

**Disclaimer:** In view of the Commission's transparency policy, the Commission is publishing the texts of the Trade Part of the Agreement following the agreement in principle announced on 28 June 2019.

The texts are published for information purposes only and may undergo further modifications including as a result of the process of legal revision. However, in view of the growing public interest in the negotiations, the texts are published at this stage of the negotiations for information purposes. These texts are without prejudice to the final outcome of the agreement between the EU and Mercosur.

The texts will be final upon signature. The agreement will become binding on the Parties under international law only after completion by each Party of its internal legal procedures necessary for the entry into force of the Agreement (or its provisional application).

## **TITLE XXX**

### **TRADE IN SERVICES AND ESTABLISHMENT**

#### **Section 1 - General Provisions**

##### *Article 1*

#### **Objective and scope**

1. The Parties, reaffirming their respective commitments under WTO Agreement hereby lay down the necessary arrangements for the liberalisation of trade in services and establishment.
2. Nothing in this Chapter shall be construed to require the privatisation of public services or to impose any obligation with respect to government procurement
3. The provisions of this Chapter shall not apply to subsidies granted or grants provided by a Party, including government-supported loans, guarantees, and insurance.
4. Consistent with the provisions of this Chapter, each Party retains the right to regulate, and to introduce new regulations or to supply services to meet its policy objectives.
5. The provisions of this Chapter shall not apply to the Parties' respective social security systems.
6. In fulfilling its obligations and commitments under this Chapter, each Party shall take such reasonable measures as may be available to it to ensure their observance by regional and local governments and authorities and non-governmental bodies within its territory.

7. The provisions of this Chapter shall not apply to services supplied or activities carried out in the exercise of governmental authority, i. e., to any service which is supplied or any activity which is carried out neither on a commercial basis, nor in competition with one or more service suppliers or investors.

8. This Chapter applies to measures of the Parties affecting trade in services and establishment, with the exception of:

- a) national maritime cabotage<sup>1</sup> ;
- b) domestic and international air transport services, whether scheduled or non-scheduled, and services directly related to the exercise of traffic rights, other than:
  - (i) aircraft repair and maintenance services during which an aircraft is withdrawn from service;
  - (ii) the selling and marketing of air transport services;
  - (iii) computer reservation system (CRS) services;
  - (iv) groundhandling services
- c) inland navigation;
- d) audiovisual services;

## *Article 2*

### **Definitions**

For the purposes of this Chapter:

- (a) “measure” means any measure by a Party, whether in the form of a law, regulation, rule, procedure, decision, administrative action, or any other form;
- (b) “measures adopted or maintained by a Party” means measures taken by:
  - (i) central, regional or local governments and authorities; and

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<sup>1</sup> Without prejudice to the scope of activities which may be considered as cabotage under the relevant national legislation, national maritime cabotage under this Chapter covers transportation of passengers or goods between a port or point located in a Member State of Mercosur or a Member State of the European Union and another port or point located in the same Member State of Mercosur or Member State of the European Union, including on its continental shelf, as provided in the United Nations Convention on the Law on the Sea and traffic originating and terminating in the same port or point located in the Member State of Mercosur or Member State of the European Union.

- (ii) non-governmental bodies in the exercise of powers delegated by central, regional or local governments or authorities;
- (c) “measures by Parties affecting establishment, the cross-border supply of services, consumption abroad, and the entry and temporary presence of natural persons” include measures in respect of:
  - (i) the purchase, payment or use of a service;
  - (ii) the access to and use of, in connection with the performance of an economic activity, services which are required by those Parties to be offered to the public generally;
  - (iii) the access, including through establishment, of persons of a Party to the territory of the other Party to perform an economic activity in that territory.
- (d) “person” means either a natural person or a juridical person;
- (e) “natural person” means a national or permanent resident<sup>2</sup> of Mercosur or one of the Member States of the European Union according to their respective legislation;
- (f) “juridical person” means any legal entity duly constituted or otherwise organized under applicable law, whether for profit or otherwise, and whether privately-owned or governmentally-owned, including any corporation, trust, partnership, joint venture, sole proprietorship or association.
- (g) "juridical person of a Party" means a juridical person which is either:
  - (i) constituted or otherwise organized under the law of that Party, and is engaged in substantive business operations in the territory of that Party or the other Party; or
  - (ii) in the case of establishment, owned or controlled by:
    1. natural persons of that Party; or
    2. juridical persons of [that] Party identified under subparagraph (i);
- (gbis): Notwithstanding the preceding paragraph, shipping companies established outside the EU or Mercosur and controlled by nationals of a Member State of the EU or of a Member State of Mercosur, respectively, shall also be beneficiaries of the provisions of this Chapter, if their vessels are registered in accordance with their respective legislation in that Member State of the EU or Member State of Mercosur and fly the flag of a Member State of the EU or of a Member State of Mercosur;
- (h) “service supplier” means any person that seeks to supply or supplies a service<sup>3</sup> ;

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<sup>2</sup> Where a Party accords substantially the same treatment to its permanent residents as it does to its nationals in respect of measures affecting the cross-border trade in services, consumption abroad and establishment, its permanent residents shall be covered by the definition of natural persons.

- (i) “supply of a service” includes the production, distribution, marketing, sale and delivery of a service;
- (j) “sector” of a service means,
  - (i) with reference to a specific commitment, one or more, or all, subsectors of that service, as specified in a Party's schedule of specific commitments;
  - (ii) otherwise, the whole of that service sector, including all of its subsectors;
- (k) “cross-border supply of services” means the supply of a service from the territory of a Party into the territory of the other Party (mode 1);
- (l) “consumption abroad” means the supply of a service in the territory of a Party to the service consumer of the other Party (mode 2).
- (m) “entry and temporary stay of natural persons” means the entry and temporary stay of key personnel, graduate trainees, business services sellers, contractual services suppliers and independent professionals of a Party in the territory of the other Party, in accordance with Section 2 of this Chapter;
- (n) “enterprise” means a juridical person of a Party, or a branch or a representative office of a juridical person of a Party, set up through the establishment as defined under this Article;
- (o) “establishment” means:
  - (i) the constitution, acquisition or maintenance of a juridical person<sup>4</sup>, or
  - (ii) the creation or maintenance of a branch or representative office of a juridical person, within the territory of a Party for the purpose of performing an economic activity;
- (p) “investor” of a Party means any person that seeks to perform or performs an economic activity through establishing an enterprise<sup>5</sup>;
- (q) “economic activity” includes any activities of an economic nature whether related to services or non services sectors, subject to the provisions of article 1.

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<sup>3</sup> Where the service is not supplied directly by a juridical person, the treatment provided under this Chapter shall be extended to the branch or representative office through which the service is supplied and need not be extended to any parts of the supplier located outside the territory where the service is supplied.

<sup>4</sup> The terms “constitution” and “acquisition” of a juridical person shall be understood as including capital participation in a juridical person with a view to establishing or maintaining lasting economic links.

<sup>5</sup> Where the economic activity is not performed directly by a juridical person but through other forms of establishment such as a branch or a representative office, the investor (i.e. the juridical person) shall, nonetheless, through such establishment be accorded the treatment provided for investors under the Agreement. Such treatment shall be extended to the establishment through which the economic activity is performed and need not be extended to any other parts of the investor located outside the territory where the economic activity is performed.

*Article 3*

**Market Access**

1. With respect to market access through establishment, through the cross-border supply of services, through consumption abroad, and through entry and temporary presence of natural persons as provided in Section 2, each Party shall accord to enterprises, investors, services and services suppliers of the other Party, treatment no less favourable than that provided for under the terms, limitations and conditions agreed and specified in the specific commitments contained in Annex [...] (Lists of Commitments).

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 Annex [...] (Lists of Commitments), are defined as

(a) limitations on the number of services suppliers or enterprises whether in the form of numerical quotas, monopolies, exclusive rights or the requirements of an economic needs tests;

(b) limitations on the total value of transactions or assets in the form of numerical quotas or the requirement of an economic needs test;

(c) limitations on the total number of operations or on the total quantity of output expressed in terms of designated numerical units in the form of quotas or the requirement of an economic needs test.

(d) 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;

(e) measures which restrict or require specific types of legal entity or joint ventures through which an investor or service supplier of the other Party may perform an economic activity.

(f) limitations on the total number of natural persons, that may be employed in a particular sector or that an enterprise may employ and who are necessary for, and directly related to, the performance of the economic activity in the form of numerical quotas or the requirement of an economic needs test

3. Economic needs tests shall be described concisely but clearly, indicating the elements that make it inconsistent with the present article and specifying as well the criteria on which the test is based.

*Article 4*

**National Treatment**

1. In the sectors inscribed in Annex (Lists of Commitments), and subject to any conditions and qualifications set out therein, with respect to all measures affecting establishment<sup>6</sup>, the cross-border supply of services, consumption abroad and entry and temporary presence of natural persons as provided in Section 2, each Party shall accord to enterprises, investors, services and service suppliers of the other Party treatment no less favourable than that it accords to its own like enterprises, investors, services and service suppliers.
2. A Party may meet the requirement of paragraph 1 by according to enterprises, investors, services and services suppliers of the other Party, either formally identical treatment or formally different treatment to that it accords to its own like enterprises, investors, services and services suppliers.
3. Formally identical or formally different treatment shall be considered to be less favourable if it modifies the conditions of competition in favour of enterprises, investors, services or services suppliers of the Party compared to like enterprises, investors, services and services suppliers of the other Party.
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 enterprises, investors, services or services suppliers.

*Article 5*

**Schedule of specific commitments**

1. The sectors liberalised by each of the Parties pursuant to this Chapter and, by means of reservations, the market access and national treatment limitations applicable to services, services suppliers, enterprises and investors of the other Party in those sectors are set out in the schedules of specific commitments included in Annex [...], which is an integral part of this Chapter.
2. The Parties shall not apply any market access and national treatment restrictions other than those scheduled in their Schedule of Specific Commitments.

**Section 2 - Temporary presence of natural persons supplying services and for business purposes**

*Article 6*

**Coverage**

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<sup>6</sup> The obligations in this provision apply also to measures governing the composition of boards of directors of an establishment, such as nationality and residency requirements.

1. This Section applies to measures of the Parties concerning the entry and temporary stay into their territories of key personnel, graduate trainees, business services sellers, contractual services suppliers and independent professionals in accordance with paragraph 2 and 3 of this Article.
2. The provisions of this Chapter shall not apply to measures affecting natural persons seeking access to employment market of a Party, nor shall it apply to measures regarding citizenship, residence or employment on a permanent basis.
3. This Chapter shall not prevent the parties from applying measures necessary to regulate the entry, the stay and the orderly movement of natural persons in its territory as well as to protect the integrity of its borders, provided that such measures do not nullify or impair the benefits accruing to any Party under the terms of a specific commitment<sup>7</sup>.
4. Subject to Articles 16 and 17, nothing in this Chapter shall prevent a Party from requiring that natural persons must possess the necessary qualifications and/or professional experience specified in the territory where the service is supplied, for the sector of activity concerned.

#### *Article 7*

#### **Definitions**

1. For the purpose of this Section:
  - (a) ‘Key personnel’ means natural persons employed within a juridical person of one Party other than a non-profit organisation and who are responsible for the establishment or the proper control, administration and operation of an enterprise.  
  
‘Key personnel’ comprises ‘business visitors’ responsible for establishing an enterprise and ‘intra-corporate transferees’.
  - (i) ‘Business visitors’ means natural persons working in a senior position who are responsible for establishing an enterprise. They do not engage in direct transactions with the general public and do not receive remuneration from a source located within the host Signatory Party.
  - (ii) ‘Intra-corporate transferees’ means natural persons who have been employed by a juridical person of a Party or have been partners in it for at least one year and who are temporarily transferred to [an enterprise or a head office of that juridical person] in the territory of the other Party. The natural person concerned must belong to one of the following categories:

1. Managers:

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<sup>7</sup> The sole fact of requiring a visa for natural person of certain country and not for those of others shall not be regarded as nullifying or impairing benefits under a specific commitment.

Persons working in a senior position within a juridical person, who primarily direct the management of the enterprise receiving general supervision or direction principally from the board of directors or stockholders of the business or their equivalent, including:

- directing the establishment or a department or sub-division thereof;
- supervising and controlling the work of other supervisory, professional or managerial employees;
- having the authority personally to recruit and dismiss or recommend recruiting, dismissing or other personnel actions.

## 2. Specialists:

Persons working within a juridical person who possess specialised knowledge essential to the enterprise's economic activity, techniques or management.

(b) 'graduate trainees' means natural persons who have been employed by a juridical person of one Party for at least one year, who possess a university degree and who are temporarily transferred to an enterprise in the territory of the other Party for career development purposes or to obtain training in business techniques or methods<sup>8</sup>.

(c) 'business sellers' means natural persons who are representatives of a juridical person of one Party seeking entry and temporary stay into the territory of the other Party for the purpose of negotiating the sale of services or goods or entering into agreements to sell services or goods for that supplier. They do not engage in making direct sales to the general public and do not receive remuneration from a source located within the host Party, nor are they commission agent.

(d) 'contractual services suppliers' means natural persons employed by a juridical person of one Party which has not established in the territory of the other Party and which has concluded a contract to supply services with a final consumer in the latter Party requiring the presence on a temporary basis of its employees in that Party in order to fulfil the contract to provide services<sup>9</sup>.

(e) 'independent professionals' means natural persons engaged in the supply of a service and settled as self-employed in the territory of a Party who have not established in the territory of the other Party] and who have concluded a contract to supply services with a

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<sup>8</sup> The recipient establishment may be required to submit a training programme covering the duration of stay for prior approval, demonstrating that the purpose of the stay is for training. The competent authorities may require that training be linked to the university degree which has been obtained

<sup>9</sup> The service contract referred to under d) shall be a *bona fide* contract and comply with the laws, regulations and requirements of the Party where the contract is executed.

final consumer in the territory of the other Party requiring their presence on a temporary basis in that Party in order to fulfil the contract to provide services<sup>10</sup>.

#### Article 8

##### **Key personnel and graduate trainees**

For each sector for which commitments have been undertaken for establishment and subject to any reservations listed in Annex [...] (Schedule of Specific Commitments), each Party shall allow investors of the other Party to employ in their enterprise natural persons of that other Party, provided that such employees are key personnel or graduate trainees as defined in Article 7. The temporary entry and stay of key personnel and graduate trainees shall be:

- a) for the period of time necessary for the fulfilment of the contract and, up to 3 years for intra-corporate transferees, whichever is less;
- b) up to 60 days in any twelvemonth period for business visitors; and
- c) up to 1 year for graduate trainees.

#### Article 9

##### **Business services sellers**

For each sector for which commitments have been undertaken for the cross-border supply of services and for establishment, and subject to any reservations listed in Annex [...] (Schedule of Specific Commitments), each Party shall allow the temporary entry and stay of business services sellers for a period of up to 90 days in any twelve month period<sup>11</sup>.

#### Article 10

##### **Contractual services suppliers and independent professionals**

1. For the sectors specified in its schedule of specific commitments, and subject to any reservations listed therein, each Party shall allow the supply of services into its territory by contractual services suppliers of the other Party, through presence of natural persons, subject to the following conditions:

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<sup>10</sup> The service contract referred to under e) shall be a *bona fide* contract and comply with the laws, regulations and requirements of the Party where the contract is executed.

<sup>11</sup> This paragraph is without prejudice to the rights and obligations deriving from bilateral visa waiver agreements between individual Mercosur Member States and individual EU Member States.

- (a) The juridical person employing the natural person must have obtained a service contract for a period not exceeding twelve months.
  - (b) The natural persons entering the other Party must have appropriate education or experience relevant to the service to be provided.
  - (c) The natural person shall not receive remuneration for the provision of services other than the remuneration paid by the contractual service supplier during their stay in the other Party.
  - (d) The temporary entry and stay of natural persons within the Party concerned shall be for a cumulative period of not more than six months in any twelve-month period or for the duration of the contract, whichever is less.
  - (e) Access accorded under the provisions of this Article relates only to the service activity which is the subject of the contract; it does not confer entitlement to exercise the professional title of the Party where the service is provided.
2. For the sectors specified in its schedule of specific commitments, and subject to any reservations listed therein, each Party shall allow the supply of services into its territory by independent professionals of the other Party, through presence of natural persons, subject to the following conditions:
- (a) The natural persons must have obtained a service contract for a period not exceeding twelve months.
  - (b) The natural persons entering the other Party must have appropriate educational and professional education relevant to the service to be provided.
  - (c) The temporary entry and stay of natural persons within the Party concerned shall be for a cumulative period of not more than six months in any twelve month period or for the duration of the contract, whichever is less.
  - (d) Access accorded under the provisions of this Article relates only to the service activity which is the subject of the contract, it does not confer entitlement to exercise the professional title of the Party where the service is provided.

### **Section 3 - Regulatory Framework**

#### **Sub-Section 1 - Provisions of General Application**

##### *Article 11*

#### **Mutual Recognition**

1. Nothing in this Title shall prevent a Party from requiring that natural persons must possess the necessary qualifications and/or professional experience specified in the territory where the service is supplied, for the sector of activity concerned.
2. For the purposes of the fulfilment, in whole or in part, of its standards or criteria for the authorization, licensing or certification of investors and services suppliers, a Party may recognize the education or experience obtained, requirements met, or licenses or certifications granted in the other Party. Such recognition, which may be achieved through harmonisation or otherwise, may be based upon an agreement or arrangement or may be accorded autonomously.

## *Article 12*

### **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 this Agreement.
2. The measures referred to in Paragraph one shall include measures applying to all modes of supply, including on the process of entry and temporary stay of the categories of natural persons as defined in article 7. This information must be kept up to date. Each Party shall facilitate access to the relevant information by indicating to the other Party where relevant publications and websites can be found.
3. Where publication as referred to in paragraphs 1 and 2 is not practicable, such information shall be made otherwise publicly available.
4. Each Party shall respond promptly to all requests by the other Party for specific information on any of its measures of general application or international agreements within the meaning of paragraph 1 and 2 including measures regarding the entry and temporary stay of services suppliers in the meaning of paragraph 2. Each Party shall also establish one or more enquiry points to provide specific information to services providers of the other Party, upon request, on all such matters. Such enquiry points are listed in Annex [...] (Enquiry points). Enquiry points need not be depositories of laws and regulations.
5. Nothing in this Agreement shall require any Party to provide confidential information, the disclosure of which would impede law enforcement, or otherwise be contrary to the public interest, or which would prejudice legitimate commercial interests of particular enterprises, public or private.

### **Sub-Section 2 - Domestic Regulation**

*Article 13*

**Scope and definitions**

1. These disciplines shall only apply to sectors for which the Party has undertaken specific commitments and to the extent that these specific commitments apply.
2. These disciplines do not apply to measures to the extent that they constitute limitations subject to scheduling under Articles [...] (Market Access) and [...] (National Treatment).
3. In sectors where specific commitments are undertaken, each Party shall ensure that all measures of general application affecting trade in services and establishment are administered in a reasonable, objective and impartial manner.
4. In regard to measures relating to licensing requirements and procedures, qualification requirements and procedures the Parties shall comply with the provisions and procedures described in this Sub-Section.
5. The following disciplines apply to measures by the Parties relating to licensing and qualification requirements and procedures that affect:
  - (a) cross-border supply of services;
  - (b) establishment in their territory of an enterprise, as defined in Article [...] of this Agreement; or
  - (c) temporary stay in their territory of categories of natural persons as defined in Article [...].
6. For the purpose of this [sub-section],
  - (a) “Licensing requirements” are substantive requirements other than qualification requirements which a services supplier or investor is required to comply in order to obtain from a competent authority a decision concerning the authorisation to supply a service, or concerning the authorisation to establish an enterprise in order to perform an economic activity, including a decision to amend or renew such authorisation.
  - (b) “Competent authority” is any central, regional or local government and authority or non-governmental body in the exercise of powers delegated by central or regional or local governments or authorities, which takes a decision concerning the authorisation to supply a service, or concerning the authorisation to establish an enterprise in order to perform an economic activity.
  - (c) “Licensing procedures” are administrative and procedural rules that a service supplier or an investor seeking authorisation to supply a service or to establish an enterprise must adhere to in order to demonstrate compliance with licensing requirements.

(d) “Qualification requirements” are substantive requirements relating to the competence of a natural person to supply a service and which are required to be demonstrated for the purpose of obtaining authorization to supply a service.

(e) “Qualification procedures” are administrative or procedural rules that a natural person must adhere to in order to demonstrate compliance with qualification requirements, for the purpose of obtaining authorization to supply a service.

#### *Article 14*

##### **Conditions for licensing**

1. Measures relating to licensing requirements shall be based on criteria which are:
  - (a) proportionate to a public policy objective;
  - (b) clear and unambiguous;
  - (c) objective;
  - (d) made public in advance.
2. A license should be granted as soon as it is established, in the light of an appropriate examination, that the conditions for obtaining a license have been met.
3. Where the number of licenses available for a given activity is limited because of the scarcity of available natural resources or technical capacity, the Parties shall apply a selection procedure to potential candidates which is impartial and transparent and provides, in particular, adequate publicity about the launch, conduct and completion of the procedure.
4. Subject to the provisions specified by this Article, in establishing the rules for the selection procedure, the Parties may take into account public policy objectives.

#### *Article 15*

##### **Licensing procedures**

1. Licensing procedures shall be clear and made public in advance. Each Party shall ensure that the licensing procedures used by, and the related decisions of, the competent authority are objective and impartial with respect to all applicants.
2. Licensing procedures shall not be dissuasive and shall not unduly complicate or delay the provision of the service.

3. Any licensing fees<sup>12</sup> which the applicants may incur from their application shall be reasonable and shall not in themselves restrict the supply of the service. To the extent practicable those fees should be proportionate to the cost of the authorisation procedures in question.

4. The competent authorities of a Party shall to the extent practicable provide an indicative timeframe for processing an application. Applications will be processed within a reasonable period of time. The period shall run only from the time when all documentation has been received by the competent authorities. When justified by the complexity of the issue, the time period may be extended, by the competent authority, for a reasonable time. The extension and its duration shall be duly motivated and shall be notified to the applicant, to the extent practicable before the original period has expired.

5. In the case of an incomplete application, the applicant shall be informed as quickly as possible of the need to supply any additional documentation. In this case, the period referred to in paragraph 4 may be suspended by the competent authorities, until all documentation has been received by the competent authorities.

6. When a request is rejected because it fails to comply with the required procedures or formalities, the applicant shall be informed of the rejection and of the available means of redress as quickly as possible.

#### *Article 16*

### **Qualification requirements**

1. Qualification requirements shall be based on criteria which are proportionate to a public policy objective, clear and unambiguous; objective and made public in advance.

2. Where a Party imposes qualification requirements for the supply of a service, it shall ensure that adequate procedures exist for the verification and assessment of qualifications held by service suppliers of the other Party. Where the competent authority considers that membership in a relevant professional association in the territory of another Party is indicative of the level of competence or extent of experience of the applicant, such membership shall be given due consideration.

3. For professional services, the scope of examinations and of any other qualification requirements shall be related to the rights to practice a profession for which authorisation is being sought so as to avoid unduly restricting persons of the other Party from applying.

4. Provided an applicant has presented all necessary supporting evidence of qualifications, the competent authority, in verifying and assessing qualifications, shall identify any deficiency and inform the applicant of requirements to meet the deficiency. Such requirements may include,

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<sup>12</sup> Licensing fees do not include payments for auction, tendering or other non-discriminatory means of awarding concessions, or mandated contributions to universal service provision.

inter alia, course work, examinations and training. The fact that an applicant of a Party presents evidence of qualifications obtained in a non-Party shall not in itself constitute an a priori reason for the other Party to reject the application and refrain from making a proper assessment of the qualifications presented.

5. Where examinations are required, each Party shall ensure that they are scheduled at reasonably frequent intervals. Applicants for examinations shall be allowed a reasonable period to submit applications.

6. Once qualification requirements and any other applicable regulatory requirements have been fulfilled, each Party should ensure that a service supplier is allowed to supply the service without undue delay.

#### *Article 17*

#### **Qualification procedures**

1. Qualification procedures shall be clear and unambiguous, objective and made public in advance.

2. Each Party shall ensure that the qualification procedures used by, and the related decisions of, the competent authority are impartial with respect to all applicants.

3. An applicant shall, in principle, not be required to approach more than one competent authority for qualification procedures.

4. Where specific time periods for applications exist, an applicant shall be allowed a reasonable period for the submission of an application. The competent authority shall initiate the processing of an application without undue delay. To the extent practicable, the competent authority shall accept applications in electronic format under the same conditions of authenticity as paper submissions.

5. Authenticated copies should be accepted, where possible, in place of original documents.

6. If the competent authority rejects an application, it shall inform the applicant, to the extent practicable in writing, without undue delay. It shall inform the applicant, upon request, of the reasons for rejection of the application and identify any deficiencies and requirements to meet the deficiencies. It shall inform the applicant of the timeframe for an appeal against the decision, if available. It shall permit an applicant to resubmit an application within reasonable time limits.

7. Each Member shall ensure that the processing of an application, including verification and assessment of a qualification, is completed within a reasonable timeframe from the submission of a complete application. Each Member shall endeavour to establish the normal timeframe for processing of an application.

8. Each Member shall ensure that any fees relating to qualification procedures are commensurate with the costs incurred by the competent authorities and do not in themselves restrict the supply of the service.

*Article 18*

**Review of administrative decisions**

Each Party shall maintain or institute judicial, arbitral or administrative tribunals or procedures which provide, at the request of an affected investor or service supplier, for a prompt review of, and where justified, appropriate remedies for, administrative decisions affecting establishment, cross border supply of services or temporary presence of natural persons supplying services and for business purposes. Where such procedures are not independent of the agency entrusted with the administrative decision concerned, the Parties shall ensure that the procedures in fact provide for an objective and impartial review.

**Sub-Section 3 - Postal Services**

*Article 19*

**Scope and definitions**

1. This Sub-section sets out principles of the regulatory framework for postal services regarding which the Parties have undertaken specific commitments in accordance with this Chapter.

2. Nothing in this Sub-Section requires a party to liberalise services reserved to one or more designated operators as indicated in its schedule of commitments.

3. For the purpose of this Sub-section:

(a) "Postal service"<sup>13</sup> means services involving the collecting, sorting, transport and delivery of postal items whether to domestic or foreign destinations, whether priority, non-priority, urgent, express, etc., performed by any operator whether public or private.

(b) "Postal item" means an item addressed in the final form in which it is to be carried by a postal service provider, whether public or private, and may include items such as a letter, parcel, newspaper, catalogue and others.

(c) "Regulatory authority" for the postal sector means the independent body or bodies charged with the regulation of postal services mentioned in this Sub-section.

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<sup>13</sup> Postal services cover CPC 7511 and CPC 7512.

(d) "Universal service" means the permanent provision of a postal service of specified quality at all points in the territory of a Party at affordable prices for all users. Its scope and implementation are decided by each Party.

(e) "Licence" means any form of authorisation or permission<sup>14</sup>, setting out rights and obligations specific to the postal sector granted to an individual supplier by a regulatory authority, or any other competent body, which is required before supplying a given service.

(f) "Essential requirements" means general non-economic reasons for imposing conditions on the supply of postal services. These reasons may include the confidentiality of correspondence, security of the network as regards the transport of dangerous goods, data protection, environmental protection and regional planning.

#### *Article 20*

##### **Prevention of anticompetitive practices in the postal sector**

Each Party shall ensure that a supplier of postal services subject to a universal service obligation or a postal monopoly does not engage in anticompetitive practices such as:

(a) using revenues derived from the supply of such service to cross-subsidize the supply of an express postal service or any non-universal postal service, and

(b) differentiating among customers such as businesses, large volume mailers or consolidators with respect to tariffs or other terms and conditions for the supply of a service subject to a universal service obligation or a postal monopoly, as long as such differentiation is not based on objective or impartial criteria.

#### *Article 21*

##### **Universal Services**

Any Party has the right to define the kind of universal service obligation it wishes to maintain and may adopt the necessary measures in order to safeguard the implementation, development, and maintenance of the universal postal service. Such measures and obligations will not be regarded as anti-competitive per se, provided they are applied in a transparent, non-discriminatory and proportionate way.

#### *Article 22*

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<sup>14</sup> For greater certainty this includes concession, registration, declaration, notification individual licences, among others.

### **Licences to provide postal services**

1. The Parties may require licences for the supply of postal services. A licence should be granted wherever possible, according to national legislation, upon a simplified authorisation procedure.
2. A licence may require compliance with essential requirements, including quality standards and respect of the exclusive and special rights of designated operators of reserved services or of universal postal services.
3. When a licence is required:
  - (a) the Parties shall make publicly available in an easily accessible form:
    - the rights and obligations resulting from such licence;
    - the criteria, terms and conditions for licensing, and
    - to the extent possible, the period of time normally required to reach a decision concerning an application for a licence.
  - (b) the procedures for the granting of a licence shall be transparent, non-discriminatory, proportionate and based on objective criteria;
  - (c) any licensing fees<sup>15</sup> which the applicants may incur from their application shall be reasonable and do not in themselves restrict the supply of the service.
4. The status of an application for a licence and the reasons for the denial of a licence shall be made known to the applicant upon request. The procedure for appeal through a domestic independent body shall be made available according to the regulation of each Party. Such a procedure will be transparent, non-discriminatory, and based on objective criteria.

### *Article 23*

#### **Independence of regulatory bodies**

The Parties may designate a regulatory authority, whether specific or not for the sector. The regulatory body or bodies for postal services shall be legally separate from, and not accountable to, any supplier of postal services. The decisions of and the procedures used by the regulatory bodies shall be impartial with respect to all market participants.

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<sup>15</sup> Licensing fees do not include payments for auction, tendering or other non-discriminatory means of awarding concessions, or mandated contributions to universal service provision.

## **Sub-Section 4 - Telecommunications Services**

### *Article 24*

#### **Scope and definitions**

1. This Sub-section sets out principles of the regulatory framework for telecommunications services, other than broadcasting<sup>16</sup>, regarding which the Parties have undertaken specific commitments in accordance with this Chapter.
2. Nothing in this Sub-Section shall be construed:
  - (a) to require a Party to authorize a service supplier of any other Party to establish, construct, acquire, lease, operate, or supply telecommunications transport networks or services, other than as provided for in its Schedule; or
  - (b) to require a Party (or to require a Party to oblige service suppliers under its jurisdiction) to establish, construct, acquire, lease, operate or supply telecommunications transport networks or services not offered to the public generally.
3. For the purpose of this Sub-section:
  - (a) “telecommunications services” means all services which consist in the transmission and reception of electro-magnetic signals. Telecommunications services exclude services providing, or exercising editorial control over, the content transmitted.
  - (b) “regulatory authority” in the telecommunications sector means the body or bodies charged with the regulation of telecommunications mentioned in this Sub-Section;
  - (c) “essential telecommunications facilities”<sup>17</sup> mean facilities of a public telecommunications transport network and service that
    - (i) are exclusively or predominantly provided by a single or limited number of suppliers; and
    - (ii) cannot feasibly be economically or technically substituted in order to provide a service.

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<sup>16</sup> Broadcasting is defined as radiocommunication in which transmissions are intended for direct reception by the general public, and may include sound transmission and television transmission. Suppliers of broadcasting services shall be considered as suppliers of public telecommunications transport services and their networks as public telecommunications transport networks, when and to the extent that such networks are also used for providing public telecommunications transport services.

<sup>17</sup> For the Republic of Paraguay and the Republic of Uruguay “essential telecommunications facilities” mean facilities of a public telecommunications transport network and service in accordance with the definition provided by the respective domestic regulation.

- (d) “licence” means any form of authorisation including registration, declaration, notification procedures or others as defined in domestic regulation of a Party, setting out rights and obligations specific to the telecommunications sector granted to an individual supplier by a regulatory authority which is required for the provision of telecommunication service.
- (e) “service supplier” means a person that has been granted a license to supply telecommunication services;
- (f) “major supplier” in the telecommunications sector is a supplier which has the ability to materially affect the terms of participation (having regard to price and supply) in a relevant market for telecommunications services as a result of control over essential facilities or the use of its position in that market;
- (f) “interconnection” means linking with suppliers providing telecommunications transport networks or services in order to allow the users of one supplier to communicate with users of another supplier and to access services provided by another supplier;
- (g) “public telecommunications transport service” means any telecommunications transport service required, explicitly or in effect, by a Party to be offered to the public generally;
- (g) ‘universal service’ means the set of services of specified quality that must be made available to all users in the territory of a Party regardless of their geographical location and at an affordable price; its scope and implementation are decided by each Party.

## *Article 25*

### **Regulatory Authority**

1. Regulatory authorities for telecommunications services shall be legally distinct and functionally independent from any supplier of telecommunications services.
2. The regulatory authority shall be sufficiently empowered and resourced to regulate the sector. The competences of a regulatory authority shall be made public in an easily accessible and clear form, in particular where those tasks are assigned to more than one body.
3. The decisions of and the procedures used by regulators shall be impartial with respect to all market participants.
4. A supplier affected by the decision of a regulatory authority shall have a right to appeal against that decision to a domestic appeal body that is independent of the parties involved and of the regulatory authority. Where the appeal body is not judicial in character, written reasons for its decision shall always be given and its decisions shall also be subject to review by an impartial and independent domestic judicial or administrative authority.

*Article 26*

**Licenses to provide telecommunication services**

1. A licence shall be granted, wherever possible, upon a simplified procedure.
2. Terms and conditions for the attributions of numbers and frequencies shall be made publicly available.
3. Where a licence is required:
  - (a) all the licensing criteria shall be made publicly available. A reasonable period of time normally required to reach a decision concerning an application for a licence, after the submission of a complete application, shall be made publicly available;
  - (b) the reasons for the denial of a licence shall be made known in writing to the applicant upon request;
  - (c) the applicant for a licence shall be able to seek recourse to a domestic appeal body in the case where a licence has been unduly denied.

*Article 27*

**Anti-competitive practices**

The Parties shall introduce or maintain appropriate measures for the purpose of preventing suppliers who, alone or together are a major<sup>18</sup> supplier from engaging in or continuing anti-competitive practices.

The anti-competitive practices may include abuse of dominant position, and all practices, conducts or recommendations, individual or concerted, which have the effect of restricting, limiting, hindering, distorting or preventing the current or future competition in the relevant market.

*Article 28*

**Access to essential facilities**

Each Party shall ensure that a major supplier<sup>19</sup> in its territory grants access to its essential facilities to suppliers of telecommunications services on reasonable and non-discriminatory<sup>20</sup> terms and

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<sup>18</sup> In the case of the Oriental Republic of Uruguay, the scope of this provision applies to all suppliers

<sup>19</sup> In the case of the Oriental Republic of Uruguay, the scope of this provision applies to all suppliers.

<sup>20</sup> For the purpose of this section, non-discrimination is understood to refer to national treatment as defined in Article XX [national treatment], as well as to reflect sector-specific usage of the term to mean “terms and conditions no less

conditions (including in relation to rates, technical standards, specifications, quality and maintenance).

*Article 29*

**Interconnection**

1. Any supplier authorised to provide telecommunications services shall have the right to negotiate interconnection with other providers of publicly available telecommunications networks and services. Interconnection should in principle be agreed on the basis of commercial negotiation between the companies concerned.

2. Each Party shall ensure that suppliers that acquire information from another undertaking during the process of negotiating interconnection arrangements use that information solely for the purpose for which it was supplied and respect at all times the confidentiality of information transmitted or stored.

3. Interconnection with a major supplier<sup>21</sup> shall be ensured at any technically feasible point in the network. Such interconnection shall be provided:

(a) under non-discriminatory terms, conditions (including technical standards and specifications) and rates, and of a quality no less favourable than that provided for the own like services of such major supplier, or for like services of non-affiliated service suppliers, or for its subsidiaries or other affiliates;

(b) in a timely fashion, on terms and conditions (including technical standards and specifications) that are transparent, reasonable, having regard to economic feasibility, and sufficiently detailed, so that the supplier need not pay for network components or facilities that it does not require for the service to be provided.

(c) upon request by another supplier, and subject to an assessment by the regulatory authority where appropriate, at any technically feasible points in addition to the network termination points offered to the majority of users, subject to reasonable charges.

4. The rules applicable for interconnection to a major supplier shall be made publicly available.

5. Major suppliers shall make publicly available either their interconnection agreements or their reference interconnection offers where it is appropriate.

6. A service supplier requesting interconnection with a major supplier shall have recourse either at any time or after a reasonable period of time which has been made publicly known, to an

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favourable than those accorded to any other user of like public telecommunication networks or services under like circumstances”.

<sup>21</sup> In the case of the Oriental Republic of Uruguay, the scope of this provision applies to all suppliers.

independent domestic body, which may be a regulatory body as referred to in Article 31 of this Sub-Section, to resolve disputes regarding appropriate terms, conditions and rates for interconnection.

*Article 30*

**Scarce resources**

Any procedures for the allocation and use of scarce resources, including frequencies, shall be carried out in an objective, timely, transparent and non discriminatory manner. To the extent possible, the current state of allocated frequency bands shall be made publicly available, but detailed identification of frequencies allocated for specific government uses is not required.

*Article 31*

**Universal services**

1. Each Party has the right to define the kind of universal service obligations it wishes to maintain. Such obligations must be administered in a transparent, objective, non discriminatory and proportionate way.
2. Where the designation of a universal service provider is open to multiple service suppliers, such procedures shall be open to all suppliers. The designation shall be made through an efficient, transparent and non-discriminatory mechanism.

*Article 32*

**Confidentiality of information**

Each Party shall ensure the confidentiality of telecommunications and related traffic data by means of a public telecommunication network and publicly available telecommunications services, subject to the requirement that measures applied to that end do not constitute a means of arbitrary or unjustifiable discrimination or a disguised restriction on trade in services.

*Article 33*

**Disputes between suppliers**

1. In the event of a dispute arising between suppliers of telecommunications networks or services, the national regulatory authority concerned shall, at the request of either party, issue a binding decision to resolve the dispute in the shortest possible timeframe.

2. When such a dispute concerns the cross-border provision of services, the national regulatory authorities concerned shall co-ordinate their efforts in order to bring about a resolution of the dispute.

*Article 34*

**International mobile roaming services**

1. Each Party shall endeavour to cooperate on promoting transparent and reasonable rates for international roaming services with a view to promoting the growth of trade between the Parties and enhancing consumer welfare.

2. Each Party shall ensure that telecommunications services suppliers providing international mobile roaming services for voice, text messaging and data, provide those services:

-with a similar quality than that provided to their own retail customers in their country of establishment; and

-with clear and readily available information in respect of access to the services and the prices thereof.

3. The Parties shall establish cooperation mechanisms aimed at monitoring the achievement of the above mentioned points as well as on the other issues related to international mobile roaming services that could be identified.

4. Nothing in this Article shall oblige a Party to regulate rates or conditions for international mobile roaming services.

**Sub-Section 5 - Financial Services**

*Article 35*

**Definitions**

1. This sub-section applies to measures by a Party affecting supply of financial services.

2. For the purposes of this Sub-Section:

(i) “Financial service” means any service of a financial nature offered by a financial service supplier of a Party. Financial services comprise the following activities:

A. Insurance and insurance-related services

1. direct insurance (including co-insurance):

- (a) life;
  - (b) non-life;
2. reinsurance and retrocession;
  3. insurance inter-mediation, such as brokerage and agency; and
  4. services auxiliary to insurance, such as consultancy, actuarial, risk assessment and claim settlement services.
- B. Banking and other financial services (excluding insurance):
1. acceptance of deposits and other repayable funds from the public;
  2. lending of all types, including consumer credit, mortgage credit, factoring and financing of commercial transaction;
  3. financial leasing;
  4. all payment and money transmission services, including credit, charge and debit cards, travellers cheques and bankers drafts;
  5. guarantees and commitments;
  6. trading for own account or for account of customers, whether on an exchange, in an over-the-counter market or otherwise, the following:
    - (a) money market instruments (including cheques, bills, certificates of deposits);
    - (b) foreign exchange;
    - (c) derivative products including, but not limited to, futures and options;
    - (d) exchange rate and interest rate instruments, including products such as swaps, forward rate agreements;
    - (e) transferable securities;
    - (f) other negotiable instruments and financial assets, including bullion;
  7. participation in issues of all kinds of securities, including underwriting and placement as agent (whether publicly or privately) and provision of services related to such issues;
  8. money broking;
  9. asset management, such as cash or portfolio management, all forms of collective investment management, pension fund management, custodial, depository and trust services;
  10. settlement and clearing services for financial assets, including securities, derivative products, and other negotiable instruments;

11. provision and transfer of financial information, and financial data processing and related software by suppliers of other financial services;

12. advisory, intermediation and other auxiliary financial services on all the activities listed in subparagraphs (1) through (11), including credit reference and analysis, investment and portfolio research and advice, advice on acquisitions and on corporate restructuring and strategy.

(ii) “Financial service supplier” means any natural or juridical person of a Member wishing to supply or supplying financial services but the term "financial service supplier" does not include a public entity.

(iii) “New financial service” means a service of a financial nature, including services related to existing and new products or the manner in which a product is delivered, that is not supplied by any financial service supplier in the territory of a Party but which is supplied in the territory of the other Party.

(iv) Self-regulatory organisation means a non-governmental body, including any organisation or association, that exercises regulatory or supervisory authority over financial service suppliers by delegation from a Party.

(v) “Public entity” means:

1. A government, a central bank or a monetary authority, of a Party, or an entity owned or controlled by a Party, that is principally engaged in carrying out governmental functions or activities for governmental purposes, not including an entity principally engaged in supplying financial services on commercial terms; or
2. A private entity, performing functions normally performed by a central bank or monetary authority, when exercising those functions.

(vi) For the purposes of this sub-section and only in relation to services covered by this sub-section (financial services) “services supplied in the exercise of governmental authority” means the following:

1. activities conducted by a central bank or monetary authority or by any other public entity in pursuit of monetary or exchange rate policies;
2. activities forming part of a statutory system of social security or public retirement plans; and
3. other activities conducted by a public entity for the account or with the guarantee or using the financial resources of the Government.

If a Party allows any of the activities referred to in subparagraphs (2) or (3) of paragraph (vi) to be conducted by its financial service suppliers in competition with a public entity or a financial service supplier, “financial services” shall include such activities, which will then fall within the scope of this Chapter.

The general definition of ‘services supplied in the exercise of governmental authority’ included in article 1.7 of this Chapter shall not apply to services covered by this sub-section.

*Article 36*

**Prudential carve out**

1. Nothing in this Agreement shall be construed to prevent a Party from taking measures for prudential reasons, such as:
  - (a) the protection of investors, depositors, financial market participants, policy-holders or persons to whom a fiduciary duty is owed by a financial service supplier;
  - (b) ensuring the integrity and stability of a Party's financial system.
2. Where such measures do not conform with the provisions of this sub-section, they shall not be used as a means of avoiding the Party's commitments or obligations under this sub-section.
3. Nothing in this Agreement shall be construed to require a Party to disclose information relating to the affairs and accounts of individual clients or any confidential or proprietary information in the possession of public entities.

*Article 37*

**Effective and transparent regulation in the financial services sector**

1. Each Party shall make its best endeavours to provide in advance to all interested persons any measure of general application that the Party proposes to adopt. Such measure shall be provided:
  - (a) by means of an official publication; or
  - (b) in other written or electronic form.
2. Each Party's appropriate financial authority shall make available to interested persons its requirements for completing applications relating to the supply of financial services.
3. On the request of an applicant, the appropriate financial authority shall inform the applicant of the status of its application. If such authority requires additional information from the applicant, it shall notify the applicant without undue delay.
4. Each Party shall make its best endeavours to ensure that internationally agreed standards for regulation and supervision in the financial services sector and for the fight against tax evasion and avoidance are implemented and applied in its territory. Such internationally agreed standards are, inter alia, those adopted by the G20, the Financial Stability Board (FSB), the Basle

Committee the International Association of Insurance Supervisors, the International Organisation of Securities Commissions, recommendations from the Financial Action Task Force on Money Laundering, the Global Forum on Transparency and Exchange of Information for Tax Purposes of the Organisation of Economic Cooperation and Development (OECD), and the International Financial Reporting Standards (IFRS). For this purpose, the Parties shall cooperate and exchange information and experiences on the matter.

*Article 38*

**New financial services**

1. Each Party shall permit a financial services supplier of the other Party, established in its territory, to provide in its territory any new financial services within the scope of the sub-sectors and financial services committed in its schedule and subject to the terms, limitations, conditions and qualifications established in that schedule.

2. A “new financial service” must be in accordance with laws of the party where it is intended to be supplied and subject to the approval, regulation and supervision of competent authorities of that party.

*Article 39*

**Mutual recognition of prudential measures**

1. A Party may recognise prudential measures of the other Party in determining how the Party’s measures relating to financial services shall be applied. Such recognition, which may be achieved through harmonisation or otherwise, may be based upon an agreement or arrangement or may be accorded autonomously.

2. A Party that is a party to an agreement or arrangement with a third party such as those referred to in paragraph 1, whether future or existing, shall afford adequate opportunity for the other Party to negotiate its accession to such agreements or arrangements, or to negotiate comparable ones with it, under circumstances in which there would be equivalent regulation, oversight, implementation of such regulation, and, if appropriate, procedures concerning the sharing of information between the Parties to the agreement or arrangement. Where a Party accords recognition autonomously, it shall afford adequate opportunity for the other Party to demonstrate that such circumstances exist.

*Article 40*

**Self-regulatory organisations**

1. When a Party requires membership or participation in, or access to, any self-regulatory body, in order for financial service suppliers of the other Party to supply financial services on an equal basis with financial service suppliers of the Party, or when the Party provides directly or indirectly such entities, privileges or advantages in supplying financial services, the Party shall ensure that such entities accord National Treatment (Article...) to financial service suppliers established in the territory of that Party.

2. For greater certainty, nothing in this Article prevents a self-regulatory organisation referred to in paragraph 1 from adopting its own non-discriminatory requirements or procedures. Insofar as such measures are taken by non-governmental bodies and not in relation to the exercise of powers delegated by central, regional, or local governments or authorities then they are not considered to be measures of a Party and thus do not fall within the scope of this Chapter.

*Article 41*

**Payment and clearing systems**

On the basis of regulatory requirements and in accordance with national treatment, each Party shall grant to financial services suppliers of the other Party established in its territory access to payment and clearing facilities operated by public entities and to official funding and refinancing available in the normal course of ordinary business. This paragraph is not intended to confer access to a Party's lender of last resort facilities (national central bank and/ or any other monetary authority).

**Sub-Section 6 – E-commerce**

*Article 42*

**Objective and scope**

1. The Parties, recognising that electronic commerce increases trade opportunities in many economic activities, agree to promote the development of electronic commerce between them, including by co-operating on the issues raised by electronic commerce under the provisions of this Section.

2. This Section shall apply to measures that affect trade by electronic means.

3. The parties recognise the principle of technological neutrality in electronic commerce.

4. The provisions of this section shall not apply to gambling services, broadcasting services, audio-visual services, services of notaries or equivalent professions and legal representation services.

*Article 43*

**Definitions**

For the purpose of this Chapter:

- a) 'consumer' means any natural person, or juridical person if provided for in national laws and regulations of each party, using or requesting a publicly available telecommunications service for purposes outside his trade, business or profession;
- b) 'direct marketing communication' means any form of advertising by which a natural or juridical person communicates marketing messages directly to end-users via a public telecommunications network and, for the purpose of this agreement, covers at least electronic mail and text and multimedia messages (SMS and MMS);
- c) 'electronic authentication service' means a service that enables to confirm:
  - i) the electronic identification of a natural or juridical person, or
  - ii) the origin and integrity of data in electronic form;
- d) 'electronic signature' means data in electronic form which are attached to or logically associated with other electronic data and fulfils the following requirements:
  - i) it is used by a natural person to agree on the electronic data to which it relates;
  - ii) it is linked to the electronic data to which it relates in such a way that any subsequent alteration in the data is detectable;
  - iii) it is used by a juridical person to ensure the origin and integrity of the electronic data to which it relates;
- e) 'end-user' means any natural or juridical person using or requesting a publicly available telecommunications service, either as a consumer or for trade, business or professional purposes.

*Article 44*

**Customs duties on electronic transmissions**

1. Neither Party shall impose custom duties on electronic transmissions between a person of one Party and a person of the other Party.

2. For greater certainty, paragraph 1 shall not preclude a Party from imposing internal taxes, fees, or other charges on electronic transmissions, provided that such taxes, fees, or charges are imposed in a manner consistent with this Agreement.

#### *Article 45*

### **Principle of no prior authorisation**

1. The Parties shall endeavour not to require prior authorisation solely on the ground that the service is provided by electronic means or adopt or maintain any other requirement having equivalent effect.

2. Paragraph 1 does not apply to telecommunication and financial services.

3. For greater certainty, nothing shall prevent a Party from adopting or maintaining measures inconsistent with paragraph 1 to achieve a legitimate public policy objective in accordance with:

- a) right to regulate (Art. 1.4);
- b) general exception (Art. 48);
- c) security exceptions (Art. 49); and
- d) prudential carve-outs (Art. 36).

#### *Article 46*

### **Conclusion of contracts by electronic means**

The Parties shall ensure that their legal systems allow contracts to be concluded by electronic means and that the legal requirements for contractual processes neither create obstacles for the use of electronic contracts nor result in such contracts being deprived of legal effectiveness and validity for having been made by electronic means, unless provided for in their laws and regulations<sup>22</sup>.

#### *Article 47*

### **Electronic signature and authentication services**

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<sup>22</sup> This provision shall not apply to contracts that create or transfer rights in real estate; contracts requiring by law the involvement of courts, public authorities or professions exercising public authority; contracts of suretyship granted and or collateral securities furnished by persons acting for purposes outside their trade, business or profession; and contracts governed by family law or by the law of succession.

1. A Party shall not deny the legal effect and admissibility as evidence in legal proceedings of an electronic signature and electronic authentication service solely on the basis that the service is in electronic form.
2. Neither Party shall adopt or maintain measures regulating electronic signature and electronic authentication services that would:
  - (a) prohibit parties to an electronic transaction from mutually determining the appropriate electronic methods for their transaction; or
  - (b) prevent parties to an electronic transaction from having the opportunity to prove to judicial and administrative authorities that their electronic transaction complies with any legal requirements with respect to electronic signature and electronic authentication services.

*Article 48*

**Unsolicited direct marketing communications**

1. Each Party shall endeavour to protect end-users effectively against unsolicited direct marketing communications. To this end, in particular the following paragraphs shall apply.
2. Each Party shall endeavour to ensure that natural and juridical persons do not send direct marketing communications to consumers who have not given their consent<sup>23</sup>.
3. Notwithstanding paragraph 2, the Parties shall allow natural and juridical persons which have collected, in accordance with each Party's own laws and regulations, a consumer's contact details in the context of the sale of a product or a service, to send direct marketing communications to that consumer for their own similar products or services.
4. Each Party shall endeavour to ensure that direct marketing communications are clearly identifiable as such, clearly disclose on whose behalf they are made, and contain the necessary information to enable end-users to request cessation free of charge and at any moment.

*Article 49*

**Consumer Protection**

1. The Parties recognize the importance of adopting and maintaining transparent and effective measures to protect consumers, inter alia, from fraudulent and misleading commercial practices when they engage in electronic commerce transactions.

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<sup>23</sup> Consent shall be defined in accordance with each Party's own laws and regulations.

2. To this end, the Parties shall adopt or maintain measures that contribute to consumer trust, including measures that proscribe fraudulent and deceptive commercial practices. Such measure shall, inter alia, provide for:

- a) The right of consumers to clear and thorough information regarding the service and its provider;
- b) The obligation of traders to act in good faith and abide by honest market practices, including in response to questions by consumers;
- c) The prohibition of charging consumers for services not requested or for a period in time not authorized by the consumer;
- d) Access to redress for consumers to claim their rights, including as regards their right to remedies for services paid and not provided as agreed.

3. The Parties recognise the importance of cooperation between their respective national consumer protection agencies or other relevant bodies on activities related to electronic commerce in order to protect consumers and enhance consumer trust.

#### *Article 50*

#### **Regulatory cooperation on e-commerce**

1. The Parties shall maintain cooperation and dialogue on the regulatory issues raised by electronic commerce on the basis of mutually agreed terms and conditions, which shall address, inter alia, the following issues:

- (a) the recognition and facilitation of interoperable cross-border electronic signature and authentication services;
- (b) the liability of intermediary service providers with respect to the transmission or storage of information;
- (c) the treatment of direct marketing communications;
- (d) the protection of consumers in the ambit of electronic commerce;
- (e) the promotion of paperless trading; and
- (f) any other issue relevant to the development of electronic commerce.

2. Such cooperation shall focus on exchange of information on the Parties' respective legislation on these issues as well as on the implementation of such legislation.

*Article 51*

**Understanding on computer services**

1. The Parties agree that, for the purpose of liberalising trade in services in accordance with articles 3 and 4 of this Chapter, the following shall be considered as computer and related services, regardless of whether they are delivered via a network, including the Internet:

- (a) consulting, strategy, analysis, planning, specification, design, development, installation, implementation, integration, testing, debugging, updating, support, technical assistance, or management of or for computers or computer systems;
- (b) computer programmes defined as the sets of instructions required to make computers work and communicate (in and of themselves), plus consulting, strategy, analysis, planning, specification, design, development, installation, implementation, integration, testing, debugging, updating, adaptation, maintenance, support, technical assistance, management or use of or for computer programs;
- (c) data processing, data storage, data hosting or database services;
- (d) maintenance and repair services for office machinery and equipment, including computers; and
- (e) training services for staff of clients, related to computer programmes, computers or computer systems, and not elsewhere classified.

2. For greater certainty, services enabled by computer and related services shall not necessarily be regarded as computer and related services in themselves.

**Section 4 - Final provisions and exceptions**

*Article 52*

**Contact points**

No later than one year from the date of entry into force of the Agreement, each Party shall designate contact points with an aim to:

1. Facilitate information to the other Party regarding the implementation of this chapter, such as:

- (a) commercial and technical aspects of the supply of services; and

- (b) registration, recognition and obtaining of professional qualifications.

2. Consider any other issues regarding the implementation of this Chapter that are referred by a Party.

*Article 53*

**Review clause**

Pursuant to its objectives, this Chapter may be revised no later than three (3) years from the date of entry into force of this Agreement, or in the context of an overall review of this Agreement.

*Article 54*

**General exceptions**

1. Subject to the requirement that such measures are not applied in a manner which would constitute a means of arbitrary or unjustifiable discrimination between countries where like conditions prevail, or a disguised restriction on establishment or cross-border supply of services, nothing in this Chapter shall be construed to prevent the adoption or enforcement by either Party of measures:

- (a) necessary to protect public security or public morals or to maintain public order<sup>24</sup>;
- (b) necessary to protect human, animal or plant life or health;
- (c) relating to the conservation of exhaustible natural resources, if such measures are applied in conjunction with restrictions on domestic investors or on the domestic supply or consumption of services.
- (d) necessary for the protection of national treasures of artistic, historic or archaeological value;
- (f) necessary to secure compliance with laws or regulations which are not inconsistent with the provisions of this Chapter including those relating to:
  - (i) the prevention of deceptive and fraudulent practices<sup>25</sup> or to deal with the effects of a default on contracts;

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<sup>24</sup> The public order exception may be invoked only where a genuine and sufficiently serious threat is posed to one of the fundamental interests of society.

<sup>25</sup> For greater certainty, this includes anti-money laundering and counter-terrorism financing (AML/CTF) regulations

(ii) the protection of the privacy of individuals in relation to the processing and dissemination of personal data and the protection of confidentiality of individual records and accounts;

(iii) safety;

(g) inconsistent with Article [...] on National Treatment, provided that the difference in treatment is aimed at ensuring the effective or equitable imposition or collection of direct taxes in respect of economic activities, investors or services suppliers of the other Party<sup>26</sup>.

2. Nothing in this Chapter shall be construed to prevent the adoption or enforcement of a measure which implements a requirement imposed or enforced by a court, administrative tribunal, or competition authority to remedy a violation of competition laws and regulations.

#### *Article 55*

#### **Denial of benefits**

A Party may deny the benefits of this Agreement to:

(a) the supply of a service, if it establishes that this service is supplied from or in the territory of a non-Party

(b) a juridical person, if it establishes that it is a juridical person of a non-Party.

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<sup>26</sup> Measures that are aimed at ensuring the equitable or effective imposition or collection of direct taxes include measures taken by a Party under its taxation system which:

(i) apply to non-resident investors and services suppliers in recognition of the fact that the tax obligation of non-residents is determined with respect to taxable items sourced or located in the Party's territory; or  
(ii) apply to non-residents in order to ensure the imposition or collection of taxes in the Party's territory; or  
(iii) apply to non-residents or residents in order to prevent the avoidance or evasion of taxes, including compliance measures; or

(iv) apply to consumers of services supplied in or from the territory of another Party in order to ensure the imposition or collection of taxes on such consumers derived from sources in the Party's territory; or

(v) distinguish investors and service suppliers subject to tax on worldwide taxable items from other investors and service suppliers, in recognition of the difference in the nature of the tax base between them; or

(vi) determine, allocate or apportion income, profit, gain, loss, deduction or credit of resident persons or branches, or between related persons or branches of the same person, in order to safeguard the Party's tax base.

Tax terms or concepts in paragraph (f) of this provision and in this footnote are determined according to tax definitions and concepts, or equivalent or similar definitions and concepts, under the domestic law of the Party taking the measure.