

ANNEX XXXII

MEDIATION MECHANISM*Article 1***Objective**

The objective of this Annex is to facilitate a mutually agreed solution through a comprehensive and expeditious procedure with the assistance of a mediator.

Section 1

Procedure under the Mediation Mechanism*Article 2***Request for information**

1. Before the initiation of the mediation procedure, a Party may request, at any time, in writing, information regarding a measure adversely affecting trade or investment between the Parties. The Party to which such request is made shall provide, within 20 days, a written response containing its comments on the information contained in the request.
2. Where the responding Party considers that a response within 20 days is not practicable, it shall inform the requesting Party of the reasons for the delay, together with an estimate of the shortest period within which it will be able to provide its response.

*Article 3***Initiation of the procedure**

1. A Party may request, at any time, that the Parties enter into a mediation procedure. Such request shall be addressed to the other Party in writing. The request shall be sufficiently detailed in order to clearly present the concerns of the requesting Party and shall:
 - (a) identify the specific measure at issue;
 - (b) provide a statement of the alleged adverse effects that the requesting Party believes the measure has, or will have, on trade or investment between the Parties; and
 - (c) explain how the requesting Party considers that those effects are linked to the measure.
2. The mediation procedure may only be initiated by mutual agreement of the Parties. The Party to which a request pursuant to paragraph 1 is addressed shall give sympathetic consideration to the request and reply by accepting or rejecting it in writing within 10 days of its receipt.

*Article 4***Selection of the mediator**

1. Upon the launch of the mediation procedure, the Parties shall endeavour to agree on a mediator no later than 15 days after the receipt of the reply to the request referred to in Article 3 of this Annex.
2. In the event that the Parties are unable to agree on the mediator within the time frame laid down in paragraph 1 of this Article, either Party may request the chair or co-chairs of the Association Committee in Trade configuration as set out in Article 438(4) of this Agreement, or their delegates, to select the mediator, by drawing lots, from the list established under Article 404(1) of this Agreement. Representatives of both Parties shall be invited, with sufficient advance notice, to be present when the lots are drawn. In any event, the drawing of lots shall be carried out with the Party/Parties that is/are present.

3. The chair or co-chairs of the Association Committee in Trade configuration as set out in Article 438(4) of this Agreement, or their delegates, shall select the mediator within five working days of the request made under paragraph 2 of this Article by either Party.
4. Should the list referred to in Article 404(1) of this Agreement not be established at the time a request is made pursuant to Article 3 of this Annex, the mediator shall be selected, by drawing lots, from the individuals which have been formally proposed by one or both of the Parties.
5. A mediator shall not be a citizen of either Party, unless the Parties agree otherwise.
6. The mediator shall assist, in an impartial and transparent manner, the Parties in bringing clarity to the measure and its possible trade effects, and in reaching a mutually agreed solution. The Code of Conduct for Arbitrators and Mediators set out in Annex XXXIV to this Agreement shall apply to mediators, *mutatis mutandis*. Rules 3 to 7 (Notifications) and 41 to 45 (Translation and interpretation) of the Rules of Procedure of Annex XXXIII to this Agreement shall also apply, *mutatis mutandis*.

Article 5

Rules of the mediation procedure

1. Within 10 days after the appointment of the mediator, the Party having invoked the mediation procedure shall present, in writing, a detailed description of the problem to the mediator and to the other Party, in particular of the operation of the measure at issue and its trade effects. Within 20 days after the date of delivery of this description, the other Party may provide, in writing, its comments on the description of the problem. Either Party may include in its description or comments any information that it deems relevant.
2. The mediator may decide on the most appropriate way of bringing clarity to the measure concerned and its possible trade effects. In particular, the mediator may organise meetings between the Parties, consult the Parties jointly or individually, seek the assistance of, or consult with, relevant experts and stakeholders and provide any additional support requested by the Parties. However, before seeking the assistance of, or consulting with, relevant experts and stakeholders, the mediator shall consult with the Parties.
3. The mediator may offer advice and propose a solution for the consideration of the Parties. The Parties may accept or reject the proposed solution or agree on a different solution. However, the mediator shall not advise or give comments on the consistency of the measure at issue with this Agreement.
4. The mediation procedure shall take place in the territory of the Party to which the request was addressed, or by mutual agreement in any other location or by any other means.
5. The Parties shall endeavour to reach a mutually agreed solution within 60 days from the appointment of the mediator. Pending a final agreement, the Parties may consider possible interim solutions, especially if the measure relates to perishable goods.
6. The solution may be adopted by means of a decision of the Association Committee in Trade configuration as set out in Article 438(4) of this Agreement. Either Party may make such a solution subject to the completion of any necessary internal procedures. Mutually agreed solutions shall be made publicly available. The version disclosed to the public may not contain any information that a Party has designated as confidential.
7. On request of the Parties, the mediator shall issue to the Parties, in writing, a draft factual report, providing a brief summary of the measure at issue in these procedures, the procedures followed, and any mutually agreed solution reached as the final outcome of these procedures, including possible interim solutions. The mediator shall allow the Parties 15 days to comment on the draft report. After considering the comments of the Parties submitted within that period, the mediator shall submit, in writing, a final factual report to the Parties within 15 days. The factual report shall not include any interpretation of this Agreement.
8. The procedure shall be terminated:
 - (a) by the adoption of a mutually agreed solution by the Parties, on the date of its adoption;
 - (b) by mutual agreement of the Parties at any stage of the procedure, on the date of that agreement;

- (c) by a written declaration of the mediator, after consultation with the Parties, that further efforts at mediation would be to no avail, on the date of that declaration; or
- (d) by a written declaration of a Party after exploring mutually agreed solutions under the mediation procedure and after having considered any advice and proposed solutions by the mediator, on the date of that declaration.

Section 2

Implementation

Article 6

Implementation of a mutually agreed solution

1. Where the Parties have reached agreement on a solution, each Party shall take the measures necessary to implement the mutually agreed solution within the agreed timeframe.
2. The implementing Party shall inform the other Party in writing of any steps or measures taken to implement the mutually agreed solution.

Section 3

General Provisions

Article 7

Confidentiality and relationship to dispute settlement

1. Unless the Parties agree otherwise, and without prejudice to Article 5(6) of this Annex, all steps of the procedure, including any advice or proposed solution, are confidential. However, any Party may disclose to the public the fact that mediation is taking place.
2. The mediation procedure is without prejudice to the Parties' rights and obligations under the provisions on Dispute Settlement of Chapter 14 (Dispute Settlement) of Title V (Trade and Trade-related Matters) of this Agreement or any other agreement.
3. Consultations under Chapter 14 (Dispute Settlement) of Title V (Trade and Trade-related Matters) of this Agreement are not required before initiating the mediation procedure. However, a Party should normally avail itself of the other co-operation or consultation provisions provided for in this Agreement before initiating the mediation procedure.
4. A Party shall not rely on or introduce as evidence in other dispute settlement procedures under this Agreement or any other agreement, nor shall a panel take into consideration:
 - (a) positions taken by the other Party in the course of the mediation procedure or information gathered under Articles 5(1) and 5(2) of this Annex;
 - (b) the fact that the other Party has indicated its willingness to accept a solution to the measure subject to mediation; or
 - (c) advice given or proposals made by the mediator.
5. A mediator may not serve as member of a panel in a dispute settlement proceeding under this Agreement or under the WTO Agreement involving the same matter for which he/she has been a mediator.

Article 8

Time limits

Any time limit referred to in this Annex may be modified by mutual agreement between the Parties involved in the mediation procedures.

*Article 9***Costs**

1. Each Party shall bear its own expenses derived from its participation in the mediation procedure.
2. The Parties shall share jointly and equally the expenses derived from organisational matters, including the remuneration and expenses of the mediator. The remuneration of the mediator shall be in accordance with that foreseen for the chairperson of an arbitration panel in accordance with rule 8(e) of the Rules of Procedure.
