

2. Notwithstanding paragraph 1, to the extent that the customs territory of the European Union (hereinafter referred to as the 'EU customs territory') includes areas not covered by the preceding territorial definition, this Agreement shall also apply to the EU customs territory.

Article 10

Regional Integration

1. The Parties recognise the importance of regional integration in furthering the economic and social development of the signatory Andean Countries and of the European Union, enabling to strengthen the relations between the Parties and to contribute to the objectives of this Agreement.

2. The Parties recognise and reaffirm the importance of the respective regional integration processes between the Member States of the European Union and between the Andean Community Member Countries as a mechanism to achieve greater trade opportunities and foster their effective integration into the global economy.

3. The Parties recognise that progress in Andean regional integration will be determined by the Andean Community Member Countries.

4. The Parties recognise that the signatory Andean Countries must preserve the Andean Legal System in the relations between them, in accordance with Decision 598 of the Andean Community.

5. Having regard to the aspiration of the Parties of achieving an association between the two regions, when all the Andean Community Member Countries become Parties to this Agreement, the Trade Committee will re-examine the relevant provisions, particularly this Article and Article 105, with a view to adapting them to the new situation and supporting regional integration processes.

CHAPTER 3

Definitions of general application

Article 11

Definitions

For the purposes of this Agreement, unless otherwise specified:

- 'days' means calendar days, including weekends and holidays;
- 'good of a Party' or 'product of a Party' means domestic products as these are understood in the GATT 1994 or such goods or products as the Parties may agree, and includes products or goods originating in that Party as defined in Article 19;

- 'juridical person' means any legal entity duly constituted or otherwise organised 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;

- 'measure' means any act or omission of a Party, including laws, regulations, procedures, decisions, administrative acts or practices, or any other form;

- 'person' means a natural or juridical person.

TITLE II

INSTITUTIONAL PROVISIONS

Article 12

Trade Committee

1. The Parties hereby establish a Trade Committee. This Committee shall comprise representatives of the EU Party and representatives of each signatory Andean Country.

2. The Trade Committee shall meet at least once a year at the level of Ministers or the representatives that such level may designate. In addition, upon written request of a Party, the Trade Committee may meet at any time at the level of senior officials designated to take the necessary decisions.

3. The Trade Committee shall meet on a rotational basis, in Bogota, Brussels and Lima, unless the Parties agree otherwise. The Trade Committee shall be chaired by each Party for a period of one year, on a rotational basis.

4. Without prejudice to paragraph 1, the Trade Committee may meet in sessions where the EU Party and one signatory Andean Country participate, regarding matters which:

- (a) relate exclusively to the bilateral relationship between the EU Party and such signatory Andean Country; or
- (b) have been discussed in a session within a 'specialised body' in which only the EU Party and one signatory Andean Country have participated, and that matter has been referred to the Trade Committee.

If another signatory Andean Country expresses interest in the matter to be discussed in such session, it may participate in the session subject to prior agreement of the EU Party and the signatory Andean Country concerned.

Article 13

Functions of the Trade Committee

1. The Trade Committee shall:

- (a) supervise and facilitate the operation of this Agreement and the correct application of its provisions, and consider other ways to attain its general objectives;
- (b) evaluate the results obtained from the application of this Agreement, in particular the evolution of the trade and economic relations between the Parties;
- (c) supervise the work of all specialised bodies established under this Agreement and recommend any necessary action;
- (d) evaluate and adopt decisions as envisaged in this Agreement regarding any subject matter which is referred to it by the specialised bodies established according to this Agreement;
- (e) oversee the application of Article 105;
- (f) supervise the further development of this Agreement;
- (g) without prejudice to the rights conferred in Title XII (Dispute Settlement) and other provisions of this Agreement, explore the most appropriate way to prevent or solve any difficulty that may arise in relation to issues covered by this Agreement;
- (h) adopt, at its first meeting, the Rules of Procedure and the Code of Conduct for arbitrators referred to in Article 315;
- (i) establish the remuneration and expenses to be paid to arbitrators;
- (j) adopt its own rules of procedure, as well as its meeting schedule and the agenda for its meetings;
- (k) consider any other matter of interest relating to an area covered by this Agreement.

2. The Trade Committee may:

- (a) establish and delegate responsibilities to specialised bodies;
- (b) receive or seek information from any interested person;
- (c) agree to the initiation of negotiations, with the aim of deepening the liberalisation already achieved in sectors covered by this Agreement;

(d) consider any amendment or modification to the provisions of this Agreement, which shall be subject to the completion of the internal legal procedures of each Party;

(e) adopt interpretations of the provisions of this Agreement ⁽⁴⁾. Such interpretations shall be taken into consideration by arbitration panels established under Title XII (Dispute Settlement);

(f) take such other action in the exercise of its functions as the Parties may agree;

(g) advance in the achievement of the objectives of this Agreement by means of modifications provided for therein, of:

(i) Annex I (Tariff Elimination Schedules), with the aim of adding one or more goods excluded from the tariff elimination schedule of a Party;

(ii) the time schedules established in Annex I (Tariff Elimination Schedules), with the aim of accelerating tariff reduction;

(iii) the specific rules of origin established in Annex II (Concerning the Definition of the Concept of 'Originating Products' and Methods of Administrative Cooperation);

(iv) the procuring entities listed in Appendix 1 of Annex XII (Government Procurement);

(v) the lists of commitments set out in Annexes VII (List of Commitments on Establishment) and Annex VIII (List of Commitments on Cross-Border Supply of Services), and the reservations set out in Annex IX (Reservations Regarding Temporary Presence of Natural Persons for Business Purposes); and

(vi) other provisions subject to modifications by the Trade Committee pursuant to an explicit provision of this Agreement.

Each Party shall implement, in accordance with its applicable legal procedures, any modification referred to in this subparagraph.

3. The Trade Committee may examine the impact of this Agreement on the micro, small and medium-sized enterprises (hereinafter referred to as 'Micro and SMEs') of the Parties, including any resulting benefits.

⁽⁴⁾ Interpretations adopted by the Trade Committee shall not constitute an amendment or modification to the provisions of this Agreement.

4. The Parties shall, to the extent possible, exchange information within the Trade Committee concerning agreements establishing or modifying customs unions or free trade areas and, where requested, on other major issues related to the trade policy of each Party regarding third countries.

5. In the exercise of any of the functions set out in this Article, the Trade Committee may adopt any decision as envisaged in this Agreement.

Article 14

Decision-Making

1. The Trade Committee shall adopt its decisions by consensus.

2. The decisions adopted by the Trade Committee shall be binding upon the Parties, which shall take all necessary measures to implement them.

3. In the cases referred to in Article 12 paragraph 4, any decision shall be adopted by the EU Party and the signatory Andean Country concerned and shall have effect only between those Parties, provided that such decisions do not affect the rights and obligations of another signatory Andean Country.

Article 15

Specialised Bodies

1. This Agreement establishes the following sub-committees:

- (a) Sub-committee on Market Access;
- (b) Sub-committee on Agriculture;
- (c) Sub-committee on Technical Obstacles to Trade;
- (d) Sub-committee on Customs, Trade Facilitation and Rules of Origin;
- (e) Sub-committee on Government Procurement;
- (f) Sub-committee on Trade and Sustainable Development;
- (g) Sub-committee on Sanitary and Phytosanitary Measures; and
- (h) Sub-committee on Intellectual Property.

2. Any specialised body established under this Agreement shall comprise representatives of the EU Party, and representatives of each signatory Andean Country.

3. The respective scope of competence and duties of the specialised bodies created in this Agreement are defined in the relevant Titles.

4. The Trade Committee may establish other sub-committees, working groups, or any other specialised bodies in order to assist it in the performance of its tasks. The Trade Committee shall determine the composition, duties and rules of procedure of such specialised bodies.

5. The specialised bodies shall inform the Trade Committee, sufficiently in advance, of their schedule of meetings and of the agenda of those meetings. They shall also report on their activities at each of the meetings of that Committee.

6. Notwithstanding paragraph 2, any specialised body may meet in sessions in which the EU Party and one of the signatory Andean Country participate, when such session regards matters relating exclusively to the bilateral relationship between the EU Party and such signatory Andean Country.

7. If another signatory Andean Country expresses interest in the matter to be discussed in such a session, such signatory Andean country may participate in the session subject to prior agreement of the EU Party and the signatory Andean Country concerned.

Article 16

Coordinators of the Agreement

1. Each Party shall designate a Coordinator of the Agreement and notify all other Parties accordingly, at the latest, at entry into force of this Agreement ⁽⁵⁾.

2. The Coordinators of the Agreement shall:

- (a) prepare the agenda and coordinate the preparation of Trade Committee meetings;
- (b) follow up on the decisions adopted by the Trade Committee, as appropriate;
- (c) act as contact points to facilitate communication between the Parties on any matter covered by this Agreement, unless otherwise provided in this Agreement;
- (d) receive any notifications and information submitted under this Agreement, including any notification or information submitted to the Trade Committee unless provided otherwise; and

⁽⁵⁾ For greater certainty, in the case of the EU Party, the notification shall be considered effective when it has been transmitted to the European Commission.

- (e) consider any other matter that may affect the operation of this Agreement, as requested by the Trade Committee.

3. The Coordinators of the Agreement may meet as necessary.

TITLE III

TRADE IN GOODS

CHAPTER 1

Market access for goods

Section 1

Common provisions

Article 17

Objective

The Parties shall progressively liberalise trade in goods over a transitional period starting from the entry into force of this Agreement, in accordance with the provisions of this Agreement and in conformity with Article XXIV of GATT 1994.

Article 18

Scope of Application

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

Article 19

Definitions

For the purposes of this Title:

- ‘customs duty’ includes any duty or charge of any kind imposed on or in connection with the importation of a good, including any form of surtax or surcharge imposed on or in connection with such importation. A ‘customs duty’ does not include any:

- (a) charge equivalent to an internal tax imposed consistently with Article III of GATT 1994;
- (b) anti-dumping, countervailing or safeguard duty applied in conformity with GATT 1994; the WTO Agreement on Implementation of Article VI of GATT 1994 (hereinafter referred to as the ‘Anti-dumping Agreement’), the WTO Agreement on Subsidies and Countervailing Measures (hereinafter referred to as the ‘Subsidies Agreement’) and the WTO Agreement on Safeguards (hereinafter referred to as the ‘Safeguards Agreement’), as relevant;

- (c) fee or other charge imposed in accordance with Article VIII of GATT 1994.

- ‘originating product or good’ is that which qualifies under the rules of origin set out in Annex II (Concerning the Definition of the Concept of ‘Originating Products’ and Methods for Administrative Cooperation).

Article 20

Classification of Goods

The classification of goods in trade between the Parties shall be that set out in the respective tariff nomenclature of each Party in conformity with the Harmonised Commodity Description and Coding System 2007 (hereinafter referred to as ‘HS’) and subsequent amendments.

Article 21

National Treatment

1. Each Party shall accord national treatment to the goods of another Party in accordance with Article III of GATT 1994, including its interpretive notes. To this end, Article III of GATT 1994 and its interpretive notes are incorporated into and made integral part of this Agreement, *mutatis mutandis*.

2. For greater clarity, the Parties confirm that national treatment shall mean, with respect to any level of government or authority, a treatment no less favourable than the treatment accorded by that level of government or authority to like, directly competitive or substitutable domestic goods, including those originating in the territory over which that level of government or authority exercises jurisdiction⁽⁶⁾.

Section 2

Elimination of Custom Duties

Article 22

Elimination of Customs Duties

1. Except as otherwise provided in this Agreement, each Party shall dismantle its customs duties on goods originating in another Party in accordance with Annex I (Tariff Elimination Schedules).

2. For each good, the base rate of customs duties, to which the successive reductions are to be applied under paragraph 1, shall be that specified in Annex I (Tariff Elimination Schedules).

3. If at any moment following the date of entry into force of this Agreement, a Party reduces its applied most favoured nation (hereinafter referred to as ‘MFN’) customs duty, such customs duty shall apply only if it is lower than the customs duty calculated in accordance with Annex I (Tariff Elimination Schedules).

⁽⁶⁾ Colombia and the EU Party understand that this provision does not prevent the maintenance and enforcement of the liquor monopolies established in Colombia.