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**DRAFT 6 January 2006**

**Chapter Twenty**

**Administration of the Agreement and Trade Capacity Building**

**Section A: Administration of the Agreement**

**Article 20.1: The Free Trade Commission**

1. The Parties hereby establish the Free Trade Commission, comprising cabinet-level representatives of the Parties, as set out in Annex 20.1, or their designees.
2. The Commission shall:
  - (a) supervise the implementation of this Agreement;
  - (b) oversee the further elaboration of this Agreement;
  - (c) seek to resolve disputes that may arise regarding the interpretation or application of this Agreement;
  - (d) supervise the work of all committees, councils, and working groups established under this Agreement and recommend appropriate actions;
  - (e) establish the amount of remuneration and expenses that will be paid to panelists;
  - (f) consider any other matter that may affect the operation of this Agreement; and,
  - (g) establish and modify its rules of procedure.
3. The Commission may:
  - (a) establish and delegate responsibilities to committees and working groups;
  - (b) consider any amendment to this Agreement or other modification to the commitments therein, including:
    - (i) the Schedules attached to Annex 2.3 (Tariff Elimination), by accelerating tariff elimination;
    - (ii) the rules of origin established in Annex 4.1 (Specific Rules of Origin) and Annex 3.2 (Textiles Rules of Origin);
    - (iii) the Common Guidelines referenced in Art. 4.21 (Common Guidelines); and

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- (iv) Annex 9.1 (Government Procurement);
  - (c) issue interpretations of the provisions of this Agreement;
  - (d) seek the advice of non-governmental persons or groups; and
  - (e) take such other action in the exercise of its functions as the Parties may agree.
4. The Commission may review the impacts, including any benefits, of the Agreement on the small and medium-size businesses of the Parties. Toward that end, the Commission may:
- (a) Designate working groups to evaluate the impacts of the Agreement on small and medium-size businesses and make relevant recommendations to the Commission, including working plans focused on the needs of small and medium-size businesses. Any working group recommendations with respect to trade capacity building shall be referred to the Committee for Trade Capacity Building for consideration.
  - (b) Receive information, inputs and contributions from representatives of small and medium-size businesses and their business associations.
5. All decisions of the Commission shall be taken by consensus, except as the Commission may otherwise agree.
6. The Commission shall convene at least once a year in regular session, except as the Commission may otherwise agree. Regular sessions of the Commission shall be chaired successively by each Party.

**Article 20.2: Free Trade Agreement Coordinators**

1. Each Party shall appoint a free trade agreement coordinator, as set out in Annex 20.1.
2. The coordinators shall work jointly to develop agendas and make other preparations for Commission meetings and shall follow-up on Commission decisions as appropriate.

**Article 20.3: Administration of Dispute Settlement Proceedings**

1. Each Party shall:
  - (a) designate an office that shall provide administrative assistance to the panels established under Chapter Twenty-One (Dispute Settlement) and perform such other functions as the Commission may direct; and
  - (b) notify the Commission of the location of its designated office.

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2. Each Party shall be responsible for the operation and costs of its designated office.

**Section B: Trade Capacity Building**

**Article 20.4: Committee on Trade Capacity Building**

1. Recognizing that trade capacity building is a catalyst for the reforms and investments necessary to foster trade-driven economic growth, poverty reduction, and adjustment to liberalized trade, the Parties hereby establish a Committee on Trade Capacity Building, comprising representatives of each Party.

2. In furtherance of the Parties' ongoing trade capacity building efforts, and in order to assist Peru to implement this Agreement and adjust them to more liberalized trade, each such Party should periodically update and provide to the Committee its national trade capacity building strategy.

3. The Committee shall:

- (a) seek the prioritization of trade capacity building projects at the national and regional level;
- (b) invite appropriate international donor institutions, private sector entities, and nongovernmental organizations to assist in the development and implementation of trade capacity building projects in accordance with the priorities set out in each national trade capacity building strategy;
- (c) work with other committees and/or working groups established under this Agreement and related cooperation mechanisms, including through joint meetings, in support of the development and implementation of trade capacity building projects, particularly regarding commitments pursuant to the Agreement, in accordance with the priorities set out in each national trade capacity building strategy;
- (d) monitor and assess progress, including development of mechanisms as appropriate, in implementing trade capacity building projects; and
- (e) provide a report annually to the Commission, describing the Committee's activities unless the Committee decides otherwise;

4. During the transition period, the Committee shall meet at least twice a year, unless the Committee decides otherwise.

5. The Committee shall establish rules and procedures for the conduct of its work. All decisions of the Committee shall be taken by consensus unless the Committee decides otherwise.

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6. The Committee may establish *ad hoc* working groups, which may comprise government or non-government representatives, or both.

7. The Parties hereby establish a working group on customs administration and trade facilitation, which shall work under and report to the Committee. The initial focus of this working group should be related to implementation of Chapter 5 (Customs Administration and Trade Facilitation) and any other priority the Committee designates.

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**Annex 20.1**

**The Free Trade Commission**

The Free Trade Commission shall be composed of:

- (a) in the case of Peru, the *Ministro de Comercio Exterior y Turismo*; and
  - (b) in the case of the United States, the United States Trade Representative
- or their successors.

**Free Trade Agreement Coordinators**

The free trade agreement coordinators shall consist of:

- (a) in the case of Peru, the office designated by the *Ministro de Comercio Exterior y Turismo* ; and
  - (b) in the case of the United States, the Assistant United States Trade Representative for the Americas,
- or their successors.