis nor in competition with one or more service suppliers;

commercial presence means any type of business or professional establishment, including through:

(a) the constitution, acquisition or maintenance of a juridical person; or

(b) the creation or maintenance of a branch or a representative office, within the territory of a Party for the purpose of supplying a service;

direct taxes comprises all taxes on total income, on total capital or on elements of income or of capital, including taxes on gains from the alienation of property, taxes on estates, inheritances and gifts, and taxes on the total amounts of wages or salaries paid by enterprises, as well as taxes on capital appreciation;

juridical person of the other Party means a juridical person which is either:

1. constituted or otherwise organized under the law of that other Party, and is engaged in substantive business operations in the territory of:

(a) either Party; or

(b) any Member of the WTO and is owned or controlled by natural persons of that other Party or by juridical persons that meet all the conditions of subparagraph 1(a);

2. a subsidiary or a branch in non-Parties, owned or controlled by a juridical person constituted or otherwise organized under the law of the other Party, which is engaged in substantive business operations in the territory of that other Party; or

3. in the case of the supply of a service through commercial presence, owned or controlled by:

(a) natural persons of that other Party; or

(b) juridical persons of that other Party identified under subparagraph (1);

a juridical person is:

1. "owned" by persons of a Party if more than 50 per cent of the equity interest in it is beneficially owned by persons of that Party;

2. "controlled" by persons of a Party if such persons have the power to name a majority of its directors or otherwise to legally direct its actions;

3. "affiliated" with another person when it controls, or is controlled by, that other person; or when it and the other person are both controlled by the same person;

measures by a Party affecting trade in services includes measures in respect of:

1. the purchase, payment or use of a service;

2. the access to and the use of services, in connection with the supply of a service, which are required by that Party to be offered to the public generally;

3. the presence, including commercial presence, of persons of a Party for the supply of a service in the territory of the other Party;

monopoly supplier of a service means any person, public or private, which in the relevant market of the territory of a Party is authorised or established formally or in effect by that Party as the sole supplier of that service;

natural person of the other Party means a natural person who, under the legislation of that other Party, is:

1. a national of that other Party who resides in the territory of any WTO Member; or

2. a permanent resident of that other Party who resides in the territory of that other Party, if that other Party accords substantially the same treatment to its permanent residents as to its nationals in respect of measures affecting trade in services. For the purpose of the supply of a service through presence of natural persons (Mode 4), this definition covers a permanent resident of that other Party who resides in the territory of the first Party or in the territory of any WTO Member;

sector of a service means:

1. with reference to a specific commitment, one or more, or all, subsectors of that service, as specified in a Party's schedule;

2. otherwise, the whole of that service sector, including all of its subsectors;

services includes any service in any sector except services supplied in the exercise of governmental authority;

service consumer means any person that receives or uses a service;

service of a Party means a service which is supplied:

1. from or in the territory of a Party, or in the case of maritime transport, by a vessel registered under the laws of a Party, or by a person of that Party which supplies the service through the operation of a vessel and/or its use in whole or in part; or

2. in the case of the supply of a service through commercial presence or through the presence of natural persons, by a service supplier of a Party;

service supplier means any person that supplies, or seeks to supply, a service[1];

supply of a service includes the production, distribution, marketing, sale and delivery of a service;

trade in services is defined as the supply of a service:

1. from the territory of one Party into the territory of the other Party;

2. in the territory of one Party to the service consumer of the other Party;

3. by a service supplier of one Party, through commercial presence in the territory of the other Party;

4. by a service supplier of one Party, through presence of natural persons of that Party in the territory of the other Party;

[1] Where the service is not supplied or sought to be supplied directly by a juridical person but through other forms of commercial presence such as a branch or a representative office, the service supplier (i.e. the juridical person) shall, nonetheless, through such commercial presence be accorded the treatment provided for service suppliers under this Chapter. Such treatment shall be extended to the commercial presence through which the service is supplied or sought to be supplied and need not be extended to any other parts of the service supplier located outside the territory where the service is supplied or sought to be supplied.

ARTICLE 11.3: MOST-FAVORED-NATION TREATMENT

1. Except as provided for in its List of MFN Exemptions contained in Annex 11-A a Party shall accord immediately and unconditionally, in respect of all measures affecting the supply of services, to services and service suppliers of the other Party treatment no less favourable than the treatment it accords to like services and service suppliers of any non-Party.

2. Treatment granted under other agreements concluded by one of the Parties and notified under Article V or Article V *bis* of the GATS, as well as treatment granted in accordance with Article VII of the GATS, shall not be subject to paragraph 1.

3. If a Party enters into an agreement notified under Article V or Article V *bis* of the GATS, it shall upon request from the other Party afford adequate opportunity to that Party to negotiate the benefits granted therein.

4. The provisions of this Chapter shall not be so construed as to prevent any Party from conferring or according advantages to adjacent countries in order to facilitate exchanges limited to contiguous frontier zones of services that are both locally produced and consumed.

ARTICLE 11.4: MARKET ACCESS

1. With respect to market access through the modes of supply identified in the definition of "trade in services" contained in Article 11.2 each Party shall accord services and service suppliers of the other Party treatment no less favorable than that provided for under the terms, limitations and conditions agreed and specified in its schedule.[2]

2. In sectors where market access commitments are undertaken, the measures which a Party shall not maintain or adopt either on the basis of a regional subdivision or on the basis of its entire territory, unless otherwise specified in its schedule, are defined as:

(a) limitations on the number of service suppliers whether in the form of numerical quotas, monopolies, exclusive service suppliers or the requirements of an economic needs test;

(b) limitations on the total value of service transactions or assets in the form of numerical quotas or the requirement of an economic needs test;

(c) limitations on the total number of service operations or on the total quantity of service output expressed in terms of designated numerical units in the form of quotas or the requirement of an economic needs test;[3]

[2] To the extent that a market-access commitment is undertaken by a Party in its Schedule of Commitments, and where the cross-border movement of capital is an essential part of a service supplied through the mode of supply referred to in the definition of "trade in services" paragraph 1 contained in Article 11.2 that Party is hereby committed to allow such movement of capital. To the extent that a market-access commitment is undertaken by a Party in its Schedule of Commitments, and where a service is supplied through the mode of supply referred to in the definition of "trade in services" paragraph 3 contained in Article 11.2 that Party is hereby committed to allow related transfers of capital into its territory.

[3] This subparagraph does not cover measures of a Party which limit inputs for the supply of services.

(d) limitations on the total number of natural persons that may be employed in a particular service sector or that a service supplier may employ and who are necessary for, and directly related to, the supply of a specific service in the form of numerical quotas or the requirement of an economic needs test;

(e) measures which restrict or require specific types of legal entity or joint venture through which a service supplier may supply a service; and

(f) limitations on the participation of foreign capital in terms of maximum percentage limit on foreign shareholding or the total value of individual or aggregate foreign investment.

ARTICLE 11.5: NATIONAL TREATMENT

1. In the sectors inscribed in its schedule, and subject to any conditions and qualifications set out therein, each Party shall accord to services and service suppliers of the other Party, in respect of all measures affecting the supply of services, treatment no less favorable than that it accords to its own like services and service suppliers.[4]

2. A Party may meet the requirement of paragraph 1 by according to services and service suppliers of the other Party, either formally identical treatment or formally different treatment to that it accords to its own like services and service suppliers.

3. Formally identical or formally different treatment shall be considered to be less favorable if it modifies the conditions of competition in favour of services or service suppliers of the Party compared to like services or service suppliers of the other Party.

ARTICLE 11.6: ADDITIONAL COMMITMENTS

Parties may negotiate commitments with respect to measures affecting trade in services not subject to scheduling under Articles 11.4 or 11.5, including those regarding qualifications, standards or licensing matters. Such commitments shall be inscribed in a Party's schedule.

ARTICLE 11.7: DOMESTIC REGULATION

1. In sectors where specific commitments are undertaken, each Party shall ensure that all measures of general application affecting trade in services are administered in a reasonable, objective and impartial manner.

2. Each Party shall maintain or institute as soon as practicable judicial, arbitral or administrative tribunals or procedures which provide, at the request of an affected service supplier of the other Party, for the prompt review of, and where justified, appropriate remedies for, administrative decisions affecting trade in services. Where such procedures are

[4] Specific commitments assumed under this Article shall not be construed to require any Party to compensate for any inherent competitive disadvantages which result from the foreign character of the relevant services or service suppliers.

not independent of the agency entrusted with the administrative decision concerned, the Party shall ensure that the procedures in fact provide for an objective and impartial review.

3. Where authorisation is required by a Party for the supply of a service, in sectors where specific commitments are undertaken, the competent authorities of that Party shall, within a reasonable period of time after the submission of an application is considered complete under that Party's domestic laws and regulations, inform the applicant of the decision concerning the application. At the request of the applicant, the competent authorities of that Party shall provide, without undue delay, information concerning the status of the application.

4. In sectors where specific commitments are undertaken, each Party shall aim to ensure that measures relating to qualification requirements and procedures, technical standards, and licensing requirements:

(a) are based on objective and transparent criteria, such as competence and the ability to supply the service;

(b) are not more burdensome than necessary to ensure the quality of the service; and

(c) in the case of licensing procedures, are not in themselves a restriction on the supply of the service.

5. In determining whether a Party is in conformity with the obligation under paragraph 4, account shall be taken of international standards of relevant international organizations[5] applied by that Party.

6. In sectors where specific commitments are undertaken, each Party shall provide for adequate procedures to verify the competence of professionals of the other Party.

7. The Parties shall jointly review the results of the negotiations on disciplines on domestic regulation, pursuant to Article VI.4 of the GATS, with a view of incorporating them into this Chapter.

ARTICLE 11.8: RECOGNITION

1. For the purpose of the fulfilment of its relevant standards or criteria for the authorization, licensing or certification of service suppliers, each Party shall give due consideration, as appropriate, to any requests by the other Party to recognize the education or experience obtained, requirements met, or licences or certifications granted in that other Party. Such recognition may be based upon an agreement or arrangement with that other Party, or otherwise be accorded autonomously.

2. Where a Party recognizes, by agreement or arrangement, the education or experience obtained, requirements met, or licences or certifications granted in the territory of a non-Party, that Party shall afford the other Party adequate opportunity to negotiate its accession to such

[5] For greater certainty, the term "relevant international organizations" refers to international bodies whose membership is open to the relevant bodies of both Parties, and which have the characteristics of transparency in their behavior, impartiality and consensus in adopting regulations.

an agreement or arrangement, whether existing or future, or to negotiate a comparable agreement or arrangement with it. Where a Party accords recognition autonomously, it shall afford adequate opportunity for the other Party to demonstrate that the education or experience obtained, requirements met, or licences or certifications granted in the territory of that other Party should also be recognised.

3. The professional bodies from both Parties may negotiate agreements for mutual recognition of education, or experience obtained, requirements met or licences or certifications granted. Upon a request being made in writing by a Party to the other Party, the receiving Party shall transmit the request to its relevant professional body. The Parties shall report periodically to the Joint Committee on progress and on impediments experienced. Any delay or failure by these professional bodies to negotiate or to reach and conclude an agreement on the details of such arrangements shall not be regarded as a breach of a Party's obligations under this paragraph and shall not be subject to Chapter 12 (Dispute Settlement).

4. A Party shall not accord recognition in a manner which would constitute a means of discrimination between countries in the application of its standards or criteria for the authorisation, licensing, or certification of service suppliers, or a disguised restriction on trade in services.

ARTICLE 11.9: MOVEMENT OF NATURAL PERSONS

1. This Article applies to measures affecting natural persons who are service suppliers of a Party, and natural persons of a Party who are employed by a service supplier of a Party, in respect of the supply of a service.

2. This Chapter shall not apply to measures affecting natural persons seeking access to the employment market of a Party, nor shall it apply to measures regarding nationality, residence or employment on a permanent basis.

3. Natural persons covered by a specific commitment as inscribed in the Parties' respective schedules, shall be allowed to supply the service, in accordance with the terms of that commitment.

4. This Chapter shall not prevent a Party from applying measures to regulate the entry of natural persons into, or their temporary stay in, its territory, including those measures necessary to protect the integrity of, and to ensure the orderly movement of natural persons across, its borders, provided that such measures are not applied in such a manner as to nullify or impair the benefits accruing to any Party under the terms of a specific commitment.[6]

ARTICLE 11.10: TRANSPARENCY

1. Each Party shall publish promptly and, except in emergency situations, at the latest by the time of their entry into force, all relevant measures of general application which pertain to or affect the operation of this Chapter. International agreements pertaining to or affecting trade in services to which a Party is a signatory shall also be published.

[6] The sole fact of requiring a visa for natural persons shall not be regarded as nullifying or impairing benefits under a specific commitment.

2. Where publication as referred to in paragraph 1 is not practicable, such information shall be made otherwise publicly available.

ARTICLE 11.11: MONOPOLIES AND EXCLUSIVE SERVICE SUPPLIERS

1. Each Party shall ensure that any monopoly supplier of a service in its territory does not, in the supply of the monopoly service in the relevant market, act in a manner inconsistent with that Party's obligations under Article 11.3 and specific commitments.

2. Where a Party's monopoly supplier competes, either directly or through an affiliated company, in the supply of a service outside the scope of its monopoly rights and which is subject to that Party's specific commitments, the Party shall ensure that such a supplier does not abuse its monopoly position to act in its territory in a manner inconsistent with such commitments.

3. The provisions of this Article shall also apply to cases of exclusive service suppliers, where a Party, formally or in effect:

(a) authorizes or establishes a small number of service suppliers; and

(b) substantially prevents competition among those suppliers in its territory.

ARTICLE 11.12: BUSINESS PRACTICES

1. Parties recognize that certain business practices of service suppliers, other than those falling under Article 11.11, may restrain competition and thereby restrict trade in services.

2. Each Party shall, at the request of any other Party, enter into consultations with a view to eliminating practices referred to in paragraph 1. The Party addressed shall accord full and sympathetic consideration to such a request and shall co-operate through the supply of publicly available non-confidential information of relevance to the matter in question. The Party addressed shall also provide other information available to the requesting Party, subject to its domestic law and to the conclusion of satisfactory agreement concerning the safeguarding of its confidentiality by the requesting Party.

ARTICLE 11.13: PAYMENTS AND TRANSFERS

1. Except under the circumstances envisaged in Article 11.14, a Party shall not apply restrictions on international transfers and payments for current transactions with the other Party, relating to its specific commitments.

2. Nothing in this Chapter shall affect the rights and obligations of the Parties under the IMF Agreement, including the use of exchange actions which are in conformity with that Agreement, provided that a Party shall not impose restrictions on capital transactions inconsistently with its specific commitments regarding such transactions, except under Article 11.14 or at the request of the International Monetary Fund.

ARTICLE 11.14: RESTRICTIONS TO SAFEGUARD THE BALANCE-OF-PAYMENTS

1. The Parties shall endeavor to avoid the imposition of restrictions to safeguard the balance of payments.

2. The rights and obligations of the Parties in respect of such restrictions shall be governed by paragraphs 1 to 3 of Article XII of the GATS, which are hereby incorporated into and made part of this Chapter.

3. A Party adopting or maintaining such restrictions shall promptly notify the Joint Committee thereof.

ARTICLE 11.15: SCHEDULES OF SPECIFIC COMMITMENTS

1. Each Party shall set out in a schedule the specific commitments it undertakes under Articles 11.4, 11.5, and 11.6. With respect to sectors where such commitments are undertaken, each schedule shall specify:

(a) terms, limitations and conditions on market access;

(b) conditions and qualifications on national treatment;

(c) undertakings relating to additional commitments referred to in Article 11.6; and

(d) where appropriate, the time-frame for implementation of such commitments and the date of entry into force of such commitments.

2. Measures inconsistent with both Articles 11.4 and 11.5 are inscribed in the column relating to Article 11.4. In this case, the inscription is considered to provide a condition or qualification to Article 11.5 as well.

ARTICLE 11.16: REVIEW

1. With the objective of further liberalizing trade in services between them, the Parties shall review their schedules of specific commitments and their Lists of MFN Exemptions at least every three years to provide for a reduction or elimination of substantially all remaining discrimination between the Parties with regard to trade in services covered in this Chapter on a mutually advantageous basis and ensuring an overall balance of rights and obligations. The first such review shall take place not later than two years after the entry into force of this Agreement.

2. The Parties shall jointly review the negotiations provided for in paragraph 4 of Article VI and paragraph 1 of Article XV of the GATS and incorporate any results of such negotiations, as appropriate, into this Chapter.

ARTICLE 11.17: ANNEXES

The following Annexes are attached to this Chapter:

Annex 11-A (Lists of MFN Exemptions);

Annex 11-B (Movement of Natural Persons Supplying Services);

Annex 11-C (Financial Services);

Annex 11-D (Telecommunications Services); and

Annex 11-E (Schedules of Specific Commitments).

CHAPTER 12
DISPUTE SETTLEMENT

ARTICLE 12.1: OBJECTIVE

1. The objective of this Chapter is to provide an effective and efficient dispute settlement process between the Parties regarding their rights and obligations under this Agreement.

2. The Parties shall endeavor to agree regarding the interpretation and application of this Agreement and shall make all efforts through cooperation, consultation, or other means, to reach a mutually agreed solution concerning any matter that might affect its operation.

3. A solution mutually acceptable to the Parties to a dispute and consistent with this Agreement is clearly to be preferred. In the absence of a mutually agreed solution, the first objective of this Chapter will be in general to secure the withdrawal of the measures concerned if these are found to be inconsistent with the provisions of this Agreement.

ARTICLE 12.2: SCOPE AND COVERAGE

1. Unless otherwise provided in this Agreement, the provisions of this Chapter shall apply with respect to any dispute arising from the interpretation, application, fulfillment or non-fulfillment of the provisions contained in this Agreement.

2. If any Party considers that any benefit it could reasonably have expected to accrue to it under any provision of this Agreement is being nullified or impaired as a result of the application of any measure by the other Party that is not inconsistent with this Agreement, the Party may have recourse to dispute settlement under this Chapter.

3. When an Arbitral Tribunal has ruled that a provision of this Agreement has not been observed, the Party complained against shall take such measures as necessary to ensure the observance of such provision within its territory.

ARTICLE 12.3: MUTUALLY AGREED SOLUTION

The Parties may reach a mutually agreed solution to a dispute under this Chapter at any time. The Parties shall jointly notify the Joint Committee of any such solution. Upon notification of the mutually agreed solution, any dispute settlement procedure under this Chapter shall be terminated.

ARTICLE 12.4: CONSULTATIONS

1. Any dispute with respect to any matter referred to in Article 12.2 shall, as far as possible, be settled by consultations between the Parties.

2. Any request for consultations shall be submitted in writing and shall give the reasons for the request, including identification of the measures at issue, and an indication of the legal basis of the request, including the provisions of the Agreement considered to be applicable.

3. If a request for consultation is made pursuant to paragraph 2, the Party to which the request is made shall reply to the request within 15 days after the date of its receipt and shall enter into consultations within a period of no more than 30 days after the date of receipt of the request, with a view to reaching a mutually satisfactory solution.

4. Consultations on matters of urgency, including those regarding perishable or seasonal goods shall be held within 15 days after the date of submission of the request, and shall be deemed concluded within 25 days after the date of submission of the request.

5. Consultations shall take place, unless the Parties agree otherwise, on the territory of the Party complained against.

6. The Parties shall make every effort to reach a mutually satisfactory solution to any matter through consultations. To this end, the Parties shall:

(a) Provide sufficient information as may be reasonably available at the stage of consultations to enable a full examination of the measure alleged to affect the implementation of the Agreement; and

(b) Treat as confidential any information exchanged during the consultations.

ARTICLE 12.5: CONCILIATION

1. The Parties may at any stage of any dispute settlement procedure under this Chapter agree to undertake conciliation. Conciliation may begin at any time and be suspended or terminated by either Party at any time.

2. All proceedings under this Article shall be confidential and without prejudice to the rights of either Party in any further proceedings under the provisions of this Chapter.

ARTICLE 12.6: MEDIATION

1. If consultations fail to produce a mutually acceptable solution, the Parties may, by mutual agreement, seek the services of a mediator appointed by the Joint Committee.

Any request for mediation shall be made in writing and identify the measure that has been subject of consultations, in addition to the mutually agreed terms of reference for the mediation.

2. During the mediation process the Parties shall not initiate arbitration proceedings conducted in accordance with this Chapter unless the Parties agree otherwise.

3. The Joint Committee shall appoint within 10 days of receipt of the request a mediator selected by lot from the persons included in the list referred to in Article 12.8 who is not a national of either of the Parties. The mediator shall convene a meeting with the Parties no later than 30 days after being appointed. The mediator shall receive the submissions of both Parties no later than 15 days before the meeting and issue an opinion no later than 45 days after having been appointed. The mediator's opinion may include a recommendation on steps to resolve the dispute that is consistent with this Agreement. The mediator's opinion shall be non-binding.

4. Deliberations and all information including documents submitted to the mediator shall be kept confidential and shall not be brought for the Arbitral Tribunal proceedings conducted in accordance with this Chapter, unless the Parties agree otherwise.

5. The time limits referred to in paragraph 3 may be amended, should circumstances so demand, upon mutual agreement of the Parties. Any amendment shall be notified in writing to the mediator.

6. In the event that mediation produces a mutually acceptable solution to the dispute, both Parties shall submit a notification in writing to the mediator.

ARTICLE 12.7: CHOICE OF FORUM

Disputes regarding any matter covered both by this Agreement and the WTO Agreement or any other free trade agreement to which both Parties are party may be settled in either forum selected by the complaining Party. Once dispute settlement procedures are initiated under Article 12.10 to this Agreement or under Article 6 (Establishment of Panels) of the Understanding on Rules and Procedures Governing the Settlement of Disputes contained in Annex 2 to the WTO Agreement or any other free trade agreement to which both Parties are party, the forum thus selected shall be used to the exclusion of the other.

ARTICLE 12.8: ROSTERS OF ARBITRATORS

1. Each Party shall establish within six months after the date of entry into force of this Agreement and maintain an indicative roster of individuals who are willing and able to serve as arbitrators. Each roster shall be composed of five members.

2. For the position of chair of the Arbitral Tribunal, the Parties shall establish within six months after the date of entry into force of this Agreement and maintain a roster of six individuals, who are not nationals of either Party, who shall not have their usual place of residence in either Party, and who are willing and able to serve as chair of the Arbitral Tribunal. This roster list shall be appointed by consensus.

3. The Parties may have recourse to the rosters even if the rosters are not complete.

4. Once established, the rosters shall remain in effect until the Parties constitute a new roster. The Parties may appoint a replacement where a roster member is no longer available to serve.

ARTICLE 12.9: QUALIFICATION OF ARBITRATORS

All arbitrators shall:

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

(b) be chosen strictly on the basis of objectivity, impartiality, reliability, and sound judgment;

(c) be independent of, and not be affiliated with or take instructions from any Party;

(d) be nationals of states having diplomatic relations with both Parties; and

(e) comply with the Code of Conduct attached as Annex 12-B to this Agreement.

ARTICLE 12.10: REQUEST FOR THE ESTABLISHMENT OF AN ARBITRAL TRIBUNAL

1. The complaining Party may request the establishment of an Arbitral Tribunal if:

(a) the Party complained against does not reply to the request for consultations in accordance to the time frames provided in this Chapter;

(b) consultations are not held within the period of 60 days after the date of receipt of the request for consultations;

(c) the Parties have failed to settle the dispute through consultations within 60 days after the date of receipt of the request for consultations; or

(d) the Parties have had recourse to mediation and no mutually acceptable solution has been reached within 15 days after the issuance of the mediator's opinion.

2. Requests for the establishment of an Arbitral Tribunal shall be made in writing to the Party complained against and to the Joint Committee. The complaining Party shall identify in its request the specific measure at issue, and shall explain how that measure constitutes a violation of the provisions of this Agreement in a manner that clearly presents the legal basis for the complaint[1], including indicating the relevant provisions of this Agreement.

3. A Party shall not request the establishment of an Arbitral Tribunal to review a proposed measure.

4. The request to establish the Arbitral Tribunal referred to in this Article shall form the terms of reference of the Arbitral Tribunal unless otherwise agreed by the Parties.

ARTICLE 12.11: COMPOSITION OF THE ARBITRAL TRIBUNAL

1. The Parties shall apply the following procedures in establishing an Arbitral Tribunal:

(a) the Arbitral Tribunal shall comprise three members;

(b) within 15 days after the notification of the request for the establishment of the Arbitral Tribunal, the complaining Party shall appoint one arbitrator and the Party complained against shall appoint one arbitrator. If the complaining Party or the Party complained against fail to appoint an arbitrator within such period, an arbitrator shall be selected by lot from the indicative roster of that Party established under Article 12.8 within 3 days after expiration of said period;

(c) the Parties shall endeavor to agree on a third arbitrator who shall serve as chair, within 15 days from the date the second arbitrator has been appointed or selected. If the Parties are unable to agree on the chair, the chair shall be selected by lot from the roster established under Article 12.8 within 3 days after expiration of said period;

(d) each disputing Party shall endeavor to select arbitrators who have expertise or experience relevant to the subject matter of the dispute.

2. In case that a Party raises a reasoned objection against an arbitrator regarding his or her compliance with the Code of Conduct attached as Annex 12-B, the Parties shall follow the procedures provided for in rules 15 and 16 of Annex 12-A.

3. If an arbitrator is unable to participate in the proceedings, is removed or resigns, a new arbitrator shall be selected as provided for in Annex 12-A.

[1] This includes an indication whether the measure constitutes a *de jure* or *de facto* violation.

ARTICLE 12.12: FUNCTION OF ARBITRAL TRIBUNALS

1. The function of an Arbitral Tribunal shall be to make an objective assessment of the matter before it, in accordance with the request for the establishment of an Arbitral Tribunal, including an examination of the facts of the case and their applicability and consistency with this Agreement. If the Arbitral Tribunal determines that a measure is inconsistent with a provision of this Agreement, it shall recommend that the Party complained against bring the measure into conformity with that provision.

2. The Arbitral Tribunal shall base its award on the relevant provisions of this Agreement and on the information provided during the proceedings including submissions, evidence and arguments made at the hearings.

3. The Arbitral Tribunals established under this Chapter shall interpret the provisions of this Agreement in accordance with customary rules of interpretation of public international law[2]. Arbitral Tribunals cannot increase or diminish the rights and obligations contained in this Agreement.

ARTICLE 12.13: PROCEEDINGS OF ARBITRAL TRIBUNALS

1. Unless the Parties otherwise agree, the Arbitral Tribunal shall apply the Rules of Procedure attached as Annex 12-A, that shall ensure:

(a) confidentiality of the proceedings and all written submissions to, and communications with, the Arbitral Tribunal;

(b) that the deliberations, hearings, sessions and meetings of the Arbitral Tribunal shall be held in closed sessions;

(c) a right to at least one hearing before the Arbitral Tribunal;

(d) an opportunity for each Party to provide initial and rebuttal submissions;

(e) the ability of the Arbitral Tribunal to seek information, technical advice and expert opinions; and

(f) the protection of confidential information.

2. An Arbitral Tribunal shall adopt its decisions by consensus. In the event that, an Arbitral Tribunal is unable to reach consensus, it shall adopt its decisions by majority vote.

3. The venue for the proceedings of the Arbitral Tribunal shall be decided by mutual agreement between the Parties. If the Parties are unable to reach an agreement,

[2] For greater certainty interpretations of the Joint Committee pursuant to Article 13.3(d) (Functions of the Joint Committee) shall be taken into consideration by the Arbitral Tribunal.

the venue shall be Bogotá D.C. if the complaining Party is Israel and Jerusalem if the complaining Party is Colombia.

4. There shall be no ex parte communications with the Arbitral Tribunal concerning matters under its consideration.

5. The award of the Arbitral Tribunal shall be set out in a written report issued to the Parties. The award shall include the findings and reasoning thereof, recommendations and/or rulings, as the case may be, and shall exclude payment of monetary compensation.

6. The Arbitral Tribunal shall allow the Parties 14 days to review the draft of the original award prior to its finalization and shall include a discussion of any comments by the Parties in its original award.

7. The Arbitral Tribunal shall issue to the Parties its original award on the dispute referred to it within 90 days after its establishment. When the Arbitral Tribunal considers that it cannot issue its original award within 90 days, it shall inform the Parties in writing of the reasons for the delay and shall indicate the estimated period of time within which it will issue its award. Under no circumstances shall the award be issued later than 120 days after the date of establishment of the Arbitral Tribunal.

8. In cases of urgency, including those involving perishable or seasonal goods, the Arbitral Tribunal shall make every effort to issue its original award within 45 days from the date of its establishment. Under no circumstances shall the award be issued later than 75 days after the establishment of the Arbitral Tribunal. The Arbitral Tribunal shall give a preliminary ruling within 10 days of its establishment, on whether it deems the case to be urgent.

9. The award shall be final and binding on the Parties.

10. Unless otherwise agreed by the Parties, the award of the Arbitral Tribunal may be made publically available within 10 days after it is issued to the Parties, subject to the protection of confidential information.

ARTICLE 12.14: SUSPENSION AND TERMINATION OF PROCEEDINGS

1. Where the Parties agree, 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 authority for establishment of the tribunal shall lapse unless the Parties agree otherwise.

2. The Parties may agree to terminate the proceedings of an Arbitral Tribunal established under this Chapter, in the event that a mutually satisfactory solution to the dispute has been found.

3. Suspension or termination of the proceedings shall not prejudice the right of the Parties to request the establishment of an Arbitral Tribunal on the same measure at a later time.

4. Before the Arbitral Tribunal issues its award, it may at any stage of the proceedings propose to the Parties that the dispute be settled amicably.

ARTICLE 12.15: IMPLEMENTATION OF THE AWARD AND COMPENSATION

1. The Party complained against shall take all necessary measures to comply with the award of the Arbitral Tribunal without undue delay.

2. Within 30 days from the issuance of the award, the Party complained against shall notify the complaining Party of the following:

(a) the measures it intends to implement in order to comply with the award; and

(b) the period of time required to comply with the award.

3. In case of disagreements between the Parties on the proposed period of time for compliance pursuant to paragraph 2(b), the complaining Party may request the original Arbitral Tribunal, which issued the original award (hereinafter referred to as "original Arbitral Tribunal"), to establish the reasonable time period to comply with the award. The Arbitral Tribunal shall issue its award within 40 days from the submission of the request.

4. In case the original Arbitral Tribunal, or any of its members, is not available, the procedures established in Article 12.10 shall apply. The award shall be issued within 45 days from the date of establishment of the new Arbitral Tribunal.

5. In arbitral proceedings pursuant to paragraphs 3 or 4 of this Article, a guideline for the Arbitral Tribunal should be that the reasonable period of time to implement the award should not exceed 15 months from the date on which the award was issued.

6. Before the end of the period of time for compliance with the award, the Party complained against shall notify the other Party of the implementing measures that it has adopted in order to comply with the award.

7. If the Party complained against considers it impracticable to comply with the award, it may notify the complaining Party thereof, within 30 days from the issuance of the award, and offer compensation. Such compensation agreed upon by the Parties, shall be temporary and shall be provided until the Party complained against complies with the award**.**

8. If no agreement on compensation is reached within 15 days after such an offer is notified, the Party complained against shall comply with the award.

ARTICLE 12.16: NON-IMPLEMENTATION AND SUSPENSION OF BENEFITS

1. If the Party complained against:

(a) fails to comply with an award within the period of time for compliance pursuant to Article 12.15; or

(b) fails to comply with an agreement on compensation pursuant to Article 12.15.7; or

(c) fails to comply with a decision pursuant to Article 12.17.1(a) and Article 12.17.2;

the complaining Party shall be entitled to suspend benefits under this Agreement equivalent to those affected by the measure the Arbitral Tribunal has found to violate this Agreement, subject to the following paragraphs.

2. The suspension of benefits shall not be applied during the course of the proceedings initiated pursuant to Article 12.17.1(a).

3. The complaining Party shall notify the Party complained against and the Joint Committee of the benefits which it intends to suspend, the grounds for such suspension and the date on which the suspension will take effect, no later than 45 days before such date.

4. In considering which benefits to suspend under paragraph 1, the complaining Party should first seek to suspend the application of benefits in the same sector or sectors as those affected by the measure or other matter that the Arbitral Tribunal has found to be inconsistent with this Agreement or to have caused nullification or impairment. In case the complaining Party considers that it is impracticable or ineffective to suspend benefits in the same sector or sectors, it may suspend benefits in other sectors.

5. The suspension of benefits shall be temporary and be applied by the complaining Party, only:

(a) until the measure found to violate this Agreement has been withdrawn or amended so as to comply with the original award and with the provisions of this Agreement; or

(b) until an Arbitral Tribunal decides that the compliance measure is compatible with the award and with the provisions of this Agreement; or

(c) until the Parties have otherwise settled the dispute.

In these cases the suspension of benefits shall be terminated in accordance with the procedures set forth in paragraph 6.

6. To terminate a suspension of benefits, the Party complained against shall notify the complaining Party of any measure adopted to comply with the original award and the provisions of this Agreement or of its compliance with the agreement on compensation. Such notification shall be accompanied by a request to terminate the suspension of benefits.

(a) In the event of disagreement between the Parties with respect to the existence or conformity of the notified measure with this Agreement and the original award or in the event of a disagreement as to the compliance with the agreement on compensation, within 60 days from the date of the notification, either Party may refer the matter under Article 12.17.1(a) to the original Arbitral Tribunal to determine consistency of such measure with this Agreement and the original award or to determine compliance with the agreement on compensation. If pursuant to Article 12.17.1(a), the Arbitral Tribunal determines that the notified measure is consistent with the Agreement and the original award or determines there has been compliance with the agreement on compensation, the suspension of benefits shall be terminated.

(b) In the event there is no disagreement between the Parties as to the conformity of the notified measure with this Agreement and the original award or as to the compliance with the agreement on compensation, the suspension of benefits shall be terminated within 30 days from the date of such notification.

(c) In the case that the Parties have settled a dispute, the suspension of benefits shall be terminated on the date agreed to by the Parties.

ARTICLE 12.17: REVIEW OF COMPLIANCE AND REVIEW OF SUSPENSION OF BENEFITS

1. In case of disagreement between the Parties with respect to:

(a) the existence or conformity with the provisions of this Agreement and the original award of measures taken by the Party complained against to comply with this Agreement and the original award or with respect to compliance with the agreement on compensation; and/or

(b) whether the level of benefits that the complaining Party has proposed to suspend or has suspended pursuant to Article 12.16 is manifestly excessive,

either Party may refer the matter to the original Arbitral Tribunal.

2. An Arbitral Tribunal under paragraph 1 shall issue its award within 30 days after the matter has been referred to it where the request concerns either paragraph 1(a) or 1(b) only, and within 50 days, where the request concerns both paragraphs.

3. In case the original Arbitration Tribunal, or any of its members, is not available, the procedures established in Article 12.10 shall apply. The award shall be issued within the period provided for in paragraph 2, from the date of establishment of the new Arbitral Tribunal.

ARTICLE 12.18: TIME FRAMES

All time frames stipulated in this Chapter may be reduced, waived or extended by mutual agreement of the Parties

ARTICLE 12.19: REMUNERATION AND EXPENSES

The remuneration and expenses of the Arbitral Tribunal shall be borne in equal parts by the Parties in accordance with Annex 12-A. All other expenses not specified in Annex 12-A shall be borne by the Party incurring those expenses.

ARTICLE 12.20: REQUEST FOR CLARIFICATION OF AN AWARD

1. Within 10 days after the issuance of an award, a Party may submit a written request to the Arbitral Tribunal for clarification of any determinations or recommendations in the award that the Party considers ambiguous. The Arbitral Tribunal shall respond to the request within 10 days after the presentation of such request.

2. The submission of a request pursuant to paragraph 1 shall not affect the time periods referred to in Article 12.15 and Article 12.16 unless the Arbitral Tribunal decides otherwise.

CHAPTER 13
INSTITUTIONAL PROVISIONS

ARTICLE 13.1: ESTABLISHMENT OF THE JOINT COMMITTEE

1. The Parties hereby establish the Joint Committee, comprising representatives of both Parties. The principal representative of each Party shall be the cabinet-level officer or Minister primarily responsible for international trade, or a person designated by the cabinet-level officer or Minister.

2. The Joint Committee shall be co-chaired by a representative of the Ministry of Trade, Industry and Tourism ("Ministerio de Comercio, Industria y Turismo") on the Colombian side, and by a representative of the Ministry of Economy on the Israeli side, or their successors.

ARTICLE 13.2: PROCEDURES OF THE JOINT COMMITTEE

1. The Joint Committee shall meet once every two years. In addition, special meetings shall be convened upon a written request of either Party.

2. The Joint Committee shall meet alternately in Bogotá and Jerusalem, unless the Parties agree otherwise.

3. All decisions of the Joint Committee shall be taken by mutual agreement.

4. The Joint Committee shall adopt its own rules of procedure, as well as its meeting schedule and the agenda for its meetings.

ARTICLE 13.3: FUNCTIONS OF THE JOINT COMMITTEE

1. The Joint Committee shall be responsible for the administration of this Agreement and shall ensure its proper implementation.

2. The Joint Committee shall:

   (a) supervise and facilitate the operation of this Agreement and the correct application of its provisions, and consider other ways to attain its general objectives;

   (b) evaluate the results obtained from the application of this Agreement, in particular the evolution of trade and economic relations between the Parties;

   (c) supervise the work of all Subcommittees, working groups and specialized bodies, established under this Agreement and recommend any necessary action;

(d) evaluate and adopt decisions as envisaged in this Agreement regarding any subject matter which is referred to it by any Subcommittee, working group and specialized body established under this Agreement;

(e) supervise the further development of this Agreement;

(f) keep under review the possibility of further removal of obstacles to trade between the Parties;

(g) without prejudice to Chapter 12 (Dispute Settlement) and other provisions of this Agreement, explore the most appropriate way to prevent or solve any difficulty that may arise in relation to issues covered by this Agreement; and

(h) consider any other matters of interest relating to this Agreement.

3. The Joint Committee may:

(a) agree to the initiation of negotiations, with the aim of deepening the liberalisation already achieved in sectors covered by this Agreement;

(b) recommend to the Parties to adopt any amendment or modification to the provisions of this Agreement. Any such amendment or modification shall enter into force in accordance with the procedure set forth in Article 15.3 (Final Provisions);

(c) modify by a Joint Committee decision:

(i) the Schedules to Annex 2-B (Preferential Treatment for Agricultural Goods), with the purposes of adding one or more goods excluded in the Schedule of a Party;

(ii) the phase-out periods established in the Tariff Elimination Schedules, with the purposes of accelerating the tariff reduction;

(iii) the specific rules of origin established in Annex 3-A (Product Specific Rules of Origin), Certificate of Origin contained in Annex 3-B (Certificate of Origin), Procedures for the Issuance of Electronic Certificates of Origin in Annex 3-D (Procedures For The Issuance of Electronic Certificates of Origin), Invoice Declaration contained in Annex 3-C (Invoice Declaration), Procedures for the Issuance of Paper Certificates of Origin in Annex 3-E (Procedures For The Issuance of Paper Certificates of Origin), Exemptions to Article 3.12 in Annex 3-F (Exemption to the Principle of Territoriality);

(iv) the procuring entities listed in Annex 9-A (List of Commitments); and

(v) the Rules of Procedure for Arbitral Tribunal Proceedings established in Annex 12-A and the Code of Conduct established in Annex12-B.

Each Party shall implement, subject to the completion of its applicable internal legal procedures and upon notification of such, any modification referred to in this subparagraph, within such period as the Parties may agree;

(d) adopt interpretations of the provisions of this Agreement. Such interpretations shall be taken into consideration by an Arbitral Tribunal established under Chapter 12 (Dispute Settlement). However, interpretations adopted by the Joint Committee shall not constitute an amendment or modification to the provisions of this Agreement; and

(e) take such other action in the exercise of its functions as the Parties may agree.

4. For the purposes of this Article, the Parties shall exchange information and at the request of either Party, shall hold consultations within the Joint Committee.

ARTICLE 13.4: ESTABLISHMENT OF SUBCOMMITTEES, WORKING GROUPS AND SPECIALIZED BODIES:

1. The Parties hereby establish the following Subcommittees:

(a) Subcommittee on Market Access;

(b) Subcommittee on Technical Barriers to Trade;

(c) Subcommittee on Customs, Trade Facilitation and Rules of Origin;

(d) Subcommittee on Government Procurement;

(e) Subcommittee on Sanitary and Phytosanitary Matters;

and working groups and specialized bodies as referred to in this Agreement.

2. Any Subcommittee, working group or specialized body, established under this Agreement shall comprise representatives from the State of Israel and the Republic of Colombia.

3. The respective scope of competence and duties of the Subcommittees provided for in this Agreement are defined in the relevant provisions of each Chapter.

4. The Joint Committee may establish other Subcommittees, working groups, or any other specialised bodies and delegate responsibilities to them in order to assist it in the performance of its tasks. For that purpose, the Joint Committee shall determine the composition, duties and rules of procedure of such Subcommittees, working groups or specialised bodies.

5. The Subcommittees, working groups and specialised bodies shall inform the Joint Committee, sufficiently in advance, of their schedule of meetings and of the agenda of those meetings. The Subcommittees, working groups and specialized bodies, shall submit summaries of their meetings to the Joint Committee.

ARTICLE 13.5: FREE TRADE AGREEMENT COORDINATORS

1. Each Party shall appoint a free trade agreement coordinator.

2. The coordinators shall:

   (a) work jointly to develop agendas;

   (b) make other preparations for the Joint Committee meetings;

   (c) follow-up on the Joint Committee's decisions as appropriate;

   (d) act as contact points to facilitate communication between the Parties on any matter covered by this Agreement, unless otherwise provided for in this Agreement;

   (e) receive any notifications and information submitted under this Agreement, unless otherwise provided for in this Agreement; and

   (f) assist the Joint Committee in any other matter referred to them by the Joint Committee.

3. The coordinators of this Agreement may meet as necessary.

CHAPTER 14
EXCEPTIONS

ARTICLE 14.1: GENERAL EXCEPTIONS

1. For purposes of this Agreement Article XX of GATT 1994 and its Interpretative Notes are incorporated into and made part of this Agreement, *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 and non-living exhaustible natural resources.

2. Notwithstanding paragraph 1, for purposes of Chapters 10 (Investment) and 11 (Trade in Services), Article XIV of GATS is incorporated into and made part of this Agreement, *mutatis mutandis*. The Parties understand that the measures referred to in Article XIV(b) of GATS include environmental measures necessary to protect human, animal, or plant life or health. The Parties understand that the measures referred to in Article XIV(a) of GATS include measures aimed at maintaining internal public order.

ARTICLE 14.2: SECURITY EXCEPTIONS

Nothing in this Agreement, including measures affecting re-exports to non-Parties or re-imports from non-Parties, shall be construed:

(a) to require a Party to furnish or allow access to any information the disclosure of which it determines to be contrary to its essential security interests; or

(b) to preclude a Party from applying measures that it considers necessary for the fulfillment of its obligations under the United Nations Charter with respect to the maintenance or restoration of international peace or security, or for the protection of its own essential security interests, or in order to carry out obligations it has accepted for the purpose of maintaining international security.

ARTICLE 14.3: TAXATION

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

2. Notwithstanding paragraph 1:

(a) Article 2.3 (National Treatment) shall apply to taxation measures to the same extent as does Article III of the GATT 1994 and its Interpretative Notes; and

(b) Article 2.11 (Customs Duties on Exports) shall apply to taxation measures.

3. Nothing in this Agreement shall be construed to prevent a Party from adopting or enforcing any measure which:

(a) aims at ensuring the effective and equitable imposition and collection of direct taxes;

(b) distinguishes in the application of the relevant provisions of domestic fiscal legislation, including those aimed at ensuring the imposition and collection of duties, between tax payers who are not in the same situation, in particular with regard to their place of residence or with regard to the place where their capital is invested; or

(c) aims at preventing the avoidance or evasion of taxes pursuant to tax conventions, tax provisions of other agreements, or domestic fiscal legislation.

4. Nothing in this Agreement shall affect the rights and obligations of either Party under any tax convention. In the event of any inconsistency between this Agreement and any tax convention, the convention shall prevail to the extent of the inconsistency.

5. For the purpose of this Article:

tax convention means conventions, agreements or arrangements relating wholly or mainly to taxation, including the avoidance of double taxation; and

taxes and **taxation measures** do not include:

(a) a customs duty as defined in Article 1.5 (General Definitions); and

(b) the measures listed in exceptions (b) and (c) of the definition of customs duty in Article 1.5 (General Definitions).

ARTICLE 14.4: LIMITATIONS ON IMPORTS

The limitation on the importation of non-kosher meat to Israel shall not be considered as a measure in violation of this Agreement.

ARTICLE 14.5: DISCLOSURE OF INFORMATION

Nothing in this Agreement shall be construed to require a Party to furnish or allow access to confidential information the disclosure of which would impede law enforcement, or otherwise be contrary to public interest, or which would prejudice the legitimate commercial interests of individuals or of particular enterprises, public or private, including any service supplier as defined in Article 11.2 (Definitions).

CHAPTER 15
FINAL PROVISIONS

ARTICLE 15.1: ANNEXES

The Annexes to this Agreement and to its Chapters constitute an integral part of this Agreement.

ARTICLE 15.2: AMENDMENTS

1. The Parties may agree upon any amendments to this Agreement.

2. Amendments to this Agreement shall enter into force and constitute an integral part of this Agreement in accordance with the procedures set forth in Article 15.3.

ARTICLE 15.3: ENTRY INTO FORCE

1. This Agreement shall enter into force 60 days following the date of the latter Diplomatic Note by which the Parties notify each other that their internal legal procedures for the entry into force of the Agreement have been completed**.**

2. Without prejudice to paragraph 1, this Agreement may be provisionally applied. For such purpose, Israel may notify Colombia that it has completed its internal legal procedures for the entry into force of the Agreement and propose its provisional application. Colombia may also propose provisional application of the Agreement once Israel has completed its internal legal procedures. The Party that receives the proposal shall respond within 30 days. In case the proposal for provisional application is accepted, the Agreement shall be provisionally applied 60 days following the date of the acceptance notice. The proposal and acceptance notices will be made by Diplomatic Notes. The period of the provisional application shall terminate on the date this Agreement enters into force in accordance with paragraph 1.

ARTICLE 15.4: DURATION AND WITHDRAWAL

1. This Agreement shall be valid for an indefinite period.

2. Any Party may withdraw from this Agreement by means of a written Diplomatic Note to the other Party. Such withdrawal shall become effective six months after the date of receipt of such notification by the other Party.

ARTICLE 15.5: MODIFICATIONS TO THE WTO AGREEMENT

The Parties understand that any provision of the WTO Agreement incorporated into this Agreement, is incorporated with any amendments which have entered into force at the time such provision is applied.

IN WITNESS WHEREOF, the undersigned, being duly authorized by their respective Governments, have signed this Agreement.

Done in Jerusalem, Israel, on _____, which corresponds to the _____ day of _____ in the year _____ in the Hebrew calendar, in two original copies, each in the Hebrew, Spanish and English languages, all texts being equally authentic. In case of divergence of interpretation or any discrepancies, the English text shall prevail.

_____	_____
For the Government of the State of Israel	**For the Government of the Republic of Colombia**

Libertad y Orden

REPÚBLICA DE COLOMBIA
MINISTERIO DE RELACIONES EXTERIORES

S-DM-20-012096

Bogotá D.C., 27 de abril de 2020

Su Excelencia:

Tengo el honor de dirigirme a Su Excelencia con el propósito de hacer referencia al "*Tratado de Libre Comercio entre la República de Colombia y el Estado de Israel*", hecho en Jerusalén el 30 de septiembre de 2013 (en adelante, el "Tratado de Libre Comercio").

Sobre el particular, como es de conocimiento de las autoridades israelíes, la Corte Constitucional colombiana en su Sentencia C-254/19 de fecha 6 de junio de 2019, mediante la cual declaró exequible el Tratado de Libre Comercio, ordenó al Presidente de la República que, si en ejercicio de su competencia constitucional de dirección de las relaciones internacionales decidía ratificar este tratado, debía adelantar las gestiones necesarias para propiciar la adopción de una declaración interpretativa conjunta con el representante del Estado de Israel respecto a los condicionamientos señalados en los resolutivos segundo a cuarto de la decisión en mención.

Conforme a lo expuesto, el Gobierno de la República de Colombia somete a consideración y aprobación de su ilustrado Gobierno, la siguiente declaración interpretativa al Tratado de Libre Comercio:

> *"Teniendo en cuenta el Artículo 31 de la Convención de Viena sobre el Derecho de los Tratados, hecha en Viena el 23 de mayo de 1969, y en relación con la celebración del Tratado de Libre Comercio entre la República de Colombia*

Su excelencia el señor
ISRAEL KATZ
Ministro de Relaciones Exteriores del Estado de Israel
Jerusalén

y el Estado de Israel, hecho en Jerusalén el 30 de septiembre de 2013, las Partes han alcanzado el siguiente entendimiento conjunto frente al Capítulo 10 del Acuerdo:

1. Protección de Inversiones

La República de Colombia se reserva el derecho a no negar a sus propios inversionistas un tratamiento no menos favorable que el que proporciona a los inversionistas y a las inversiones cubiertas de otras nacionalidades.

2. Trato de Nación más Favorecida

En relación con el Artículo 10.5 y sin perjuicio del Artículo 10.5.3:

Las disposiciones sustantivas contenidas en otros tratados internacionales de inversión y otros tratados comerciales que no vengan acompañadas de medidas que sean adoptadas o mantenidas por una Parte en virtud de esas disposiciones no constituirán por sí mismas "tratamiento" y por tanto no darán lugar a una violación a este Artículo.

3. Expectativas Razonables

En relación con el Artículo 10.7.3 (b):

Para mayor certeza, determinar si la expectativa con fundamento en una inversión de un inversionista es razonable dependerá, hasta donde sea relevante, de factores como si el Gobierno proporcionó al inversionista garantías obligatorias y por escrito y la naturaleza y extensión de la regulación gubernamental o la potencial regulación gubernamental en el sector respectivo."

Libertad y Orden

REPÚBLICA DE COLOMBIA
MINISTERIO DE RELACIONES EXTERIORES

Sobre el particular, agradezco a Su Excelencia confirmar si los términos de la propuesta de declaración interpretativa anterior son aceptables para su Gobierno.

Aprovecho la oportunidad para reiterarle a Su Excelencia las seguridades de mi más alta y distinguida consideración.

CLAUDIA BLUM
Ministra de Relaciones Exteriores

MINISTER OF FOREIGN AFFAIRS

Jerusalem, May 25, 2020

Your Excellency,

I have the honor to address your Excellency, in order to refer to your note no. S-DM-20-012096, dated to April 27, 2020, regarding the Interpretative Declaration to the Free Trade Agreement between the State of Israel, and the Republic of Colombia, done in Jerusalem, on September 30th, 2013.

In this regard, I confirm that the terms of the Declaration are acceptable to the Government of the State of Israel.

I avail myself of this opportunity to renew to your Excellency the assurances of my highest consideration.

Gabi Ashkenazi
Minister of Foreign Affairs