PERU – INDONESIA
COMPREHENSIVE ECONOMIC PARTNERSHIP AGREEMENT
(P-I CEPA)

PREAMBLE

The Government of the Republic of Peru and the Government of the Republic of Indonesia, hereinafter individually referred to as a "Party" or collectively as the "Parties";

INSPIRED by their longstanding ties of friendship and cooperation across various sectors of common concerns and interests, especially in economic areas based on mutual benefit and confidence;

RECALLING the *Joint Ministerial Statement on the Negotiation of the Peru-Indonesia Comprehensive Economic Partnership Agreement* signed at Lima on 15 August 2023;

DESIRING to bring the longstanding economic relations to a new chapter of economic cooperation by reducing trade barriers and enhancing economic linkages between the Parties through trade liberalization;

CONFIDENT that strengthening of their economic relations through this *Peru - Indonesia Comprehensive Economic Partnership Agreement* (P-I CEPA) will provide a strong platform for the expansion and deepening of economic ties and cooperation between the Parties which will bring economic and social benefits, create new opportunities for workers and businesses, and improve the living standards of their peoples;

CONVINCED that P-I CEPA, covering trade in goods would serve as an important framework to boost economic growth and sustainable economic development for the Parties;

PROMOTING the expansion and diversification of trade in goods between the Parties;

DESIRING to promote bilateral trade through the establishment of clear, transparent, predictable and mutually advantageous trade rules and the avoidance or removal of trade barriers;

AVOIDING distortions in their reciprocal trade and promote fair competition;

SHARING the belief that a comprehensive economic partnership shall produce mutual benefits between the Parties and contribute to the expansion and development of world trade under the multilateral trading system established by the *Marrakesh Agreement Establishing the World Trade Organization* done at Marrakesh on 15 April 1994;

RECOGNIZING the commitment to fostering bilateral collaboration and mutual development through the *Agreement between the Government of the Republic of Indonesia and the Government of the Republic of Peru on Technical and Economic Cooperation,* done at Lima on 9 April 2010;

REAFFIRMING the respective rights and obligations of the Parties under the World Trade Organization and other existing international agreements and arrangements between the Parties;

CONCIOUS of the Asia-Pacific Economic Cooperation (APEC) goals and aware of the growing importance of trade for the economies of the Asia-Pacific region; and

DETERMINED to establish a legal framework for this comprehensive economic partnership between the Parties;

Have agreed as follows:

CHAPTER 1

INITIAL PROVISIONS AND GENERAL DEFINITIONS

Article 1.1: Establishment of the Free Trade Area

The Parties, consistent with Article XXIV of GATT 1994 hereby establish the Peru - Indonesia Comprehensive Economic Partnership Agreement (P-I CEPA) as a free trade area in accordance with the provisions of this Agreement.

Article 1.2: Objectives

The objectives of this Agreement are to liberalize and facilitate trade between the Parties in accordance with the provisions of this Agreement.

Article 1.3: Relation to Other Agreements

1. The Parties reaffirm their rights and obligations under existing agreements to which both Parties are party, including the WTO Agreement.

2. Unless otherwise provided in this Agreement, in the event of any inconsistency between this Agreement and any other agreement to which both Parties are party, the Parties shall, upon request, consult with each other with a view to finding a mutually satisfactory solution.[1]

Article 1.4: General Definitions

For the purposes of this Agreement, unless otherwise specified in this Agreement:

AD Agreement means the *Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994*, set out in Annex 1A to the WTO Agreement;

Agreement means the Peru - Indonesia Comprehensive Economic Partnership Agreement (P-I CEPA);

customs authority means the authority that, in accordance with the laws and regulations of each Party, is responsible for the administration and enforcement of its customs laws and regulations:

(a) for Indonesia, the Directorate General of Customs and Excise of the Ministry of Finance; and

[1] For the purposes of the application of this Agreement, the Parties agree that the fact that an agreement provides more favorable treatment of goods than that provided for under this Agreement does not mean that there is an inconsistency within the meaning of paragraph 2.

(b) for Peru, the National Superintendence of Customs and Tax Administration *(Superintendencia Nacional de Aduanas y de Administración Tributaria - SUNAT*);

or their successors;

days means calendar days, including weekends and holidays;

existing means in effect on the date of entry into force of this Agreement;

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

good means any merchandise, product, article, or material;

Harmonized System (**HS**) means the *Harmonized Commodity Description and Coding System*, including its General Rules for the Interpretation, Section Notes, Chapter Notes, and Subheading Notes;

Joint Commission means the Joint Commission, established under Article 10.1 (Institutional Provisions - Establishment of the Joint Commission);

measure means any measure by a Party, whether in the form of a law, regulation, rule, procedure, decision, any administrative action, or any other form;

natural person of a Party means:

(a) for Indonesia, a natural person who is Indonesian national as defined in the *Indonesia Law No. 12/2006*, as amended from time to time, or any successor legislation; and

(b) for Peru, is a person who has the nationality of Peru by birth, naturalization or option in accordance with the *Political Constitution of Peru* (*Constitución Política del Perú*) and other relevant domestic legislation, or a permanent resident;

person means a natural person or juridical person;

person of a Party means a natural person or a juridical person of a Party;

preferential tariff treatment means tariff concessions granted to originating goods as reflected by the tariff rates applicable under this Agreement;

Safeguards Agreement means the *Agreement on Safeguards,* set out in Annex 1A to the WTO Agreement;

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

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

subheading means the first six digits in the tariff classification number under the Harmonized System (HS);

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

territory means:

(a) for Indonesia, the land territories, internal waters, archipelagic waters, territorial sea, including the seabed and subsoil thereof, and airspace over such territories and waters, as well as the contiguous zone, the continental shelf and exclusive economic zone, over which Indonesia has sovereignty, sovereign rights or jurisdiction as defined in its laws, and in accordance with international law, including the *United Nations Convention on the Law of the Sea*, done at Montego Bay on 10 December 1982; and

(b) for Peru, means the mainland territory, the islands, the maritime areas and the air space above them, under sovereignty or sovereign rights and jurisdiction of Peru, in accordance with the provisions of the *Political Constitution of Peru* (*Constitución Política del Perú*) and other relevant domestic law and international law;

WTO means the World Trade Organization; and

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

CHAPTER 2

NATIONAL TREATMENT AND MARKET ACCESS FOR GOODS

Article 2.1: Definitions

For the purposes of this Chapter:

agricultural goods means those goods referred to in Article 2 of the *Agreement on Agriculture*, set out in Annex 1A to the WTO Agreement (WTO Agreement on Agriculture);

agricultural export subsidies means export subsidies as defined in Article 1(e) of the WTO Agreement on Agriculture, including any amendment of that Article;

consular transactions means requirements that goods of a Party intended for export to the territory of the other Party must first be submitted to the supervision of the consul of the importing Party in the territory of the exporting Party for the purpose of obtaining consular invoices or consular visas for commercial invoices, certificates of origin, manifests, shippers' export declarations or any other customs documentation required on or in connection with importation;

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

(a) charge equivalent to an internal tax imposed consistently with paragraph 2 of Article III of GATT 1994;

(b) anti-dumping or countervailing duty applied consistently with Article VI of GATT 1994, the AD Agreement, and the SCM Agreement; or

(c) fees or other charges commensurate with the cost of services rendered;

Import Licensing Agreement means the *Agreement on Import Licensing Procedures*, set out in Annex 1A to the WTO Agreement; and

import licensing means an administrative procedure requiring the submission of an application or other documentation (other than that generally required for customs clearance purposes) to the relevant administrative body as a prior condition for importation into the territory of the importing Party.

Article 2.2: Scope

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

Article 2.3: National Treatment

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

2. Paragraph 1 shall not apply to used goods of the Parties in accordance with domestic laws and regulations of each Party.

Article 2.4: Reduction or Elimination of Customs Duties

1. Except as otherwise provided in this Agreement, each Party shall reduce or eliminate customs duties on originating goods of the other Party in accordance with its schedule in Annex 2-A.

2. Except as otherwise provided in this Agreement, a Party shall not increase any existing customs duty or introduce a new customs duty on an originating good covered by this Agreement.

3. If the Most Favoured Nation (MFN) rate of customs duties applied by a Party on a particular good is lower than the rate of customs duty provided for in its Schedule of Tariff Commitments set out in Annex 2-A, that Party shall apply the lower rate to the originating good of the other Party.

Article 2.5: Acceleration or Improvement of Tariff Commitments

1. On request of a Party, the Parties shall consult to consider accelerating, improving, or broadening the scope of the elimination of customs duties as set out in their schedule in Annex 2-A.

2. An agreement between the Parties to accelerate reduction and/or the elimination of a customs duty on an originating good, shall supersede any duty rate or staging category determined pursuant to their schedule set out in Annex 2-A for that good, when approved by the Parties in accordance with Article 10.2 (Institutional Provisions – Functions of the Joint Commission).

3. A Party may at any time accelerate unilaterally the reduction or elimination of customs duties on originating goods of the other Party set out in Annex 2-A. A Party shall inform the other Party as early as practicable.

4. For greater certainty, a Party may raise a customs duty to the level established in its schedule to Annex 2-A following a unilateral reduction.

Article 2.6: Classification of Goods and Transposition of Schedules of Tariff Commitments

1. The classification of goods in trade between the Parties shall be in conformity with the Harmonized System (HS) and its amendments.

2. The Parties shall decide whether any revisions are necessary to update Annex 2-A due to periodic amendments and transposition of the Harmonized System (HS).

3. Each Party shall ensure that the transposition of the Harmonized System (HS) in its schedule in Annex 2-A, under paragraph 2, does not afford treatment to an originating good of the other Party that is less favourable than that set out in its schedule in Annex 2-A.

Article 2.7: Import Licensing

1. The Parties shall not adopt or maintain a measure that is inconsistent with the Import Licensing Agreement and to this end the Import Licensing Agreement is incorporated into and made part of this Agreement, *mutatis mutandis*.

2. Each Party shall ensure that all import licensing measures are implemented in a transparent and predictable manner, and applied in accordance with the Import Licensing Agreement.

3. Each Party shall notify the other Party of its existing import licensing procedures, unless these were already notified or provided under Articles 5 or 7.3 of the Import Licensing Agreement. The notification shall contain the same information as referred to in Articles 5 or 7.3 of the Import Licensing Agreement.

4. On request of the other Party, a Party shall, promptly and to the extent possible, respond to that request for information on import licensing requirements of general application.

Article 2.8: Agricultural Export Subsidies

The Parties shall not introduce or maintain any export subsidies on any agricultural goods.

Article 2.9: Administrative Fees and Formalities

1. Each Party shall ensure that fees and charges of whatever character imposed on or in connection with the importation or exportation of goods shall be consistent with Article VIII:1 of GATT 1994 and its interpretive notes. To this end, Article VIII:1 of GATT 1994 and its interpretative notes are incorporated into and made part of this Agreement, *mutatis mutandis*.

2. Each Party shall not require consular transactions, including related fees and charges, in connection with the importation of any goods of the other Party.

3. Each Party shall make publicly available online a list of current fees and charges that it imposes in connection with importation and exportation.

Article 2.10: Import and Export Restrictions

1. Each Party shall not adopt or maintain any prohibition or restriction on the importation of any goods of the other Party or on the exportation or sale for export of any goods destined for the territory of the other Party, except in accordance with Article XI of GATT 1994. To this end, Article XI of GATT 1994 and its interpretative notes shall be incorporated into and shall form part of this Agreement, *mutatis mutandis*.

2. Paragraph 1 shall not apply to used goods of the Parties in accordance with domestic laws and regulations of each Party.

Article 2.11: Non-Tariff Measures

1. The Parties shall not adopt or maintain any non-tariff measures on the importation of any goods of the Party or on the exportation of any goods destined to the territory of the other Party, except in accordance with its obligations under the WTO Agreement or this Agreement.

2. Each Party shall ensure the transparency of its non-tariff measures permitted in paragraph 1 and that those measures are not prepared, adopted, or applied with a view to or with the effect of creating unnecessary obstacles to trade between the Parties.

Article 2.12: Geographical Indications[1]

1. For the purposes of this Agreement, "geographical indications" are indications consisting of or containing the name of a geographical area, or another indication known as referring to that area, which identifies a good as originating in that geographical area, where a given quality, reputation or other characteristic of the good is essentially attributable to its geographical origin.

2. Each Party shall provide the means to apply for protection of geographical indications. Each Party shall accept applications, without the requirement for intercession by a Party on behalf of its persons.

3. The terms listed in Annex 2-B and Annex 2-C are respectively geographical indications in Indonesia and Peru, within the meaning of paragraph 1 of Article 22 of the *Agreement on Trade-*

[1] Without prejudice of the definition provided in paragraph 1, and if it is in accordance with a Party's legislation, this Article may also include and apply to appellations of origin, which are, by definition, denominations consisting of or containing the name of a geographical area, or another denomination known as referring to that area, which serves to designate a good as originating in that geographical area, where the quality or characteristics of the good are due exclusively or essentially to the geographical environment, including natural and human factors, and which has given the good its reputation.

Related Aspects of Intellectual Property Rights, set out in Annex 1C to the WTO Agreement (TRIPS Agreement). Each Party shall provide protection in its territory to the terms listed in the relevant Annex of the other Party upon their registration in accordance with its domestic laws and regulations.

4. Subject to the TRIPS Agreement and domestic laws and regulations, the Parties may request the protection of additional geographical indications. To that end, the Parties shall protect, in accordance with this Chapter, those geographical indications.

5. On request of a Party and once the protection of the additional geographical indication has been granted in the territory of the other Party, the Committee on National Treatment and Market Access for Goods may decide to add geographical indications to Annex 2-B and Annex 2-C, as applicable.

6. If the protection of a geographical indication has ceased in its country of origin, or if the interested Party decides to do so, it may request the Committee on National Treatment and Market Access for Goods to remove the listed geographical indication from the relevant Annex.

7. The Parties shall take all necessary measures to ensure mutual protection of their geographical indications in accordance with the TRIPS Agreement and its laws and regulations. Each Party shall provide interested parties with the legal means to prevent the use of those geographical indications for identical or similar goods not originating in the place identified by the geographical indication in question.

Article 2.13: Committee on National Treatment and Market Access for Goods

1. The Parties hereby establish a Committee on National Treatment and Market Access for Goods, comprising representatives of the Parties.

2. For the purposes of the effective implementation and operation of this Chapter, the functions of the Committee on National Treatment and Market Access for Goods shall be:

(a) monitoring the implementation and operation of this Chapter;

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

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

(ii) Annex 2-A and national nomenclatures.

(c) consulting on and endeavoring to resolve any differences that may arise between the Parties on matters related to the classification of goods under the Harmonized System (HS) and Annex 2-A;

(d) promoting trade in goods between the Parties, including through consultations on accelerating tariff elimination under this Agreement and other issues as appropriate;

(e) addressing barriers to trade in goods between the Parties, especially those related to the application of non-tariff measures and, if appropriate, refer these matters to the Joint Commission for its consideration;

(f) reporting the conclusions and the outcome of discussions to the Joint Commission;

(g) consulting any issues related to this Chapter; and

(h) carrying out other functions as delegated by the Joint Commission.

3. The Committee on National Treatment and Market Access for Goods shall meet at a venue and time in person or by any other means as may be agreed by the Parties.

CHAPTER 3

RULES OF ORIGIN

Section A: Rules of Origin

Article 3.1: Definitions

For the purposes of this Chapter:

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

CIF means the value of the good imported and includes the cost of insurance and freight up to the port or place of entry in the country of importation;

competent authority means the governmental authority that, according to the laws and regulations of each Party, is responsible for the issuing of a Certificate of Origin or for the designation of certification authorized entities:

(a) for Indonesia, the Ministry of Trade; and

(b) for Peru, the Ministry of Foreign Trade and Tourism (*Ministerio de Comercio Exterior y Turismo – MINCETUR*);

or its successors;

FOB means the free-on-board value of the good, inclusive of the cost of transport to the port or site of final shipment abroad regardless of the means of transport;

fungible goods or materials means goods or materials that are interchangeable for commercial purposes and whose properties are essentially identical;

generally accepted accounting principles means those principles recognized by consensus or with substantial authoritative support in the territory of a Party with respect to the recording of revenues, expenses, costs, assets and liabilities; the disclosure of information; and the preparation of financial statements. These principles may encompass broad guidelines for general application, as well as detailed standards, practices, and procedures;

good means any merchandise, product, article, or material;

indirect materials means a good used in the production, testing, or inspection of another good but not physically incorporated into the good, or a good used in the maintenance of buildings or the operation of equipment associated with the production of a good, including:

(a) fuel, energy, catalysts, and solvents;

(b) equipment, devices, and supplies used for testing or inspection of the goods;

(c) gloves, glasses, footwear, clothing, safety equipment and supplies;

(d) tools, dies, and molds;

(e) spare parts and materials used in the maintenance of equipment and buildings;

(f) lubricants, greases, compounding materials, and other materials used in production or used to operate equipment and buildings; and

(g) any other good which is not incorporated into the good but whose use in the production of the good can reasonably be demonstrated to be a part of that production;

material means a good that is used in the production of another good, including ingredients, parts, raw materials, or components;

non-originating good or non-originating material means a good or material that does not qualify as originating in accordance with this Chapter;

originating good or originating material means a good or material that qualifies as originating in accordance with this Chapter;

packing materials and containers for transportation means goods used to protect a good during its transportation, other than containers and packaging materials used for retail sale;

packaging materials and containers for retail sale means materials or containers in which a good is packaged or presented for its retail sale;

production means methods of obtaining goods including growing, cultivating, picking, raising, mining, harvesting, fishing, farming, trapping, hunting, capturing, aquaculture, collecting, breeding, extracting, manufacturing, processing, or assembling a good;

verification authority means the governmental authority that, according to the laws and regulations of each Party, is responsible for the verification of origin:

(a) for Indonesia, the Directorate General of Customs and Excise; and

(b) for Peru, the Ministry of Foreign Trade and Tourism (*Ministerio de Comercio Exterior y Turismo – MINCETUR*);

or its successors.

Article 3.2: Origin Criteria

Except as otherwise provided in this Chapter, a good shall qualify as an originating good of a Party if the good is:

(a) wholly obtained or produced entirely in the territory of the exporting Party as set out in Article 3.3 (Wholly Obtained or Produced Entirely Goods);

(b) produced entirely in the territory of the exporting Party exclusively from originating materials of one or both Parties; or

(c) produced entirely in the territory of the exporting Party using non-originating materials, provided the good satisfies the requirements set out in Annex 3-B;

and meets all other applicable requirements of this Chapter.

Article 3.3: Wholly Obtained or Produced Entirely Goods

Within the meaning of Article 3.2 (Origin Criteria), the following shall be considered as wholly obtained or produced entirely goods in the territory of the exporting Party:

(a) plants and plant goods, such as live plants, fruit, flowers, vegetables, trees, seaweed, and fungi, grown, cultivated, harvested, picked, or gathered there;

(b) live animals born and raised there;

(c) goods obtained from live animals referred to in subparagraph (b);

(d) goods obtained from hunting, trapping, fishing, aquaculture, collecting, or capturing conducted there;

(e) minerals and other naturally occurring substances, not included in subparagraphs (a) to (d), extracted or taken from there;

(f) fish, shellfish, other goods of sea-fishing, and other marine life taken from the sea, seabed or subsoil outside the territories of the Parties, and in accordance with international law, by vessels that are registered or recorded with a Party and entitled to fly the flag of that Party;

(g) a good other than fish, shellfish, other goods of sea-fishing, and other marine life taken by a Party or a person of a Party from the seabed or subsoil outside the territories of the Parties, and beyond areas over which non-Parties exercise jurisdiction, provided that Party or person of that Party has the right to exploit that seabed or subsoil in accordance with international law;

(h) goods obtained, produced, or processed on board factory ships registered or recorded with a Party and entitled to fly the flag of that Party, exclusively from goods referred to in subparagraph (f);

(i) waste and scrap derived from:

(i) production in the territory of the exporting Party; or

(ii) used goods collected in the territory of the exporting Party provided that those goods are fit only for the recovery of raw materials; and

(j) goods obtained or produced in territory of the exporting Party solely from goods referred to in subparagraphs (a) to (i).

Article 3.4: Qualifying Value Content

1. For the purposes of this Article, the formula for calculating the qualifying value content (QVC) is as follows:

Indirect Method

$$QVC = \frac{\text{FOB Value} - \text{Value of Non-Originating Materials}}{\text{FOB Value}} \times 100\%$$

2. The value of the non-originating materials shall be:

(i) the CIF value at the time of importation of the materials; or

(ii) the earliest ascertained price paid or payable for the materials of undetermined origin in the territory of the Party where the working or processing takes place.

Article 3.5: Accumulation

Originating goods or materials of a Party, incorporated into a good in the territory of the other Party, shall be considered to be originating in the territory of the other Party.

Article 3.6: *De Minimis*

1. A good that does not meet a change in tariff classification requirement shall be considered as originating if:

(a) the value of all non-originating materials used in its production that do not meet the required change in tariff classification does not exceed 10% of the FOB value

of the good and the good meets all other applicable provision set forth in this Agreement for qualifying as an originating good; or

(b) for a good provided for in chapters 50 through 63 of the HS Code, the weight of all non-originating materials used in its production that did not undergo the required change in tariff classification does not exceed 10% of the total weight of the good and the good meets all other applicable provision set forth in this Agreement for qualifying as an originating good.

2. If a good described in paragraph 1 is subject to a qualifying value content requirement, the value of all the non-originating materials shall be considered for determining the qualifying value content of the good.

Article 3.7: Minimal Operations and Processes

1. Notwithstanding any provision in this Chapter, a good shall not be considered to be originating in the territory of a Party merely by reason of going through one or in combination of the following operations:

(a) preserving operations to ensure that the goods remain in good condition for the purposes of transport or storage;

(b) changes of packaging, or breaking-up and assembly of packages;

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

(d) painting and polishing operations;

(e) testing or calibration;

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

(g) sharpening, grinding, slicing, or cutting;

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

(i) affixing or printing marks, labels, logos, and other like distinguishing signs on goods or their packaging;

(j) simple mixing of goods, whether or not of different kinds;

(k) simple assembly of parts of goods to constitute a complete good or disassembly of goods into parts; and

(l) sifting, screening, sorting, classifying, grading, matching (including the mere making-up of sets of articles).

2. Printing of marks, labels, logos, and those distinguishing signs shall not be considered as an insufficient working or processing operation where the printed marks, labels, logos, and those distinguishing signs are the goods to be exported under preferential tariff treatment.

3. Simple describes activities which need neither special skills nor special machines, apparatus, or equipment especially produced or installed for carrying out the activity.

4. Simple mixing describes activities which need neither special skills nor machines, apparatus, or equipment especially produced or installed for carrying out the activity. However, simple mixing shall not include chemical reaction.

Article 3.8: Treatment of Packing Materials and Containers for Transportation

Packing materials and containers for transportation of a good shall not be taken into account in determining the origin of any good.

Article 3.9: Treatment of Packaging Materials and Containers for Retail Sale

1. Packaging materials and containers in which a good is packaged for retail sale, when classified together with that good, shall not be taken into account in determining whether all of the non-originating materials used in the production of the good have met the applicable change in tariff classification requirements for the good.

2. If a good is subject to a QVC requirement, the value of the packaging materials and containers in which the good is packaged for retail sale shall be taken into account as originating or non-originating materials, as the case may be, in calculating the QVC of the good.

Article 3.10: Accessories, Spare Parts, Tools, and Instructional or other Information Materials

1. In determining whether a good is wholly obtained or satisfies a process or change in tariff classification requirement as set out in Annex 3-B, accessories, spare parts, tools, and instructional or other information materials, as described in paragraph 3, are to be disregarded.

2. In determining whether a good meets a qualifying value content requirement, the value of the accessories, spare parts, tools, and instructional or other information materials, as described in paragraph 3, are to be taken into account as originating or non-originating materials, as the case may be, in calculating the qualifying value content of the good.

3. For the purposes of this Article, accessories, spare parts, tools, and instructional or other information materials are covered when:

(a) the accessories, spare parts, tools, and instructional or other information materials classified and presented with the good are not invoiced separately from the originating good; and

(b) the quantities and value of the accessories, spare parts, tools, and instructional or other information materials presented with the good are customary for that good.

Article 3.11: Indirect Materials

Indirect materials shall be treated as an originating material without regard to where it is produced and its value shall be the cost registered in the accounting records of the producer of the good.

Article 3.12: Fungible Goods or Materials

1. The determination of whether fungible goods or materials are originating goods or materials shall be made either by:

(a) physical segregation of each fungible good or material; or

(b) any inventory management method recognized in the use of generally accepted accounting principles of the Party in which production is performed if the fungible good or material is commingled.

2. The inventory management method used under paragraph 1 for particular identical and interchangeable goods or materials shall continue to be used for that good or material throughout the fiscal year.

Article 3.13: Direct Consignment

1. In order for an originating good to maintain its originating status as determined under this Chapter, the following conditions shall be met:

(a) the good transported directly from the exporting Party to the importing Party; or

(b) the good has been transported from the exporting Party to the importing Party through one or more non-Parties, with or without transshipment or temporary storage in those non-Parties, provided that:

(i) the good has not undergone subsequent production or any other operation outside the territories of the Parties other than unloading, reloading, or any other operations necessary to preserve it in good condition or to transport it to the importing Party;

(ii) the good has not entered the commerce of a non-Party; and

(iii) the good remains under customs control in those non-Parties.

2. For the purposes of this Article where transport is carried out through the territory of any non-Party, the importing Party may require the importer who claims the preferential tariff treatment for the good, to submit documentary evidence that proves the compliance of the requirements of paragraph 1(b). That documentary evidence may include transport documents, Non-Manipulation Certificate, or any document issued by the Customs Authorities or other relevant authorized entities of that non-Party.

Section B: Operational Procedures

For the purposes of implementing the Rules of Origin applicable for this Agreement, the following operational procedures on the issuance of the Certificate of Origin, verification of origin and other related administrative matters shall apply.

Article 3.14: Claim for Preferential Tariff Treatment

1. Except as otherwise provided in this Chapter, each Party shall require an importer in its territory that claims preferential tariff treatment to:

(a) indicate in the customs declaration, based on a valid Certificate of Origin, that the good qualifies as an originating good;

(b) hold the Certificate of Origin at the time the customs declaration referred to in subparagraph (a) is made;

(c) hold the documents which certify that the requirements established in Article 3.13 (Direct Consignment) have been met, where applicable; and

(d) submit the valid Certificate of Origin, as well as the documents indicated in subparagraph (c) to the Customs Authority, when it is required by domestic law and regulations of each Party.

2. When the Competent Authority of exporting Party has knowledge that a Certificate of Origin contains incorrect information that affects the originating status of the good, it shall notify to the Competent Authority and the Customs Authority of the importing Party.

Article 3.15: Notifications

1. Before the entry into force of this Agreement, the Competent Authority of each Party shall provide to the Competent Authority of the other Party, the list of the names and specimen

signatures of the official designated and specimen of official seals use for the issuance of the Certificate of Origin.

2. Any change in the information provided above shall be promptly informed, indicating the date of the entry into force of that change.

Article 3.16: Issuance of a Certificate of Origin

1. The Certificate of Origin shall be issued by the Competent Authority of the exporting Party.

2. The exporter applying for the issuance of a Certificate of Origin shall submit to the Competent Authority of the exporting Party, all appropriate documents required by said authority proving that the good qualifies as an originating good according to this Chapter. These documents shall be the base for the issuance of the Certificate of Origin.

3. In order to determine the originating status of the good, the Competent Authority may request any additional evidence or to carry out any check considered appropriate, including visits to the exporter or producer's facilities.

4. The Competent Authority of the exporting Party shall carry out an examination, in accordance with its domestic laws and regulations, upon each application for a Certificate of Origin to ensure that:

(a) the relevant Certificate of Origin is duly completed and corresponds to the supporting documentary submitted by the exporter; and

(b) the origin of each good that is covered by the Certificate of Origin is in conformity with this Chapter.

Article 3.17: Certificate of Origin

1. Any of the following shall be considered as a Certificate of Origin:

(a) a Certificate of Origin in paper format that could be printed or submitted in such other medium; or

(b) an electronic Certificate of Origin.

2. For claiming preferential tariff treatment, either the Certificate of Origin in paper format or electronic Certificate of Origin shall be submitted.

3. The Certificate of Origin shall be printed on ISO A4 size paper and issued in accordance with format as shown in Annex 3-A.

4. The Parties shall implement the electronic Certificate of Origin referred to in paragraph 1(b) after both Parties conclude technical work on guidelines and specifications document

through the Committee on Rules of Origin. This technical work may begin within two years of the date of entry into force of this Agreement, unless otherwise agreed by the Parties.

5. The Certificate of Origin shall be completed in English.

6. Each Certificate of Origin shall bear a unique reference number.

7. The validity of the Certificate of Origin shall be 12 months from the date of its issuance.

8. Before the entry into force of this Agreement, for the purposes to prove the authenticity of the Certificate of Origin, the Parties shall exchange websites or other appropriate system (e.g. QR), as the Parties may agree, containing at least the following information of the Certificate of Origin issued by the exporting Party: reference number, HS Code, description of goods, quantity, date of issuance, invoice number, and name of the exporter.

9. In the event of theft, loss or destruction of a Certificate of Origin, the exporter may request in writing to the Competent Authority, which issued it, for the certified true copy of the original on the basis of the export documents in the possession of the exporter, bearing the endorsement of the words "CERTIFIED TRUE COPY" in Box 5. This copy shall bear the number and the date of issuance of the original Certificate of Origin. The certified true copy of a Certificate of Origin shall be issued within and valid during the validity period of the original Certificate of Origin.

Article 3.18: Certificate of Origin Issued Retroactively

1. The Certificate of Origin shall be issued by the Competent Authority of the exporting Party before or at the time of shipment whenever the exported good can be considered as originating good. If any change is required in the Certificate of Origin, the Competent Authority may amend the information contained in it before the importer submits the Certificate of Origin to the Customs Authority of the importing Party by issuing a new Certificate of Origin.

2. In exceptional circumstances, a Certificate of Origin may be issued retroactively after the date of shipment of the good:

(a) But no longer than 12 months from the date of shipment, where a Certificate of Origin has not been issued at the time of shipment due to involuntary errors, omissions or other valid causes; or

(b) Where a Certificate of Origin was issued and it contains errors that were detected before its submission to the Customs Authority of the importing Party.

In those circumstances, in the Certificate of Origin shall be indicated "ISSUED RETROACTIVELY" in Box 5 of Form I-P CEPA.

Article 3.19: Correction of an Erroneous Certificate of Origin

1. Neither erasures nor superimpositions shall be allowed on a Certificate of Origin.

2. Any alteration shall be made by striking out the erroneous information and making any addition required. Those alterations shall be certified by the Competent Authority of the exporting Party. Unused spaces shall be crossed out to prevent any subsequent addition.

3. Alternatively, a new Certificate of Origin may be issued to replace the erroneous Certificate of Origin.

Article 3.20: Treatment of Slight Discrepancies and Minor Errors

1. The discovery of slight discrepancies between the statements made in the Certificate of Origin and those made in the documents submitted to the Customs Authority of the importing Party for the purpose of carrying out the formalities for importing the goods shall not *ipso-facto* invalidate the Certificate of Origin, if it does in fact correspond to the goods submitted.

2. Minor errors, such as typing errors, on a Certificate of Origin shall not cause this document to be rejected if these errors are not such as to create doubts concerning the correctness of the statements made in this document.

Article 3.21: Post-Importation Claims for Preferential Tariff Treatment

1. Each Party, subject to its laws and regulations, shall provide that where a good would have qualified as an originating good when it was imported into that Party, the importer of the good may, within one year after the date on which the good was imported, apply for a refund of any excess duties, deposit, or guarantee paid as the result of the good not having been granted preferential tariff treatment, on presentation of the following to the Customs Authority of that Party:

   (a) a valid Certificate of Origin; and

   (b) any other documentation in relation to the importation as the Customs Authority may require to satisfactorily evidence the preferential tariff treatment claimed.

2. Notwithstanding paragraph 1, each Party may require, in accordance with its laws and regulations, that the importer notify the Customs Authority of that Party of its intention to claim preferential tariff treatment at the time of importation.

Article 3.22: Record Keeping Requirement

1. The producer or exporter applying for the issuance of a Certificate of Origin shall keep the supporting records, including those that demonstrate that the good is an originating good, for not less than four years from the date of issuance of the Certificate of Origin.

2. The importer shall keep records relevant to the importation, including the Certificate of Origin, at least four years from the day of importation of the good.

3. The Competent Authority of the exporting Party shall keep a record of the Certificate of Origin and all documents related to the issuance of the Certificate of origin for at least four years after the date on which the Certificate of Origin was issued.

Article 3.23: Verification of Origin

1. For the purposes of determining whether a good imported into one Party from the other Party qualifies as an originating good under this Chapter, the Verification Authority of the importing Party may conduct a verification process through the following means:

(a) a written request for information addressed to the importer;

(b) a written request for information addressed to the exporter or producer;

(c) a verification visit to the premises of the exporter or producer in the exporting Party to observe the facilities and production processes of the good, and to review records, including accounting files, limited to information and documentation necessary to determine whether the good is originating; or

(d) any other procedures as may be agreed by the Parties.

2. The Verification Authority of the importing Party shall:

(a) for the purposes of paragraph 1(b), send a written request in English accompanied by a copy of the Certificate of Origin and an explanation of the reasons for the request;

(b) for the purposes of paragraph 1(c), send the written request in English and shall include:

(i) the name of the Verification Authority;

(ii) the name of the producer or exporter whose premises are to be visited and location of those premises;

(iii) the proposed date of the verification visit;

(iv) the coverage of the proposed verification visit, including reference to the good subject to the verification;

(v) a copy of the Certificate of Origin; and

(vi) the names and designation of the officials performing the verification visit.

3. Pursuant to verification process under paragraphs 1(a) to 1(c), the Verification Authority of the importing Party shall provide:

(a) the importer, exporter or producer at least 30 days from the date of receipt of the written request under paragraph 1(a) or paragraph 1(b) to respond; and

(b) the exporter or producer 30 days from the date of receipt of the written request under paragraph 1(c) to either consent to or decline the request.

4. On request of the importing Party, the Party in which the exporter or producer is located may, as it deems appropriate and in accordance with its laws and regulations, provide assistance in the verification process. This assistance may include identifying a contact point, collecting relevant information from the exporter or producer on behalf of the importing Party, or undertaking other appropriate actions to facilitate a determination as to whether the good is originating. The importing Party shall not deny a claim for preferential tariff treatment solely on the grounds that the requested assistance was not provided by the exporting Party.

5. The Verification Authority of the importing Party shall make a determination as expeditiously as possible, and in any case no later than 90 days after receiving all necessary information to make the determination, including, where applicable, information received under paragraph 1. In all circumstances, the verification process shall be concluded no later than 365 days from the date of the first action under paragraph 1.

6. If the Verification Authority of the importing Party initiates a verification process in accordance with paragraph 1(b) or paragraph 1(c), it shall notify the importer of the initiation of the verification process.

7. If the Verification Authority of the importing Party initiates a verification process under paragraph 1(c), it shall, at the time of the request for the visit, notify the Party where the exporter or producer is located and offer that Party the opportunity for its officials to accompany the verification team during the visit.

8. Prior to issuing a written determination, the Verification Authority of the importing Party shall notify the importer and any exporter or producer that submitted information directly to the preliminary results of the verification process. If the importing Party intends to deny preferential tariff treatment, it shall allow those persons a period of at least 30 days to submit additional information related to the origin of the good.

9. The Verification Authority of the importing Party shall:

(a) issue to the importer a written determination indicating whether the good is originating, including the basis for the determination; and

(b) provide the results of the verification process, including the reasons therefor, to the exporter or producer, in the case this last one provided the information during the verification process.

10. During the verification process, the importing Party shall allow the release of the good, subject to payment of duties or provision of a security in accordance with its domestic law. If as a result of the verification process, the importing Party determines that the good qualifies as an originating good, it shall grant preferential tariff treatment to the good and refund any excess duties paid or release any security provided, unless such security also covers other obligations.

Article 3.24: Denial of Preferential Tariff Treatment

1. The importing Party may deny preferential tariff treatment where:

(a) the Certificate of Origin has not complied with the provision in accordance with this Chapter;

(b) the importer fails to submit the Certificate of Origin to the Customs Authority of the importing Party in accordance with Article 3.14 (Claim for Preferential Tariff Treatment);

(c) the producer, exporter, or importer fails to respond to the request within the period referred to in Article 3.23.3(a) (Verification of Origin);

(d) the producer or exporter fails to respond or refuses the request for a verification visit referred to in Article 3.23.3(b) (Verification of Origin);

(e) the producer, exporter, or importer fails to respond to the notification within the period referred to in Article 3.23.8 (Verification of Origin);

(f) the information provided to the importing Party pursuant to Article 3.23 (Verification of Origin) is not sufficient to prove that the good qualifies as an originating good of the exporting Party;

(g) a notification has been received by the importing Party pursuant to Article 3.14.2 (Claim for Preferential Tariff Treatment);

(h) the good does not meet the requirements of this Chapter; or

(i) the importer fails to comply with the requirements of this Chapter.

2. If the importing Party denies a claim for preferential tariff treatment, it shall promptly provide the written notification to the importer that includes the reasons for denial.

Article 3.25: Non-Party Invoicing

1. The importing Party shall not reject a claim for preferential tariff treatment for the sole reason that the invoice issued by an operator located in the exporting Party or in a non-Party, provided that the goods meet the requirements of this Chapter.

2. In case the invoice is issued by an operator located in a non-Party, the exporter of the goods shall indicate in the Certificate of Origin "NON-PARTY INVOICE" and the following information: name and legal address (including city and country) of the operator located in the non-Party.

Article 3.26: Confidentiality

All information provided pursuant to this Chapter shall be treated by the Parties as confidential in accordance with their respective laws and regulations. It shall not be disclosed without the written permission of the person or authority of the Party providing it.

Article 3.27: Committee on Rules of Origin

1. The Parties hereby establish a Committee on Rules of Origin, composed of government representatives of each Party, to consider any matters arising under this Chapter.

2. The Committee on Rules of Origin shall have the following functions:

(a) monitor the implementation and administration of this Chapter;

(b) propose to the Joint Commission:

i. modifications to the Annex 3-B as a result of the amendments to the Harmonized System (HS); and

ii. solutions to address issues related to interpretation, application, and administration of this Chapter; and

(c) address any other matter relating to this Chapter.

CHAPTER 4

CUSTOMS PROCEDURES AND TRADE FACILITATION

Article 4.1: Definitions

For the purposes of this Chapter:

customs administration means any authority that is responsible under the law of each Party for the administration and enforcement of its customs laws and regulations;

i. for Indonesia, the Directorate General of Customs and Excise; and

ii. for Peru, the National Superintendence of Customs and Tax Administration (*Superintendencia Nacional de Aduanas y de Administración Tributaria - SUNAT*);

or their successors;

customs control means measures applied by the customs administration to ensure compliance with customs laws of the Parties;

customs laws means provisions laid down by laws and regulations concerning the importation, exportation, transit of goods, or any other customs procedures whether relating to customs duties, taxes or any other charges collected by the customs administration, or to measures for prohibition, restriction, or control enforced by the customs administration;

customs procedure means the measures applied by the customs administration of a Party to goods and to the means of transport that are subject to its customs control;

Customs Valuation Agreement means the *Agreement on Implementation of Article VII of GATT 1994*, set out in Annex 1A to the WTO Agreement;

means of transport means various types of vessels, vehicles, and aircrafts which enter or leave the territory carrying persons and/or goods, and others means according to the laws and regulations of the Parties;

Trade Facilitation Agreement means the *Agreement on Trade Facilitation*, set out in Annex IA to the WTO Agreement.

Article 4.2: Objectives

The objectives of this Chapter are to:

(a) ensure predictability, consistency, and transparency of customs procedures;

(b) promote efficient administration of customs procedures of the Parties and the expeditious performance of customs operations;

(c) simplify customs procedures of each Party and harmonize them to the extent possible with relevant international standards;

(d) facilitate trade between the Parties; and

(e) promote cooperation among the customs authorities of the Parties.

Article 4.3: Affirmation of the Trade Facilitation Agreement

The Parties affirm their existing rights and obligations with respect to each other under the Trade Facilitation Agreement, and which is incorporated into and forms part of this Agreement, *mutatis mutandis.*

Article 4.4: Consistency

1. Each Party, to the extent possible, ensure that its customs laws and regulations are consistently implemented and applied throughout its customs territory. For greater certainty, this shall not prevent the exercise of discretion granted to the customs authority of a Party if that discretion is granted by that Party's customs laws and regulations, provided that the discretion is exercised consistently throughout that Party's customs territory and in accordance with its customs laws and regulations.

2. In fulfilling the provision in paragraph 1, each Party may adopt or maintain administrative measures to ensure consistent implementation and application of its customs laws and regulations throughout its customs territory, preferably by establishing an administrative mechanism which assures consistent application of the customs laws and regulations of that Party among its regional customs offices.

Article 4.5: Customs Valuation

The Parties shall apply Article VII of GATT 1994 and the Customs Valuation Agreement to goods traded between them.

Article 4.6: Publication and Transparency

1. The Parties shall publish the following information in a non-discriminatory and easily accessible manner in order to enable governments, traders, and other interested persons to become acquainted with them:

(a) procedures for importation, exportation, and transit (including port, airport, and other entry-point procedures), and required forms and documents;

(b) applied rates of duties and taxes of any kind imposed on or in connection with importation or exportation;

(c) fees and charges imposed by or for governmental agencies on or in connection with importation, exportation, or transit;

(d) rules for the classification or valuation of products for customs purposes;

(e) laws, regulations, and administrative rulings of general application relating to rules of origin;

(f) import, export, or transit restrictions or prohibitions;

(g) penalty provisions for breaches of import, export, or transit formalities;

(h) procedures for appeal or review; and

(i) agreements to which it is party, or parts thereof with any country or countries relating to importation, exportation, or transit.

2. The Parties shall designate or maintain one or more enquiry points to process enquiries from interested persons concerning to importations, exportations, and transit issues and shall publish on the official website information concerning those enquiry points.

Article 4.7: Release of Goods

1. In order to facilitate trade between the Parties, each Party shall adopt or maintain simplified customs procedures for the efficient release of goods. For greater certainty, this paragraph shall not require a Party to release a good if its requirements for release have not been met.

2. Pursuant to paragraph 1, each Party shall adopt or maintain procedures that:

(a) provide for the immediate release of goods upon receipt of the customs declaration and fulfillment of all applicable requirements and procedures;

(b) allow goods to be released at the point of arrival, without temporary transfer to warehouses or other facilities, provided all requirements are met;

(c) to the extent permitted by its law, require that the importer be informed if a Party does not promptly release goods, including the reasons why the goods are not released and which border agency, if not the customs administration, has withheld release of the goods; and

(d) allow the release of goods prior to the final determination by its customs administration of the applicable customs duties, taxes, fees and charges, provided that no further controls are required, a sufficient and effective guarantee is submitted and all other regulatory requirements have been met.

3. Each Party may allow, to the extent practicable, goods intended for import to be moved within its territory under customs control from the point of entry into the Party's territory to another customs office in its territory from where the goods are intended to be released, provided the applicable regulatory requirements are met.

Article 4.8: Pre-Arrival Processing

1. Each Party shall adopt or maintain procedures allowing for the submission and processing of documentation and data, including manifests and other information required for the importation of goods, in order to begin processing prior to the arrival of goods with a view to expediting the release of goods upon arrival.

2. Each Party shall provide, as appropriate, for advance lodging of documents and other information referred to in paragraph 1 in electronic format for pre-arrival processing of those documents.

Article 4.9: Classification of Goods

Each Party shall apply the *International Convention on the Harmonized Commodity Description and Coding System*, done at Brussels on June 14, 1983, as amended, to goods traded with other parties.

Article 4.10: Express Consignment

1. Each Party shall adopt or maintain customs procedures allowing for the expedited release of at least those goods entered through air cargo facilities to persons who apply for that treatment, while maintaining appropriate customs control and selection, by:

(a) providing for pre-arrival processing of information related to express consignments;

(b) permitting, to the extent possible, the single submission of information covering all goods contained in an express consignment, through electronic means;

(c) minimizing the documentation required for the release of express consignments;

(d) providing for express consignment to be released under normal circumstances as rapidly as possible and within six hours, when possible, after the arrival of the goods and submission of the information required for release; and

(e) endeavoring to apply the treatment in subparagraph (a) to subparagraph (d) to shipments of any weight or value recognizing that a Party is permitted to require additional entry procedures, including declarations, and supporting documentation and payment of duties and taxes, and to limit that treatment based on the type of good, provided that the treatment is not limited to low value goods such as documents.

2. Nothing in paragraph 1 shall affect the right of a Party to examine, detain, seize, confiscate, or refuse the entry of goods, or to carry out post-clearance audits, including in connection with the use of risk management systems. Further, nothing in paragraph 1 shall prevent a Party from requiring, as a condition for release, the submission of additional information and the fulfilment of non-automatic licensing requirements.

Article 4.11: Advance Rulings

1. In accordance with its commitments under the Trade Facilitation Agreement, the Parties on a written request shall issue, prior to the importation of a good into their territories, an advance ruling, in a reasonable and time-bound manner to an applicant, containing all necessary information in relation to:

(a) tariff classification;

(b) origin of goods; and

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

2. Subject to its laws and regulations, each Party shall adopt or maintain procedures for issuing written advance rulings, which shall:

(a) provide that an exporter, importer or any person with a justifiable cause or a representative thereof, may apply for an advance ruling before the date of importation of the goods that are the subject of the application;

(b) include a detailed description of the information required to process a request for an advance ruling, which may include a sample of the good for which the applicant is seeking an advance ruling if requested;

(c) allow, at any time during the course of evaluation of an application for an advance ruling, to request that the applicant provides additional information necessary to evaluate the application;

(d) provide that, in issuing an advance ruling, the decision-maker shall take into account the facts and circumstances presented by the applicant; and

(e) to the extent possible, provide that the advance ruling be issued in the official language of the issuing Party, to the applicant expeditiously on receipt of all necessary information within 90 days.

3. The importing Party shall apply an advance ruling issued by it under paragraph 1 on the date that the ruling is issued or on a later date specified in the ruling, provided that the facts, or circumstances on which the ruling is based, remain unchanged.

4. The advance ruling shall be valid for a reasonable period of time after its issuance unless the laws, facts, or circumstances supporting that ruling have changed.

5. The advance ruling issued by the Party shall be binding to the person to whom the ruling is issued only.

6. A Party may decline to issue an advance ruling to the applicant where the question raised in the application:

(a) is already pending in the applicant's case before any governmental agency, appellate tribunal, or court; or

(b) has already been decided by any appellate tribunal or court.

7. A Party that declines to issue an advance ruling shall promptly notify, in writing, the person requesting the ruling, setting out the relevant facts and circumstances and the basis for its decision.

8. The importing Party may modify or revoke an advance ruling:

(a) if the ruling was based on an error of fact or law;

(b) if there is a change in the material facts or circumstances on which the ruling was based;

(c) where there is a change in laws or regulations on which the ruling was based; and

(d) where incorrect information was provided or information on which the ruling was based was withheld.

9. The Party shall provide a written notice to the applicant explaining the Party's decision to revoke or modify the advance ruling issued to the applicant.

10. Subject to its laws and regulations, each Party shall ensure that the applicant has access to administrative review of advance rulings.

11. Each Party shall endeavor to make publicly available any information on advance rulings which it considers to be of significant interest to other interested parties, taking into account the need to protect confidential information.

Article 4.12: Risk Management

1. Each Party, within available resources, shall adopt or maintain a risk management system, which shall be based on an assessment and targeting of risk through appropriate selectivity criteria. Based on these systems, each Party shall determine which person, goods, or means of transport are to be examined and the extent to the examination. To the extent possible, risk management system shall be reviewed and updated periodically.

2. Each customs administration shall focus customs controls on high-risk shipment of goods and facilitate clearance, including release, of low-risk goods. Each Party may also select, on a random basis, goods for those controls as part of its risk management.

3. Each Party shall apply risk management in a manner that does not create arbitrary or unjustifiable discrimination under the same conditions or a disguised restriction on international trade.

Article 4.13: Perishable Goods

1. With a view to preventing avoidable loss or deterioration of perishable goods, and provided that all regulatory requirements have been met, each Party shall provide for the release of perishable goods:

(a) under normal circumstances within the shortest possible time; and

(b) in exceptional circumstances where it would be appropriate to do so, outside the business hours of customs and other relevant authorities.

2. Each Party shall give appropriate priority to perishable goods when scheduling any examinations may be required.

3. Each Party shall either arrange, or allow an importer to arrange, for the proper storage of perishable goods pending their release. Each Party may require that any storage facilities arranged by the importer have been approved or designated by its relevant authorities. The movement of the goods to those storage facilities, including authorizations for the operator moving the goods, may be subject to the approval, when required, of the relevant authorities. Each Party shall, if practicable and consistent with its laws and regulations, on the request of the importer, provide for any procedures necessary for release to take place at those storage facilities.

Article 4.14: Penalties

1. For the purposes of this Article, the term “penalties” shall mean those imposed by a customs administration of a Party for a breach of its customs laws or procedural requirements.

2. Each Party shall ensure that penalties for a breach of a customs law or procedural requirement are imposed only on the person responsible for the breach under its laws.

3. The penalty imposed shall depend on the facts and circumstances of the case and shall be commensurate with the degree and severity of the breach.

4. Each Party shall ensure that it maintains measures to avoid:

(a) conflicts of interest in the assessment and collection of penalties and duties; and

(b) creating an incentive for the assessment or collection of a penalty that is inconsistent with paragraph 3.

5. Each Party shall ensure that when a penalty is imposed for a breach of customs laws or procedural requirements, an explanation in writing is provided to the person upon whom the penalty is imposed specifying the nature of the breach and the applicable law, regulation or procedure under which the amount or range of penalty for the breach has been prescribed.

Article 4.15: Review of Formalities and Documentation Requirements

1. Each Party shall review its formalities and documentation requirements with a view to minimizing the incidence and complexity of import, export, and transit formalities and to decreasing and simplifying import, export, and transit documentation requirements.

2. Based on the results of the review, each Party shall ensure, as appropriate, that those formalities and documentation requirements are adopted or applied in a manner that aims at reducing the time and cost of compliance for traders and operators.

Article 4.16: Authorized Economic Operator

Each customs administration shall provide trade facilitation measures related to import, export, or transit formalities and procedures, to authorized economic operators who meet specified criteria based on the *SAFE Framework of Standards to Secure and Facilitate Global Trade* of the World Customs Organization (WCO).

Article 4.17: Post-Clearance Audit

1. With a view to expediting the release of goods, each Party shall adopt or maintain post-clearance audit to ensure compliance with customs and other related laws and regulations.

2. Each Party shall select a person or a consignment for post-clearance audit in a risk-based manner, which may include appropriate selectivity criteria. Each Party shall conduct post-clearance audits in a transparent manner. If the person is involved in the audit process and conclusive results have been achieved, the Party shall, without delay, notify the person whose record is audited of the results, the person's rights and obligations and the reasons for the results.

3. The Parties acknowledge that the information obtained in post-clearance audit may be used in further administrative or judicial proceedings.

4. The Parties shall whenever practicable, use the result of post-clearance audit in applying risk management.

Article 4.18: Consultation

1. A Party may, at any time, request consultations with the other Party regarding any significant customs matter arising from the operation or implementation of this Chapter, providing relevant details related to the matter. Those consultations shall be conducted through the respective contact points designated pursuant to paragraph 3 and shall commence within 30 days of the date of receipt of the request unless the Parties determine otherwise.

2. In the event that those consultations fail to resolve the matter, the requesting Party may refer the matter to the Committee on National Treatment and Market Access for Goods.

3. Each Party shall, within 30 days of the date of entry into force of this Agreement, designate one or more contact points for the purposes of this Chapter and notify the other Party of the contact details and other relevant information, if any. Each Party shall promptly notify the other Party of any change to those contact details.

Article 4.19: Review and Appeal

1. Each Party shall provide that any person to whom its customs authority issues an administrative decision has the right, within its territory, to:

(a) an administrative appeal to or review by an administrative authority higher than or independent of the official or office that issued the decision; and

(b) a judicial appeal or review of the decision.

2. Each Party shall ensure that its procedures for appeal and review are carried out in a non-discriminatory and timely manner.

3. Each Party shall ensure that an authority conducting a review or appeal under paragraph 1 notifies the person in writing of its determination or decision in the review or appeal, and the reasons for the determination or decision.

4. The law of a Party may require that an administrative appeal or review be initiated prior to a judicial appeal or review.

5. Each Party shall ensure that, in a case where the decision on appeal or review under paragraph 1(a) is not given either:

(a) within set periods as specified in its laws or regulations; or

(b) without undue delay;

the petitioner has the right to either further appeal to or further review by the administrative authority or the judicial authority or any other recourse to the judicial authority.

7. Each Party shall ensure that the person referred to in paragraph 1 is not treated unfavorably merely because that person seeks review of an administrative decision or omission referred to in paragraph 1.

8. Each Party is encouraged to make this Article applicable to an administrative decision issued by a relevant border agency other than its customs authority.

Article 4.20: Enquiry Points

1. Each Party shall designate, establish, and maintain one or more enquiry points to address enquiries from interested persons pertaining to the matters covered in this Chapter, within its available resources, and shall endeavor to make available publicly through electronic means, information concerning procedures for making those enquiries.

2. Pursuant to paragraph 1:

(a) enquiry point for Indonesia is the Directorate General of Customs and Excise of Indonesia;

(b) enquiry point for Peru is the Ministry of Foreign Trade and Tourism (*Ministerio de Comercio Exterior y Turismo - MINCETUR*);

or their successors.

Article 4.21: Exchange of Information

1. On request, each customs administration shall provide the other customs administration with information related with customs declaration that would assist with the enforcement of customs law.

2. The requested customs administration shall respond the request or provide related information, to the extent it is available, in writing, through electronic means within the timeframe agreed by customs administrations of the Parties which shall not be more than 90 days, after receiving the written request. All request and responses must be made in English.

3. Any information or document provided by the requested customs administration shall be held

by the requesting customs administration in confidence.

4. The information requested in this Article will not be used as evidence in criminal investigations, judicial proceedings, or in non-customs proceedings without the specific written permission of the requested customs administration.

5. A requested customs administration may postpone or refuse part or all of a request to provide information, and shall inform the requesting customs administration of the reasons for doing so, where:

(a) it would be contrary to the public interest as reflected in the domestic law and legal system of the requested customs administration;

(b) its domestic law and legal system prevent the release of the information. In that case, it shall provide the requesting customs administration with a copy of the relevant, specific reference;

(c) the provision of the information would impede law enforcement or otherwise interfere with an on-going administrative or judicial investigation, prosecution or proceeding;

(d) the consent of the importer or exporter is required by its domestic law and legal system that governs the collection, protection, use, disclosure, retention, and disposal of confidential information or personal data and that consent is not given; or

(e) the request for information is received after the expiration of the legal requirement of the requested customs administration for the retention of documents.

6. Each customs administration shall designate one or more contact points for the purposes of this Article.

Article 4.22: Single Window

1. Each Party shall, to the extent possible, establish or maintain a single window, enabling traders to submit clear and readable electronic copies of documentation and/or data requirements for importation, exportation, or transit of goods through a single-entry point to the participating authorities or agencies. After the examination by participating authorities or agencies of the document and/or data, the results shall be notified to the applicants through the single window in a timely manner.

2. To the extent possible and practicable, in cases where documentation and/or data requirements have already been received through the single window, the same documentation and/or data requirements shall not be requested by participating authorities or agencies except in urgent circumstances or other limited exceptions which are made public.

Article 4.23: Application of Information Technology

1. Each Party shall endeavor to provide an electronic environment that supports business transactions between their respective customs administrations and their trading enterprises based on internationally accepted standards for expeditious customs clearance and release of goods.

2. Each Party shall apply information technology to support customs operations, where it is cost-effective and efficient, particularly in the paperless trading context, taking into account developments in this area within the WCO.

3. Each customs administration is encouraged to:

   (a) implement common standards and elements for import and export data in accordance with the WCO Data Model; and

   (b) take into account, as appropriate, standards, recommendations, models, and methods developed through the WCO.

4. Each Party shall endeavor to make its trade administration documents available to the public in electronic versions.

5. Each Party shall endeavor to accept trade administration documents submitted electronically as the legal equivalent of the paper version of these documents.

Article 4.24: Use of International Standards

The Parties are encouraged to use relevant international standards or parts thereof to expedite procedures related to importation, exportation, or transit of goods.

Article 4.25: Confidentiality

All the information provided pursuant to this Chapter shall be treated by the Parties as confidential in accordance with their respective laws and regulations. It shall not be disclosed without the written permission of the person or authority of the Party providing it.

CHAPTER 5

TECHNICAL BARRIERS TO TRADE

Article 5.1: Definitions

For the purposes of this Chapter, the terms and their definitions set out in Annex 1 of the TBT Agreement shall apply, *mutatis mutandis*.

Article 5.2: Objectives

The objectives of this Chapter are to increase and facilitate trade in goods through the enhanced implementation of the TBT Agreement, preventing and eliminating unnecessary technical barriers to trade, and the enhancement of bilateral cooperation.

Article 5.3: Affirmation of the TBT Agreement

The Parties affirm and incorporate their existing rights and obligations with respect to each other under the TBT Agreement, *mutatis mutandis*.

Article 5.4: Scope

1. This Chapter shall apply to the preparation, adoption, and application of all standards, technical regulations, and conformity assessment procedures, as defined in the TBT Agreement, that may, directly or indirectly, affect trade in goods between the Parties, including any amendments thereto and any addition to their rules or the product coverage thereof, except amendments and additions of an insignificant nature.

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

   (a) purchasing specifications prepared by governmental bodies for production or consumption requirements of these bodies; and

   (b) sanitary and phytosanitary measures, as defined by Chapter 6 (Sanitary and Phytosanitary Measures).

Article 5.5: International Standards

1. The Parties recognize the important role that international standards, guides, and recommendations play in the harmonization of technical regulations, conformity assessment procedures, national standards and in reducing unnecessary barriers to trade.

2. The Parties shall use international standards, guides, and recommendations, or the relevant parts of them, to the extent provided in Articles 2 and 5 and Annex 3 to the TBT Agreement, as a basis for their technical regulations and related conformity assessment procedures where relevant international standards, guides, and recommendations exist or their completion is imminent, except when they or their relevant parts are ineffective or inappropriate to fulfil the legitimate objectives.

3. In determining whether an international standard, guide or recommendation within the meaning of Articles 2 and 5 and Annex 3 of the TBT Agreement exists, each Party takes into account the principles set out in the Decisions of the Committee on Principles for the Development of International Standards, Guides and Recommendations (G/TBT/1/rev.15), as may be revised, and subsequent relevant decision and recommendations in this regard, adopted by the WTO Committee on Technical Barriers to Trade.

4. The Parties shall cooperate with each other, when feasible and appropriate, in the development of international standards, guides, and recommendations, in areas of mutual interest, that are likely to become a basis for technical regulations and conformity assessment procedures with a view that they do not create unnecessary obstacles to international trade.

Article 5.6: National Standards

1. With respect to the preparation, adoption, and application of national standards, each Party shall ensure that its standardizing body accepts and complies with Annex 3 of the TBT Agreement.

2. If modifications to the contents or structure of the relevant international standards were necessary in developing a Party's national standards, that Party shall comply with *ISO/IEC Guide 21-1 Regional or national adoption of International Standards and other International Deliverables — Part 1: Adoption of International Standards* in its current version. On request of the other Party, a Party shall endeavor to provide information, when applicable and feasible, and to reply any further questions raised. In case of any fees are charged for this service, that fees shall, apart from the real cost of delivery, be the same for foreign and domestic persons.

3. The Parties shall encourage cooperation between their standardizing bodies, in areas such as exchanging information relating to national standards and national standard setting procedures.

Article 5.7: Technical Regulations

1. Further to Article 2.7 of the TBT Agreement, if a Party does not accept a technical regulation of the other Party as equivalent to its own, it shall, on request of the other Party, explain the reasons for its decision within a reasonable period of time.

2. A Party seeking the acceptance of its technical regulation as equivalent should provide, as appropriate, information regarding the relationship of its technical regulation to international standards referenced in the technical regulation of the other Party, the circumstances which gave

rise to the adoption of its technical regulation, and the similarity of the respective conformity assessment procedures.

3. At the request of a Party which may have an interest in developing a similar technical regulation, and in order to minimize duplicate expenses, the other Party shall provide any available information or other relevant documents, except for confidential information on which it has relied in the development of a technical regulation.

4. When a Party detains a product that is imported from the territory of the other Party, at the point of entry due to non-compliance with a technical regulation or a conformity assessment procedure, it shall notify the importer or its representative, without undue delay, the reasons for the detention.

Article 5.8: Conformity Assessment

1. The Parties recognize that, depending on the situation of a Party and specific sectors involved, a broad range of mechanisms exists to facilitate the acceptance of the results of conformity assessment procedures conducted in the other Party. Those mechanisms may include:

(a) mutual recognition agreement for the results of conformity assessment procedures performed by designated or accredited conformity assessment bodies located in each other's territory with respect to specific technical regulations;

(b) recognize existing regional and international mutual recognition arrangements among accreditation bodies;

(c) voluntary cooperative arrangements between accreditation bodies or those between conformity assessment bodies in the Parties;

(d) use of accreditation to qualify conformity assessment bodies, particularly international systems of accreditation;

(e) designating conformity assessment bodies by the government of a Party which is located in the territory of the other Party to perform conformity assessment procedures;

(f) unilateral recognition by a Party of results of conformity assessment procedures conducted in other Party; or

(g) acceptance of supplier's declaration of conformity, subject to its law and regulations.

2. Each Party shall exchange information with the other Party on its experience in the development an application of the approaches in paragraph 1 and other appropriate approaches with a view to facilitating the acceptance of the results of conformity assessment procedures.

3. A Party shall, on request of the other Party, explain its reasons for not accepting the result

of any conformity assessment procedures performed in the territory of that other Party.

4. If a Party accredits, approves, licenses, or otherwise recognizes a body assessing conformity with a specific technical regulation or standard in its territory and refuses to accredit, approve, license or otherwise recognize a body assessing conformity with that technical regulation or standard in the territory of the other Party, it shall, on request of that other Party, explain the reasons for its decision.

5. Each Party shall give positive consideration to a request by the other Party to negotiate and conclude agreements to facilitate recognition of the results of conformity assessment procedures conducted by bodies located in the territory of the other Party. If a Party declines that request, it shall, on request of that other Party, explain the reasons for its decision.

Article 5.9: Transparency

1. Each Party shall notify all technical regulations and conformity assessment procedures that are in accordance with the technical content of relevant international standards, guides, or recommendations.

2. The Parties acknowledge the importance of transparency in decision-making, including giving a meaningful opportunity to provide comments on proposed technical regulations and conformity assessment procedures. If a Party notify under Articles 2.9, 2.10, 3.2, 5.6, 5.7 and 7.2 of the TBT Agreement, it shall notify the proposal electronically to the other Party through the inquiry points that each Party has established under Article 10 of the TBT Agreement, at the same time as it notifies to the WTO.

3. Each Party shall allow 60 days from the date of notification to WTO in accordance with Articles 2.9, 3.2, 5.6 and 7.2 of TBT Agreement for the other Party to present comments, except where urgent problems of safety, health, environmental protection, or national security arise or threaten to arise. A Party shall give favorable consideration to reasonable requests for extending the comment period.

4. The Parties shall ensure that all adopted technical regulations and conformity assessment procedures are available on an official website that is publicly available.

5. Each Party shall take into due consideration the comments of the other Party and shall, on request of that Party, endeavor to provide responses to these comments on request within a reasonable timeframe.

6. A Party shall, on request of the other Party, provide information regarding the objectives of, and rationale for, a standard, technical regulation, or conformity assessment procedure that the Party has adopted or is proposing to adopt.

7. For the purposes of applying Articles 2.12 and 5.9 of the TBT Agreement, the term “reasonable interval” means a period of not less than six months, except when this would be

ineffective in fulfilling the legitimate objectives pursued by the technical regulation or by the requirements concerning the conformity assessment procedure.

Article 5.10: Technical Cooperation

1. The Parties shall strengthen their cooperation in the field of standards, technical regulations, and conformity assessment procedures consistent with the objectives of this Chapter.

2. Each Party shall, on request of the other Party, give positive consideration to proposal for cooperation on matters of mutual interest on standards, technical regulations, and conformity assessment procedures.

3. That cooperation, which shall be on mutually determined terms and conditions, may include:

(a) providing advice or technical assistance and exchange experiences to improve the other Party's systems in terms of standards, technical regulations, conformity assessment procedures, and related activities;

(b) evaluating the equivalence of their respective technical regulations, standards, and conformity assessment procedures;

(c) cooperation between conformity assessment bodies, both governmental and non-governmental, in the Parties, and improve infrastructure for calibration, testing, inspection, certification, and accreditation to comply with standards, relevant international recommendations, and guidelines;

(d) cooperation between their respective organizations responsible for standardization, accreditation, and metrology, with a view to addressing issues covered by this Chapter;

(e) cooperation in the development and promotion of good regulatory practices, and transparency, including mechanisms to promote better access to information on standards, technical regulations and conformity assessment procedures; or

(f) other areas as agreed by the Parties.

4. A Party shall, on request of other Party, give due consideration to any sector specific proposal for cooperation based on mutual benefit under this Chapter.

Article 5.11: Committee on Technical Barriers to Trade

1. The Parties hereby establish the Committee on Technical Barriers to Trade, comprising representatives of each Party.

2. The functions of the Committee on Technical Barriers to Trade shall include:

(a) monitoring and managing the implementation of this Chapter;

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

(c) sharing experiences on developments of both governmental or non-governmental, in regional and multilateral fora engaged in activities related to standards, technical regulations, and conformity assessment procedures;

(d) where relevant, facilitating sectoral cooperation among governmental and non-governmental conformity assessment bodies in the territory of the Parties;

(e) reviewing this Chapter in light of any developments under the TBT Agreement and when required, developing recommendations for amendments to this Chapter in light of those developments;

(f) taking any other mutually agreed steps, the Parties consider will assist them in implementing this Chapter and the TBT Agreement;

(g) as it considers appropriate, reporting to the Joint Commission on matters mutually agreed related to the implementation of this Chapter;

(h) establishing, if necessary, for particular issues or sectors, working groups for the treatment of specific matters related to this Chapter; and

(i) at a Party's request, consulting on any matter arising under this Chapter in accordance with Article 5.12 (Consultations).

3. The Committee on Technical Barriers to Trade shall meet at least once a year unless the Parties otherwise agree. The Committee on Technical Barriers to Trade shall carry out its work through the communication channels agreed to by the Parties, which may include electronic mail, videoconferencing, or other means.

4. The Committee on Technical Barriers to Trade shall be coordinated by contact points:

(a) for Indonesia, the National Standardization Agency of Indonesia (*Badan Standardisasi Nasional - BSN*); and

(b) for Peru, the Ministry of Foreign Trade and Tourism (*Ministerio de Comercio Exterior y Turismo - MINCETUR*);

or their successors.

5. Each Party shall provide the contact details of its designated contact point, and promptly notify the other Party of any change or amendments to the details of the relevant officials.

Article 5.12: Consultations

1. A Party may request through contact points established under this Chapter to hold technical consultations with other Party in an attempt to resolve any concerns on specific issues arising from the application of this Chapter. The requested Party shall respond within 30 days to any reasonable request for that consultation. The Parties shall make every effort to reach a resolution.

2. The Parties shall enter into technical consultations within 60 days, from the date of the response received from the requested Party, unless otherwise determined by the Parties, with a view to reaching a mutually satisfactory solution. Technical consultations may be conducted by any means agreed by the Parties.

3. Where the Parties have had recourse to consultations under this Article, those consultations shall constitute consultations under Article 11.6 (Dispute Settlement - Consultations).

Article 5.13: Information Exchange

1. A Party may request the other Party to provide information on any matter arising under this Chapter. A Party receiving a request under this paragraph shall provide that information within 60 days, by electronic means.

2. With respect to information exchanges, in compliance with Article 10 of the TBT Agreement, each Party shall endeavor to apply relevant and appropriate recommendations set out in *Decisions and Recommendations adopted by the WTO Committee on Technical Barriers to Trade since 1 January 1995* (G/TBT/1/rev.15), as may be revised, issued by the WTO Committee on Technical Barriers to Trade.

Article 5.14: Implementing Agreements

1. The Parties may negotiate any legal instruments, to deepen the implementation of this Chapter based on mutual interest, which shall form an integral part of this Chapter.

2. The rights and obligations set out in each legal instrument to this Chapter shall apply only with respect to the sector specified in that legal instrument, and shall not affect the rights or obligations of any Party under any other legal instrument.

CHAPTER 6

SANITARY AND PHYTOSANITARY MEASURES

Article 6.1: Definitions

For the purposes of this Chapter:

(a) the definitions in Annex A of the SPS Agreement are incorporated into this Chapter and shall form part of this Chapter, *mutatis mutandis*, and

(b) the relevant definitions developed by the World Organization for Animal Health (WOAH), International Plant Protection Convention (IPPC), and Codex Alimentarius Commission (CODEX), shall apply in the implementation of this Chapter.

Article 6.2: Objectives

The objectives of this Chapter are to:

(a) facilitate trade among the Parties while protecting human, animal, or plant life or health in the territory of the Parties;

(b) enhance implementation of the SPS Agreement and applicable international standards, guidelines, and recommendations developed by relevant international organisation (WOAH, IPPC, and CODEX);

(c) provide means to improve communication, cooperation and resolution of sanitary and phytosanitary issues between the Parties;

(d) increase mutual understanding of the regulations and procedures of each Party relating to the implementation of sanitary and phytosanitary measures;

(e) strengthen communication, consultation, and cooperation between the Parties, and particularly between their competent authorities and contact points;

(f) ensure that sanitary or phytosanitary measures implemented by a Party do not create unnecessary barriers to trade;

(g) enhance transparency in and understanding of the application of each Party's sanitary and phytosanitary measures; and

(h) encourage the development and adoption of science-based international standard, guidelines, and recommendations, and promote their implementation by the Parties.

Article 6.3: Scope

This Chapter shall apply to all sanitary and phytosanitary measures of a Party that may, directly or indirectly, affect trade among the Parties.

Article 6.4: General Provisions

1. The Parties reaffirm and incorporate their rights and obligations relating to sanitary and phytosanitary measures under the SPS Agreement, *mutatis mutandis*.

2. The Parties shall apply the principles of the SPS Agreement in the development, application, or recognition of any sanitary and phytosanitary measures, while protecting human, animal, or plant life or health in the territory of each Party.

Article 6.5: Equivalence

1. The Parties recognize that the application of equivalence, as set out in Article 4 of the SPS Agreement, is an important tool for facilitating trade for the mutual benefit of the Parties.

2. On request, the Parties may enter into technical consultations with the aim of achieving bilateral recognition of the equivalence of specified sanitary and phytosanitary measures, in line with the principle of equivalence in the SPS Agreement, standards, guidelines, and recommendations, developed by the WTO Committee on Sanitary and Phytosanitary Measures (WTO Committee on SPS) and relevant international organizations, consistent with Annex A to the SPS Agreement.

Article 6.6: Adaptation to Regional Conditions

The Parties recognize that the principle of adaptation to regional conditions, as set out in Article 6 of the SPS Agreement, is an important mean to facilitate trade. To that end, each Party shall take into account, as appropriate, standards, guidelines, and recommendations, developed by the WTO Committee on SPS and relevant international organizations, consistent with Annex A to the SPS Agreement.

Article 6.7: Risk Analysis

1. The Parties recognize the principle of risk assessment, as set out in Article 5 of the SPS Agreement.

2. The initiation of a risk assessment process shall not interrupt the existing bilateral trade of that product, except in the case of a justified emergency situation.

3. When conducting risk assessment, each Party shall take into account decisions and recommendations adopted by the WTO Committee on SPS and international standards, guidelines, and recommendations from CODEX, WOAH, and IPPC.

4. The Parties shall consider risk management options that are not more trade restrictive than required to achieve the objectives of this Chapter, as set out in Article 6.2 (Objectives).

Article 6.8: Emergency Measure

1. If a Party adopts an emergency measure that is necessary for the protection of human, animal, or plant life or health, the Party shall promptly notify the other Party of that measure through the primary representatives and the relevant contact points referred to in Article 6.15. (Competent Authorities and Contact Points).

2. The Party may request a discussion with the other Party adopting an emergency measure. That discussion shall be held as soon as practicable. Each Party participating in the discussion shall endeavour to provide relevant information and shall take due account of any information provided through the discussion.

3. If a Party adopts an emergency measure referred to in paragraph 1, it shall ensure that the emergency measure is not maintained without scientific evidence and shall review the scientific basis of that measures within a reasonable period of time, or promptly on the request of the other Party, and make available the results of the review to the other Party on request. If the emergency measure is maintained after the review, because the reason for its adoption remans, the Party should review the measure periodically.

Article 6.9: Transparency and Exchange Information

1. The Parties recognize the value of sharing information about their sanitary and phytosanitary measures and of providing the opportunity to comment on their proposed sanitary and phytosanitary measures.

2. The Parties confirm their commitment to implement the transparency provisions set out in the Article 7, Annex B to the SPS Agreement and relevant decisions and recommendations on transparency adopted by the WTO Committee on SPS.

3. The Parties shall inform in a timely and appropriate manner in writing through the contact points and competent authorities established in Article 6.15 (Competent Authorities and Contact Points) of any significant SPS and food safety issue or change in the sanitary and phytosanitary status in their territory that is relevant to existing trade among them.

Article 6.10: Audit

1. An audit[1] may be systems-based and conducted to assess the effectiveness of the regulatory controls of the competent authorities of the exporting Party to provide the required assurances and meet the sanitary and phytosanitary measures of the importing Party.

2. Prior to the commencement of an audit, the importing Party and exporting Party involved shall exchange information on the objective and scope of the audit and including other matters previously agreed.

3. The importing Party shall provide the exporting Party with an opportunity to comment on the finding of an audit and take that comment into account before making its conclusions and taking any action. The importing Party shall provide a report or its summary, setting out its conclusions in writing to the exporting Party within a reasonable period of time. The importing Party shall inform the exporting Party if a request is required to provide that report or summary.

Article 6.11: Certification

1. The Parties recognize that assurances with respect to sanitary or phytosanitary requirements may be provided through means other than certificates and that different systems, according to international standards established within the framework of the SPS Agreement, may be capable of meeting the same sanitary or phytosanitary objective.

2. Where certification is required for trade in a good, the importing Party shall ensure that certification requirements are applied only to the extent necessary to protect human, animal, or plant life or health.

3. Without prejudice to each Party's right to import controls, the importing Party shall accept sanitary or phytosanitary certificates[2] issued by the competent authorities of the exporting Party that are in compliance with the regulatory requirements of the importing Party.

4. The Parties shall promote the application of electronic certification and other technology to facilitate trade.

Article 6.12: Import Checks

1. Import checks, conducted in accordance with the laws, regulations, and, sanitary and phytosanitary requirements of the importing Party, shall be based on the sanitary and phytosanitary risk associated with importations. In the event that import checks reveal a non-compliance, the final decision or action taken by the importing Party shall be appropriate to the sanitary and phytosanitary risk associated with the importation of the non-compliant product.

---

[1] For greater certainty, an audit may include desk assessments and virtual, remote, or physical audits.

[2] In accordance with the guidelines established by the reference international organizations within the framework of the SPS Agreement.

2. If an importing Party prohibits or restricts the importation of a good of an exporting Party on the basis of non-compliance of that good found during an import check, the importing Party shall notify the importer or its representatives and, if the importing Party considers necessary, the exporting Party of such non-compliance.

3. When significant or recurring sanitary or phytosanitary non-compliance associated with exported consignments is identified by the importing Party, the Party concerned shall, on request of other Party, discuss the non-compliance to ensure that appropriate remedial actions are taken to reduce such non-compliance.

Article 6.13: Consultations

1. On request of a Party for consultations on any matter arising under this Chapter, the Parties shall agree to enter into consultations by notifying the contact points and competent authorities established in Article 6.15 (Competent Authorities and Contact Points).

2. Consultations shall be carried out by the Parties, under the Committee on Sanitary and Phytosanitary as referred to in Article 6.14 (Committee on Sanitary and Phytosanitary Measures), within 30 days of the receipt of a request, unless agreed otherwise. Those consultations may be conducted through teleconference, videoconference or any other means agreed upon by the Parties.

Article 6.14: Committee on Sanitary and Phytosanitary Measures

1. The Parties hereby establish a Committee on Sanitary and Phytosanitary Measures (Committee on SPS) with the objective of ensuring the implementation of this Chapter.

2. For the purposes of the effective implementation and operation of this Chapter, the Committee on SPS shall be a forum for:

(a) enhancing mutual understanding of the sanitary and phytosanitary measures of each Party and the regulatory processes that relate to those measures;

(b) discussing on matters related to the development or application of sanitary and phytosanitary measures that may, directly or indirectly, affect human, animal and plant health and trade between the Parties;

(c) addressing any bilateral issues arising from the implementation of sanitary and phytosanitary measures between the Parties;

(d) reviewing progress on addressing sanitary and phytosanitary measures that may arise between the competent authorities, from the implementation of sanitary and phytosanitary measures between the Parties;

(e) coordinating technical cooperation programs on sanitary and phytosanitary measures;

(f) consulting on issues, relating to the meetings of the WTO Committee on SPS, CODEX, WOAH, and IPPC;

(g) improving bilateral understanding related to specific implementation issues concerning the SPS Agreement;

(h) enhancing cooperation between the Parties; and

(i) informing to the Committee on National Treatment and Market Access for Goods on the implementation of this Chapter.

3. The Committee on SPS shall comprise and be co-chaired by representatives of the competent authorities of each Party responsible for sanitary and phytosanitary measures, as established in Article 6.15 (Competent Authorities and Contact Points).

4. Unless agreed otherwise by the Parties, the Committee on SPS shall meet annually in person, via teleconference, videoconference or through any other means as agreed by the Parties.

5. The Committee on SPS shall establish its own rules of procedures during its first meeting to guide its operation. These rules may be revised or further developed at any time.

Article 6.15: Competent Authorities and Contact Points

1. The Parties shall designate the contact points and competent authorities responsible for the implementation of the measures referred to this Chapter.

2. The Parties shall exchange information on the application of sanitary and phytosanitary measures with regard to regulations, standards, and procedures through designated competent authorities and contact points.

3. Each Party shall provide the other Party with a written description of the sanitary and phytosanitary responsibilities of its competent authorities or the contact points within each of these authorities, and the name and contact information of its primary representatives. Each Party shall keep this information up to date.

Article 6.16: Cooperation

1. The Parties shall cooperate on sanitary and phytosanitary matters to protect human, animal, aquatic animals and plant life, or health through their respective competent authorities.

2. The Parties shall explore opportunities for cooperation and collaboration in any SPS issues, technical assistance, best practices, joint research, and other areas of mutual interest.

CHAPTER 7

TRADE REMEDIES

Section A: Global Safeguard Measures

Article 7.1: Global Safeguard Measures

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

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

3. A Party may not apply, with respect to the same good, at the same time:

   (a) a bilateral safeguard measure; and

   (b) a measure under Article XIX of GATT 1994 and the Safeguards Agreement.

Section B: Bilateral Safeguard Measures

Article 7.2: Definitions

For the purposes of this Section:

bilateral safeguard measure means a measure described in Article 7.3.2 (Imposition of a Bilateral Safeguard Measures);

competent authority means:

   (a) for Indonesia, the Ministry of Trade; and

   (b) for Peru, the Vice Ministry of Foreign Trade (*Viceministerio de Comercio Exterior - VMCE*);

or their successors;

domestic industry means, with respect to an imported good, the producers as a whole of the like

or directly competitive good operating within the territory of a Party or those producers whose collective production of the like or directly competitive good constitutes a major proportion of the total domestic production of such good;

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

substantial cause means a cause which is important and not less than any other cause;

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

transition period means the 10-year period following the date of entry into force of this Agreement, except that for any good for which the schedule set out in Annex 2-A (Schedules of Tariff Commitments) of the Party applying the bilateral safeguard measure provides for the Party to eliminate its customs duties on the good over a period of 10 years or more, transition period means the customs duty elimination period for the good set out in that schedule plus three years.

Article 7.3: Imposition of a Bilateral Safeguard Measure

1. A Party may apply a measure set out in paragraph 2, during the transition period only, if, as a result of the reduction or elimination of a customs duty in accordance with this Agreement, an originating good of the other Party is being imported into the Party's territory in such increased quantities, in absolute terms or relative to domestic production, and under such conditions as to constitute a substantial cause of serious injury, or threat thereof, to a domestic industry producing a like or directly competitive good.

2. If the conditions in paragraph 1 are met, a Party may take a bilateral safeguard measure which:

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

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

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

(ii) the base rate of customs duty as provided in the schedule set out in Annex 2-A (Schedules of Tariff Commitments).[1]

3. A Party shall apply a bilateral safeguard measure to imports of an originating good irrespective of their source.

[1] The Parties understand that neither tariff rate quotas nor quantitative restrictions would be a permissible form of a bilateral safeguard measure.

Article 7.4: Standards for a Bilateral Safeguard Measure

1. A Party may not apply a bilateral safeguard measure:

   (a) except to the extent, and for the time, as may be necessary to prevent or remedy serious injury and to facilitate adjustment;

   (b) for a period exceeding two years, except that the period may be extended by up to two years if the competent authority of the importing Party determines, in conformity with the procedures set out in Article 7.5 (Investigation Procedures and Transparency Requirements), that the measure continues to be necessary to prevent or remedy serious injury and to facilitate adjustment and that there is evidence that the domestic industry is adjusting;

   (c) beyond the expiration of the transition period; or

   (d) beyond the products set out in Annex 2-A (Schedules of Tariff Commitments).

2. In order to facilitate adjustment in a situation where the expected duration of a bilateral safeguard measure is over one year, the Party applying the measure shall progressively liberalize it at regular intervals during the period of application.

3. Upon the termination of a bilateral safeguard measure, the Party that has applied the measure shall apply the rate of customs duty set out in the Party's schedule set out in Annex 2-A (Schedules of Tariff Commitments) as if the measure had never been applied.

4. A Party shall not apply a bilateral safeguard measure more than once on the same good until a period of time equal to the half of the duration of the previous bilateral safeguard measure, including any extension, has elapsed commencing from the termination of the previous bilateral safeguard measure, provided that the period of non-application is at least one year.

Article 7.5: Investigation Procedures and Transparency Requirements

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

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

3. Each Party shall ensure that its competent authority completes any such investigation within one year following its date of initiation.

Article 7.6: Provisional Bilateral Safeguard Measures

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

2. The duration of the provisional bilateral safeguard measure, taking any forms set out in Article 7.3 (Imposition of a Bilateral Safeguard Measure), shall not exceed 200 days, during which the pertinent requirements of Articles 7.3 (Imposition of a Bilateral Safeguard Measure) and 7.5 (Investigation Procedures and Transparency Requirements) shall be met. The guarantees or received funds arising from the imposition of a provisional bilateral safeguard measure shall be promptly liberated or refunded, as it corresponds, when the investigation does not determine that increased imports constitute a substantial cause of serious injury, or threat thereof, to a domestic industry. The duration of any such provisional bilateral safeguard measure shall be counted as part of the duration of a bilateral safeguard measure.

Article 7.7: Notification and Consultation

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

   (a) initiating a bilateral safeguard proceeding under this Section;

   (b) applying a provisional bilateral safeguard measure;

   (c) making a finding of serious injury or threat thereof caused by increased imports under the conditions set out in Article 7.3.1 (Imposition of a Bilateral Safeguard Measure); and

   (d) taking a final decision to apply or extend a bilateral safeguard measure.

2. A Party shall provide to the other Party a copy[2] of the public version of the report of its competent authority in accordance with Article 7.5.1 (Investigation Procedures and Transparency Requirements).

3. On request of a Party whose good is subject to a bilateral safeguard proceeding under this Section, the Party conducting that proceeding shall enter into consultations with the requesting Party to review a notification under paragraph 1(b) and paragraph 1(c), or any public notice or report that the competent authority has issued in connection with the proceeding or to discuss a proposed decision to apply or extend a bilateral safeguard measure.

4. All notifications during any bilateral safeguard investigation shall be exchanged in English.

[2] The documents shall be in searchable PDF format.

Article 7.8: Compensation

1. No later than 30 days after making a finding of serious injury or threat of serious injury, the Party proposing to apply the measure shall provide an opportunity to the other Party to consult with it regarding appropriate trade liberalizing compensation in the form of concessions having substantially equivalent trade effects or equivalent to the value of the additional duties expected to result from the measure. The Party applying the measure shall provide that compensation as the Parties may agree.

2. If the Parties are unable to reach an agreement on compensation within 30 days following the commencement of consultations, the affected Party may suspend the application of concessions with respect to originating goods of the Party applying the measure that have trade effects substantially equivalent to the measure no later than 90 days after the measure is applied.

3. The Party proposing a measure to suspend the application of concessions shall notify in writing and in English, which include information on the amount of substantially equivalent and list of affected products, to the other Party before its application.

4. The obligation to provide compensation under paragraph 1 and the right to suspend concessions under paragraph 2 shall terminate on the date of the termination of the bilateral safeguard measure.

Section C: Anti-Dumping and Countervailing Measures

Article 7.9: Definition

For the purposes of this Section:

investigating authority means:

(a) for Indonesia, the Ministry of Trade; and

(b) for Peru, the National Institute of the Defense of Competition and the Protection of Intellectual Property (*Instituto Nacional de Defensa de la Competencia y de la Protección de la Propiedad Intelectual - INDECOPI*);

or their successors.

Article 7.10: Anti-Dumping and Countervailing Measures

1. Each Party retains its rights and obligations under Article VI of GATT 1994, the AD Agreement, and the SCM Agreement regarding the application of anti-dumping and countervailing measures.

2. During any anti-dumping and countervailing duty investigation involving the Parties, the Parties shall exchange all notifications, exporter/producer questionnaires, and information requirements[3] in English[4].

3. Upon receipt by a Party's investigating authority of a properly documented countervailing duty application with respect to imports from the other Party, and before initiating an investigation, the Party shall provide written notification to the other Party of its receipt of the application and afford the other Party a meeting to consult with its investigating authority regarding the application, as provided for in Article 13 of the SCM Agreement.

4. Where a Party's investigating authority conducts an anti-dumping or countervailing duty investigation with respect to imports from the other Party, in addition to the notifications in accordance with the relevant provisions of the AD Agreement and the SCM Agreement, and independently of the notifications provided directly to the known producers or exporters, it shall provide to the other Party written notification of the initiation of such investigation procedure, together with a copy of the exporter/producer questionnaire and the list of the known main exporters or producers.

5. The Party that received the notification in accordance with paragraph 4:

(a) shall endeavor to inform the exporters or producers, or the relevant trade or industrial associations of the good under investigation, of the information received from the investigating authority of the other Party;

(b) may collect responses of the exporters or producers to the questionnaire and send the collected responses to the investigating authority of the other Party by the due date specified in the questionnaire; and

(c) on request of the other Party, a Party should afford an extension to respond a questionnaire no later than 30 days.

Section D: Cooperation Mechanisms on Trade Remedies

Article 7.11: Cooperation Mechanisms on Trade Remedies

1. The Parties should make the best efforts to establish cooperation mechanisms between the investigating authorities of each Party to promote a better understanding of their respective laws, their application and, in general, any aspect of trade policy regarding trade remedies matters by sharing information, knowledge, experiences, and best practices.

[3] The parties concerned shall provide all documents and information required by the investigating authority through the exporter/producer questionnaires and information requirements in the investigating authority's official national language. The investigating authority shall accept translations of such documents and information, as long as the translator's identification and signature are included.

[4] The documents shall be in searchable PDF format.

2. The Parties may undertake cooperative activities through cooperation mechanisms on trade remedies matters that they consider appropriate, such as:

(a) enhancing each Party's knowledge and understanding of the other Party's trade remedy laws, policies, and practices;

(b) improving cooperation between the agencies of the Parties responsible for trade remedies matters; and

(c) exchanging information on multilateral issues related to trade remedies, including those related to WTO negotiations such as disciplines with regard to anti-dumping and countervailing duty matters.

CHAPTER 8

COOPERATION

Article 8.1: Basic Principles

1. The Parties reaffirm the importance of economic and trade cooperation, as means to contribute to implementing this Agreement and enhancing its benefits, in accordance with their respective laws and regulations.

2. For this purpose, the Parties shall, if necessary and appropriate, encourage and facilitate cooperation between entities such as business communities, including Micro, Small, and Medium Enterprises (MSMEs), and academia.

Article 8.2: Objective

The objective of this Chapter is to facilitate the establishment of close cooperation aimed, among others, at:

(a) strengthening the capacities of the Parties, including MSMEs, and building on existing and new form of cooperative relationships to maximize the opportunities and benefits deriving from this Agreement;

(b) promoting economic and social development;

(c) supporting the role of the private sector in promoting and building strategic alliances to encourage mutual economic growth and development;

(d) increasing the level of and deepening cooperation actions between the Parties at the bilateral level;

(e) promoting the export of goods and services of the Parties to international markets; and

(f) creating new opportunities for trade and investment and promoting competitiveness.

Article 8.3: Areas of Cooperation

Cooperation and capacity building activities may include the following areas:

(a) development of MSMEs;

(b) services;

(c) tourism;

(d) trade-related environmental issues;

(e) global supply chains;

(f) creative economy;

(g) manufacturing;

(h) agriculture;

(i) fisheries and aquaculture; and

(j) any other fields of cooperation mutually agreed by the Parties.

Article 8.4: Means of Cooperation

Cooperation may be developed through:

(a) information exchange;

(b) conferences, seminars, and dialogue;

(c) promoting contact and encouraging exploration of industrial and technical opportunities between stakeholders;

(d) trade promotion activities, including participation in trade fairs and missions;

(e) capacity building, trainings, and expert dispatch; and

(f) any other activity mutually agreed by the Parties.

Article 8.5: Micro, Small and Medium Enterprises

1. The Parties will promote a favourable environment for the development of MSMEs and the sharing of best practices, lessons learned and collaborative programs aimed at MSMEs.

2. Cooperation will be undertaken on a mutually agreed basis and may include the following subjects:

(a) strengthening collaboration on activities to promote partnerships and development, thereby improving the productivity and participation of MSMEs in the value chain;

(b) sharing information and best practices on effective regulatory measures and capacity building to enhance the integration of MSMEs in global trade;

(c) promoting the utilization of platforms for business entrepreneurs and counsellors to share information and best practices that help MSMEs link with international suppliers, buyers, and other potential business partners in order to contribute to the global value chains;

(d) encouraging initiatives oriented to innovation and the use of technology for MSMEs, including access to information on technological and digitalization promotion programmes for MSMEs;

(e) encouraging information exchange and capacity development programs related to access to finance initiatives for MSMEs; and

(f) encouraging collaboration in the exchange of information on measures and interventions that contribute to the formalization of MSMEs and generate a more favorable environment for their growth and development.

Article 8.6: Cooperation on Trade-Related Environmental Issues

1. Recognizing the importance of strengthening capacity to promote sustainable development with their three interdependent and mutually reinforcing components, which are economic growth, social development and environmental protection, the Parties agree to cooperate in the field of trade-related environmental issues.

2. The Parties agree to cooperate in the field of environment. The aim of trade-related environmental cooperation shall be the prevention or reduction of contamination, and degradation of ecosystems and biological diversity, including climate change, and the integrated management of natural resources, through developing projects or programs dealing, among others, with the transfer of knowledge and technology.

3. Taking into account their national priorities and available resources, the Parties shall explore and decide areas of cooperation of mutual interest and benefit. These areas may include:

(a) climate change;

(b) conservation, restoration and sustainable use of ecosystems and biological diversity;

(c) management of hazardous chemicals;

(d) air quality;

(e) water management;

(f) waste management;

(g) improvement of environmental awareness, including environmental education;

(h) combating illegal, unreported, and unregulated fishing; and

(i) promoting sustainable forest management.

Article 8.7: Cooperation on Global Supply Chains

The Parties may establish cooperation on:

(a) exchanging knowledge and exploring trade policy strategies aimed at deepening the integration of Indonesia and Peru into global supply chains; and

(b) sharing knowledge and experiences regarding the interaction of trade policy with other public policies, in the development of strategies for the engagement in global supply chains, aiming to achieve long-term economic development for the Parties, considering all stakeholders, including the private sector.

Article 8.8: Committee on Cooperation

1. For the purposes of this Agreement, the Parties hereby establish a Committee on Cooperation, which shall comprise representatives of each Party. The representatives of each Party shall be:

(a) for Indonesia, the Directorate of American Affairs II of the Ministry of Foreign Affairs; and

(b) for Peru, the Directorate of Aid for Foreign Trade of the Ministry of Foreign Trade and Tourism (*Ministerio de Comercio Exterior y Turismo - MINCETUR*);

or their successors.

2. The Parties may designate new representatives as members of the Committee on Cooperation if necessary.

3. The Committee on Cooperation shall meet annually or as deemed necessary by the Parties. Online meeting may be deemed as a substitute to meeting in person.

4. The functions of the Committee on Cooperation shall include:

(a) establishing rules and procedures for the conduct of its work;

(b) making recommendations of the cooperation activities under this Chapter, in accordance with the strategic priorities of the Parties;

(c) overseeing and facilitating the implementation of the strategic collaboration agreed by the Parties;

(d) encouraging the Parties to undertake cooperation activities;

(e) assessing the progress in the implementation of the cooperation projects agreed by the Parties; and

(f) exchanging information on the field of cooperation.

5. The Committee on Cooperation may establish *ad hoc* working groups in accordance with its terms of reference.

6. The Committee on Cooperation may interact, if appropriate, with the relevant entities to address specific matters.

7. The Committee on Cooperation may interact, if appropriate, with other Committees in this Agreement to address specific matters.

8. The Parties shall designate a contact point to facilitate communication on mutually agreed cooperation activities.

Article 8.9: Resources

The implementation of the cooperation activities under this Chapter shall be subject to the availability of funds and resources of each Party and the applicable laws and regulations of each Party.

Article 8.10: Non-Application of Dispute Settlement

A Party shall not have recourse to dispute settlement under Chapter 11 (Dispute Settlement) for any matter arising under this Chapter.

Article 8.11: Supplement

Cooperation between the Parties under this Chapter will supplement the cooperation and cooperative activities between the Parties set out in other Chapters of this Agreement and in other mutually agreed bilateral cooperation mechanisms.

CHAPTER 9

TRANSPARENCY

Article 9.1: Definitions

For the purposes of this Chapter:

interested person means person of a Party that may be subject to any right or obligation under a measure of general application; and

administrative ruling of general application means an administrative ruling or interpretation that applies to all persons and factual situations that fall generally within the ambit of that administrative ruling or interpretation and that establishes a norm of conduct, but does not include:

(a) a determination or ruling made in an administrative or quasi-judicial proceeding that applies to a particular person, good, or service of the other Party in a specific case; or

(b) a ruling that adjudicates with respect to a particular act or practice.

Article 9.2: Publication

1. Each Party shall ensure that its laws, regulations, procedures, and administrative rulings of general application with respect to any matter covered by this Agreement are promptly published, including through official websites where feasible, or otherwise made available in such a manner as to enable interested persons and the other Party to become acquainted with them.

2. To the extent practicable and consistent with its domestic laws and regulations, each Party shall:

(a) publish in advance any laws, regulations, procedures, and administrative rulings of general application with respect to any matter covered by this Agreement that it proposes to adopt; and

(b) provide, where appropriate, interested persons and the other Party with a reasonable opportunity to comment on any laws, regulations, procedures, and administrative rulings of general application with respect to any matter covered by this Agreement.

3. To the extent possible, when introducing or changing the laws, regulations, or procedures referred to in paragraph 1, each Party shall endeavor to provide a reasonable period between the date when those laws, regulations, or procedures, proposed or final in accordance with its legal system, are made publicly available and the date when they enter into force.

4. Each Party shall, with respect to laws and regulations of general application adopted by its central level of government regarding any matter covered by this Agreement that are published in accordance with paragraph 1:

(a) promptly publish the laws and regulations in an official journal of national circulation, or on a single official website that is freely accessible, searchable and updated regularly;

(b) notify in writing that website, after the date of entry into force of this Agreement; and

(c) if appropriate, include the publication with an explanation of the purpose of and rationale for the regulation.

Article 9.3: Provision of Information

1. If a Party considers that any proposed or actual measure may materially affect the operation of this Agreement or otherwise substantially affect the interest of the other Party under this Agreement, it shall, to the extent possible and subject to its laws and regulations, inform the other Party of the proposed or actual measure.

2. On request of a Party, the other Party shall provide information and respond to questions pertaining to any proposed or actual measure that the requesting Party considers may materially affect the operation of this Agreement, whether or not the requesting Party has been previously informed of that measure.

3. A Party may convey any request or provide information under this Article to the other Party through its contact points designated under Article 10.5 (Institutional Provisions - Contact Points).

4. Any information provided under this Article shall be without prejudice as to whether the measure in question is consistent with this Agreement.

Article 9.4: Administrative Proceedings

With a view to administering in a consistent, impartial, objective, and reasonable manner the measures referred to in Article 9.2.1 (Publication), each Party shall ensure in its administrative proceedings applying that measures to a particular person or good of another Party in specific cases that:

(a) whenever possible, a person of the other Party that is directly affected by that proceeding is provided with reasonable notice, in accordance with its domestic procedures, of when a proceeding is initiated, including a description of the nature of the proceeding, a statement of the legal authority under which the proceeding is initiated, and a general description of any issue in question;

(b) a person of the other Party that is directly affected by that proceeding is afforded a reasonable opportunity to present facts and arguments in support of that person's position prior to any final administrative action, when time, the nature of the proceeding, and the public interest permit; and

(c) it follows its procedures in accordance with its laws and regulations.

Article 9.5: Review and Appeal

1. Each Party shall establish or maintain judicial, quasi-judicial, or administrative tribunals or procedures for the purposes of prompt review and, if warranted, correction of final administrative actions with respect to any matter covered by this Agreement. Those tribunals shall be impartial and independent of the office or authority entrusted with administrative enforcement and shall not have any substantial interest in the outcome of the matter.

2. Each Party shall ensure that, with respect to the tribunals or procedures referred to in paragraph 1, the Parties to a proceeding are provided with the right to:

(a) a reasonable opportunity to support or defend their respective positions; and

(b) a decision based on the evidence and submissions of record or, where required by its laws and regulations, the record compiled by the relevant office or authority.

3. Each Party shall ensure, subject to appeal or further review as provided in its laws and regulations, that the decision referred to in paragraph 2(b) shall be implemented by, and shall govern the practice of, the office or authority with respect to the administrative action at issue.

Article 9.6: Confidentiality of Information

1. Nothing in this Agreement shall require a Party to furnish or allow access to information that would be contrary to its law or impede law enforcement or otherwise be contrary to the public interest or that would prejudice the legitimate commercial interests of any particular enterprises, public or private.

2. Unless otherwise provided in this Agreement, if a Party provides information to the other Party in accordance with this Agreement and designates the information as confidential, the Party receiving the information shall maintain the confidentiality of the information. That information shall be used only for the purposes specified, and shall not be otherwise disclosed without the specific permission of the Party providing the information, except where the disclosure of information is for the purposes of complying with the legal requirements of a Party.

Article 9.7: Specific Provisions

Specific provision in other Chapter of this Agreement regarding the subject matter of this Chapter shall prevail to the extent that it differs from this Chapter.

CHAPTER 10

INSTITUTIONAL PROVISIONS

Article 10.1: Establishment of the Joint Commission

The Parties hereby establish the Joint Commission comprising representatives of each Party at the level of ministers or senior officials. Each Party shall be responsible for the composition of its delegation.

Article 10.2: Functions of the Joint Commission

1. The Joint Commission shall:

   (a) consider any matter related to the implementation and operation of this Agreement;

   (b) consider and recommend to the Parties, as appropriate, any proposals to amend this Agreement;

   (c) review this Agreement in accordance with Article 13.4 (Final Provisions - Review). If, as a result of this review, the Joint Commission draws up a proposal for amendment, it shall be submitted by the Joint Commission to the Parties, who may consider this in order to amend the Agreement in accordance with Article 13.2 (Final Provisions - Amendments). In conducting this review, the Joint Commission may take into account:

      (i) the work of all committees and subsidiary bodies established under this Agreement;

      (ii) relevant developments in international fora; and

      (iii) input from experts, as appropriate;

   (d) adopt its own rules of procedure at its first meeting, or otherwise agreed by the Parties;

   (e) establish the Rules of Procedure for Panels and the Code of Conduct for Panelists at the first Joint Commission's meeting, and, where appropriate, amend those Rules;

   (f) supervise and coordinate the work of all committees and subsidiary bodies established under this Agreement; and

   (g) carry out any other function relating to the areas covered by this Agreement as the Parties may agree.

2. The Joint Commission may:

(a) refer matters to, or consider matters referred to it by, committees and subsidiary bodies established under this Agreement;

(b) consider and adopt, subject to completion of any necessary legal procedures by each Party, a modification to this Agreement of:

(i) the Schedules to Annex 2-A (Schedules of Tariff Commitments) of Chapter 2 (National Treatment and Market Access for Goods), by accelerating tariff elimination; or

(ii) the rules of origin established in Annex 3-B (Product Specific Rules of Origin) of Chapter 3 (Rules of Origin);

(c) seek to resolve differences that may arise regarding the interpretation or application of this Agreement without prejudice to the dispute settlement mechanism in accordance with Chapter 11 (Dispute Settlement);

(d) issue interpretations of this Agreement, which shall be binding on the panels referred to under Article 11.12.3 (Dispute Settlement - Initial and Final Panel Report) and Article 11.18.2 (Dispute Settlement - Rules of Interpretation);

(e) seek expert advice on any matter falling within the functions of the Joint Commission;

(f) establish, merge or dissolve any committees, sub-committees, working groups or other subsidiary bodies in order to improve the functioning of this Agreement; and

(g) consider ways to further enhance trade between the Parties.

Article 10.3: Committees

1. The following Committees are established under this Agreement:

(a) Committee on National Treatment and Market Access for Goods, in accordance with Article 2.13 (National Treatment and Market Access for Goods - Committee on National Treatment and Market Access for Goods);

(b) Committee on Rules of Origin, in accordance with Article 3.27 (Rules of Origin - Committee on Rules of Origin);

(c) Committee on Technical Barriers to Trade, in accordance with Article 5.11 (Technical Barriers to Trade - Committee on Technical Barriers to Trade);

(d) Committee on Sanitary and Phytosanitary Measures, in accordance with Article 6.14

(Sanitary and Phytosanitary Measures - Committee on Sanitary and Phytosanitary Measures); and

(e) Committee on Cooperation, in accordance with Article 8.8 (Cooperation - Committee on Cooperation).

2. Unless otherwise provided in this Agreement, any committee or subsidiary body shall:

(a) be composed of representatives of the Parties;

(b) be chaired jointly by the Parties;

(c) by agreement of the Parties, take decisions on any matter within its functions; and

(d) meet annually or as determined by the Parties. Meetings may be conducted in person or by any other means of communication as determined by the Parties.

3. The committees or subsidiary bodies shall inform the Joint Commission of their schedule and agenda sufficiently in advance of their meetings. They shall report to the Joint Commission on their activities at each regular meeting of the Joint Commission. The creation or existence of a committee or subsidiary bodies shall not prevent either Party from bringing any matter directly to the Joint Commission.

4. The Joint Commission may decide to change or undertake the task assigned to a committee or subsidiary bodies.

Article 10.4: Procedures and Meetings of the Joint Commission

1. The Joint Commission shall take decisions on any matter within its functions by mutual agreement. The decisions taken shall be binding upon the Parties, subject to their respective applicable legal requirements and procedures.

2. The Joint Commission shall meet within one year from the entry into force of this Agreement. Thereafter, the Joint Commission shall meet on an annual basis, alternately in Indonesia or Peru, unless otherwise agreed. The Party chairing a session of the Joint Commission shall provide any necessary administrative support for such session.

3. The Joint Commission may meet in person or by other appropriate means of communication, as agreed by the Parties.

4. Either Party may request at any time, special sessions to be held in the territory of the other Party or at such locations as the Parties may agree.

5. The Parties may invite, by agreement and according to their legislation regarding to confidentiality, representatives of other relevant entities, including from the private sector, with

necessary expertise relevant to the issues to be discussed, to attend meetings of the Joint Commission.

Article 10.5: Contact Points

1. Unless otherwise provided in any other Chapter, in order to facilitate communications between the Parties on any trade matter covered by this Agreement, the Parties hereby establish the following contact points:

(a) for Indonesia, the Ministry of Trade; and

(b) for Peru, the Ministry of Foreign Trade and Tourism (*Ministerio de Comercio Exterior y Turismo – MINCETUR*);

or their successors.

2. On request of either Party, the contact point of the other Party shall indicate the office or official responsible for any matter relating to the implementation of this Agreement, and provide the required support to facilitate communications with the requesting Party. Each Party shall notify the other Party of any change in its contact point in due time.

CHAPTER 11

DISPUTE SETTLEMENT

Article 11.1: Definitions

For the purposes of this Chapter:

complaining Party means any Party that requests the establishment of a panel under Article 11.8 (Establishment of a Panel);

consulted Party means the Party that has received a request for consultations under Article 11.6 (Consultations);

consulting Party means the Party that requests consultations under Article 11.6 (Consultations);

DSU means the *Understanding on Rules and Procedures Governing the Settlement of Disputes*, set out in Annex 2 of the WTO Agreement;

panel means a panel established under Article 11.8 (Establishment of a Panel);

panelist means a member of a panel established under Article 11.8 (Establishment of a Panel);

perishable goods means a good that rapidly decays due to its natural characteristics, in particular in the absence of appropriate storage conditions;

proceeding means a panel proceeding under this Chapter, unless otherwise specified;

responding Party means a Party that has been complained against under Article 11.8 (Establishment of a Panel); and

Rules of Procedure for Panels means the rules referred to in Article 11.17 (Rules of Procedure for Panels) and established in accordance with Article 10.2 (Institutional Provisions - Functions of the Joint Commission).

Article 11.2: General Provisions

1. The Parties shall endeavor to agree on the interpretation and application of this Agreement and shall make every effort through cooperation and dialogue to reach, in good faith, a mutually satisfactory resolution of any matter that may affect its operation or application.

2. The objective of this Chapter is to provide an effective, efficient and transparent process for consultations and settlement of disputes arising under this Agreement.

Article 11.3: Scope

Unless otherwise provided in this Agreement, this Chapter shall apply:

(a) With respect to the avoidance or settlement of any dispute that arises between the Parties regarding the interpretation or application of this Agreement; or

(b) When a Party considers that any measure of the other Party is inconsistent with its obligation of this Agreement or that the other Party has otherwise failed to carry out its obligation under this Agreement.

Article 11.4: Urgent Circumstances

1. In urgent circumstances[1], unless otherwise provided in this Chapter, the timeframe established in this Chapter shall be halved.

2. The panel shall apply the timeframe established in Article 11.6 (Consultations) and Article 11.8 (Establishment of a Panel) when the complaining Party indicates this in the request for establishment of the panel.

Article 11.5: Choice of Forum

1. If a dispute regarding a matter arises under this Agreement and under another international trade agreement to which the disputing Parties are parties, including the WTO Agreement, the complaining Party may select the forum in which to institute a dispute settlement proceeding.

2. Once a complaining Party has requested the establishment of, or referred a matter to, a panel or other tribunal under an agreement referred to in paragraph 1 to settle the dispute, the forum selected shall be used to the exclusion of other fora.

3. If the complaining Party has, with regard to a particular measure, initiated a dispute settlement proceeding either under this Chapter or under the WTO Agreement, it shall not institute a dispute settlement proceeding regarding the same measure in the other forum until the first proceeding has ended. Moreover, the complaining Party shall not initiate dispute settlement proceedings under this Chapter and under the WTO Agreement, unless substantially different obligations are in dispute, or unless the forum selected fails for procedural or jurisdictional reasons to make findings on the claim seeking redress of that obligation, provided that the failure of the forum is not the result of a failure of a disputing Party to act diligently.

4. This Article shall not apply if the Parties agree in writing that this Article shall not apply to a particular dispute.

[1] For the purposes of this Chapter, it is understood that disputes related to perishable goods are urgent circumstances.

Article 11.6: Consultations

1. The Parties shall endeavor to agree on the interpretation and application of the provisions of this Agreement and to resolve any dispute thereof by entering into consultations in good faith with the aim of reaching a mutually agreed solution.

2. A Party shall seek consultations, with respect to any matter described in Article 11.3 (Scope), by means of a written request to the contact point of the other Party , designated under Article 10.5 (Institutional Provisions - Contact Points), and shall give the reasons for the request, including identification of the measures or other matters at issue, and an indication of the factual and legal basis of the complaint, including the applicable provisions of the Agreement and the reasons for the applicability of that provisions. The consulted Party shall reply within 10 days of the date of the receipt of the request.

3. Consultations shall be held no later than 30 days after the date of receipt of the request and shall be deemed concluded 60 days after the date of receipt of the request, unless the Parties involved in consultations agree otherwise. Consultations on matters of urgency, including those regarding perishable goods, shall be held no later than 15 days after the date of receipt of the request, and shall be deemed concluded 30 days after the date of receipt of the request, unless the Parties involved in consultations agree otherwise.

4. Consultations may be held in person or by any technological means available to the Parties. If consultations are held in person, they shall be held alternatively in the territory of each Party, with the first meeting held in the territory of the consulted Party, unless the Parties involved in consultations agree otherwise. Consultations shall be confidential and without prejudice to the rights of either Party in any further proceedings.

5. If consultations are not held within the timeframe laid down in paragraph 3, or if consultations have been concluded and no mutually agreed solution has been reached, the complaining Party may request the establishment of a panel in accordance with Article 11.8 (Establishment of a Panel).

6. In consultations under this Article, a Party may request that the other Party make available personnel of its government agency or other regulatory body who have expertise in the matter at issue.

Article 11.7: Good Offices, Conciliation, or Mediation

1. The Parties may, at any time, agree to voluntarily undertake an alternative method of dispute resolution, such as good offices, conciliation, or mediation. Procedures for good offices, conciliation, or mediation may begin at any time. They may be suspended or terminated at any time upon the request of either the complaining Party or the responding Party.

2. If the disputing Parties so agree, good offices, conciliation, or mediation may continue while the proceedings of the panel provided for in this Chapter are in progress.

3. Proceedings involving good offices, conciliation, or mediation, and in particular positions taken by the Parties during those proceedings shall be confidential and without prejudice to the rights of either Party in any other proceeding.

Article 11.8: Establishment of a Panel

1. The consulting Party under Article 11.6.2 (Consultations), may request, by means of a written notice addressed to the contact point of the responding Party, the establishment of a panel if the Parties fail to resolve the matter within:

(a) the timeframe established in Article 11.6.3 (Consultations); or

(b) any other period as the Parties may agree.

2. The complaining Party shall include in the request to establish a panel an identification of the specific measure or other matter at issue and a brief summary of the factual and legal basis of the complaint, including the applicable provisions of the Agreement and the reasons for the applicability of those provisions, sufficient to present the problem clearly.

3. A panel shall be established upon receipt of the request.

4. The date of the establishment of a panel shall be the date on which the third panelist is appointed, according to Article 11.9 (Composition of Panels).

11.9: Composition of Panels

1. The panel shall be composed of three panelists, including a chair, in a manner consistent with this Chapter and the Rules of Procedure for Panels, unless the Parties otherwise agree.

2. Each disputing Party shall appoint a panelist within 30 days after the receipt of the request under Article 11.8 (Establishment of a Panel) and propose a list of up to three candidates to serve as the third panelist who shall be the chair in case is not appointed. The two appointed panelists shall designate by common agreement the third panelist within 15 days after the appointment of the second panelist. The Parties shall, within seven days after the date of the designation of the third panelist, approve or disapprove the appointment of that panelist, who shall, if approved, chair of the panel and not fall under any of the following criteria:

(a) being a national of Indonesia or Peru;

(b) having usual place of residence in the territory of a Party;

(c) be employed by either Party; or

(d) have dealt with the dispute in any capacity.

3. If the chair appointment has not been made within 45 days after the date of receipt of the request for the establishment of a panel, the chair shall be appointed, on request of either Party, by lot from the list of the candidates proposed in accordance with paragraph 2. The appointment by lot shall be undertaken within seven days after the date of receipt of the request for appointment by lot, unless the Parties otherwise agree. If more than one panelist, including the chair, is to be selected by lot, the chair shall be selected first.

4. All panelists shall:

(a) comply with the Code of Conduct for Panelists established in accordance with Article 10.2 (Institutional Provisions – Functions of the Joint Commission);

(b) have expertise or experience in law, international trade, other matters covered by this Agreement, or the resolution of disputes arising under international trade agreements;

(c) be chosen strictly on the basis of objectivity, impartiality, reliability, and sound judgment;

(d) be independent of, and not be affiliated with or take instructions from a Party;

(e) not have been involved in an alternative dispute settlement proceeding referred to in Article 11.7 (Good Offices, Conciliation, or Mediation) regarding the same dispute unless the disputing Parties agree otherwise; and

(f) be nationals of states having diplomatic relations both with Indonesia and Peru.

5. Exclusion of a panelist shall take place in case of violation of the Code of Conduct for Panelists and in accordance with the procedures detailed in the Rules of Procedure for Panels. If a panelist has failed to comply with the Code of Conduct for Panelists, the Parties may remove the panelist, waive the violation or request the panelist to ameliorate the violation within a specified period of time. If the Parties agree to waive the violation or determine that, after amelioration, the violation has ceased, the panelist may continue to serve.

6. If a panelist appointed under this Article resigns or becomes unable to serve, a successor panelist shall be appointed within 30 days, or within 15 days in cases of urgency, in accordance with the procedure as prescribed for the appointment of the original panelist and the successor shall have all the powers and duties of the original panelist. Any period of time applicable to the proceeding shall be suspended beginning on the date when the panelist resigns or becomes unable to act and ending on the date when a replacement is selected.

Article 11.10: Terms of Reference

Unless the disputing Parties otherwise agree no later than 20 days after the date of receipt of the request for the establishment of the panel, the terms of reference of the panel shall be to:

(a) examine, in the light of the relevant provisions of this Agreement, the matter referred to in the request for the establishment of a panel pursuant to Article 11.8 (Establishment of a Panel), and

(b) make findings, determinations, and any recommendations, if any, together with its reasons therefore, for resolution of the dispute, and issue a written report, as provided in Article 11.12 (Initial and Final Panel Report).

Article 11.11: Proceedings of the Panel

1. The panel shall meet in closed session, unless the disputing Parties decide otherwise.

2. Each disputing Party shall be given the opportunity to provide at least one written submission and one oral hearing to attend any of the presentations, statements or rebuttals in the proceedings. All information or written submissions submitted by a disputing Party to the panel, including any comments on the initial report and responses to questions put by the panel, shall be made available to the other disputing Party.

3. The panel shall endeavor to consult with the disputing Parties, as appropriate, and provide adequate opportunities for the development of a mutually satisfactory resolution or mutually agreed solution.

4. The panel shall make every effort to take any decision by consensus. If a decision cannot be arrived at by consensus, the matter at issue shall be decided by majority vote.

5. At the request of a disputing Party, or on its own initiative, the panel may obtain information from any source it deems appropriate for the panel proceedings. The panel also has the right to seek the opinion of experts as it deems appropriate. The panel shall consult the disputing Parties before choosing those experts. Any information obtained in this manner shall be disclosed to the disputing Parties and submitted for their comments. If the panel takes that information into account in the preparation of its report, it shall also take into account any comment by the disputing Parties on that information.

6. The deliberations of the panel and the documents submitted to it shall be kept confidential.

7. Notwithstanding paragraph 6, either disputing Party may make public statements as to its views regarding the dispute, but shall treat as confidential any information and written submissions submitted by the other disputing Party to the panel which that Party has designated as confidential. If a disputing Party has provided information or written submissions designated as confidential,

that Party shall, no later than 30 days after a request by the other disputing Party, provide a non-confidential summary of the information or written submissions which may be disclosed publicly.

Article 11.12: Initial and Final Panel Report

1. The panel shall issue an initial report to the disputing Parties setting out:

   (a) a summary of the submissions and arguments of the disputing Parties;

   (b) the findings of fact, together with reasons;

   (c) its determination as to the interpretation or application of the provisions of this Agreement, whether:

      (i) a measure at issue is inconsistent with the obligations of this Agreement; or

      (ii) a responding Party has otherwise failed to carry out its obligations under this Agreement;

   (d) any other determination requested in the terms of reference; and

   (e) if there is a determination of inconsistency, its recommendation that responding Party bring the measure into conformity with the obligations under this Agreement and, if the disputing Parties agree, on the means to resolve the dispute,

no later than 150 days, or 120 days in case of urgency, after the date of establishment of the panel.

2. Where the panel considers that deadline in paragraph 1 cannot be met, the chair of the panel must notify the disputing Parties in writing, stating the reasons for the delay and the date on which the panel plans to issue its initial report. Under no circumstances any delay shall not exceed an additional period of 30 days unless the Parties agree otherwise.

3. The panel shall base its report on the relevant provisions of this Agreement, including interpretation issued by the Joint Commission.

4. Panelists may present separate opinions on matters not unanimously agreed in the report of the panel.

5. Any disputing Party may submit a written request for the panel to review precise aspects of the initial report within 30 days of its issuance. The panel shall consider any written comments on the initial report by the disputing Parties within 15 days from the date of receipt of the written comments. After considering any such written comments by the disputing Parties, the panel may modify its report and make any further examination it considers appropriate.

6. The panel shall issue its final report to the disputing Parties, including separate opinions on matters not unanimously agreed, if any, no later than 45 days, or 30 days in case of urgency, after the issuance of the initial report. If it considers that this deadline cannot be met, the chair of the panel shall notify the disputing Parties in writing, stating the reasons for the delay and the date on which the panel plans to issue its final report. Under no circumstances shall the panel issue its final report later than 210 days after the date of its establishment. The final report shall set out the matters listed in paragraph 1, include a sufficient discussion of the arguments made at the initial review stage and address clearly the written comments of the disputing Parties.

7. The final report of the panel shall be unconditionally accepted by the disputing Parties with regard to a particular dispute. In its findings and recommendations, the panel cannot add to or diminish the rights and obligations provided in this Agreement.

8. Subject to the requirement to protect confidential information, and no later than 15 days after the presentation of the final report, the Parties shall release the final report to the public. A panel shall not, either in its initial report or its final report, disclose which panelists are associated with majority or minority opinions.

Article 11.13: Implementation of the Panel Report

1. Each disputing Party shall take any measure necessary to promptly comply in good faith with the final report of the panel. If, in its final report, the panel determines that a measure at issue is inconsistent with the obligations under this Agreement, or that the responding Party has otherwise failed to carry out its obligations under this Agreement, the responding Party shall, whenever possible, eliminate the non-conformity with this Agreement.

2. No later than 30 days after the issuance of the final report of the panel, the responding Party shall notify the complaining Party of the time it will require for compliance with the final report (reasonable period of time), if immediate compliance is not practicable. The disputing Parties shall endeavor to agree on the reasonable period of time.

3. If the disputing Parties fail to agree on the reasonable period of time within a period of 45 days after the issuance of the final report of the panel, either Party may, no later than 50 days after the issuance of the final report, request in writing the original panel to determine the length of the reasonable period of time. That request shall be notified simultaneously to the other disputing Party. The original panel shall issue to the disputing Parties its determination on the length of the reasonable period of time no later than 90 days after the date of the submission of the request.

4. In the event that any member of the original panel is no longer available, the procedures set out in Article 11.8 (Establishment of a Panel) and Article 11.9 (Composition of Panels) shall apply. The time limit for issuing the determination on the length of the reasonable period of time shall be no later than 35 days[2] after the date of the submission of the request referred to in paragraph 3.

[2] For greater certainty, the period of 35 days shall not include any days suspended pursuant to Article 11.9.6 (Composition of Panels).

5. The responding Party shall notify the complaining Party within the reasonable period of time of any measure that it has taken to comply with the final report of the panel. The reasonable period of time may be extended by mutual agreement of the disputing Parties at any time before its expiry.

6. In the event that there is disagreement between the disputing Parties concerning the existence or the consistency of any measure notified under paragraph 5 with the provisions of this Agreement, the complaining Party may request in writing that the original panel make a determination on the matter. That request shall be notified simultaneously to the other Party, and shall identify any specific measure at issue and the provisions referred to in Article 11.3 (Scope) that it considers the measure to be inconsistent with, in a manner sufficient to present the disagreement clearly. The original panel shall issue to the disputing Parties its determination no later than 45 days after the date of the receipt of the request.

7. In the event that any member of the original panel is no longer available, the procedures set out in Article 11.8 (Establishment of a Panel) and Article 11.9 (Composition of Panels) shall apply. The time limit for issuing the determination shall be no later than 60 days[3] after the date of the receipt of the request referred to in paragraph 6.

Article 11.14: Compensation and Suspension of Concessions or Other Obligations

1. The responding Party shall, if requested by the complaining Party, enter into negotiation no later than 15 days after receipt of that request, with a view to developing mutually acceptable compensation, if:

(a) the responding Party fails to notify any measure taken to comply with the final report of the panel;

(b) the responding Party has notified the complaining Party that it does not intend to eliminate the non-conformity; or

(c) following the expiry of the reasonable period of time established in accordance with Article 11.13 (Implementation of the Panel Report), there is disagreement between the Parties as to whether the responding Party has eliminated the non-conformity.

2. If the disputing Parties fail to agree on compensation within 30 days after:

(a) the expiry of the reasonable period of time; or

(b) the disputing Parties agreed on compensation but the complaining Party considers that the responding Party has failed to observe the terms of the agreement,

[3] For greater certainty, the period of 60 days shall not include any days suspended pursuant to Article 11.9.6 (Composition of Panels).

the complaining Party shall be entitled, upon notification to the responding Party, to suspend concessions or other obligations arising from this Agreement of equivalent effect to those affected by the measure that the panel has found to be inconsistent with this Agreement. The notification shall specify the level of concessions or other obligations that the complaining Party intends to suspend and indicate the reasons on which the suspension is based. The complaining Party may begin implementing the suspension 20 days after the delivery of its notification to the responding Party, subject to paragraph 4.

3. In considering what concessions or other obligations to suspend pursuant to paragraph 2:

(a) the complaining Party should first seek to suspend concessions or other obligations with respect to the same sector as that in which the final report of the panel referred to in Article 11.12 (Initial and Final Panel Report) has found an inconsistency with the obligations under this Agreement;

(b) if the complaining Party considers that it is not practicable or effective to suspend concessions or other obligations with respect to the same sector, it may suspend concessions or other obligations with respect to other sectors; and

(c) the complaining Party will take into consideration those concessions or other obligations the suspension of which would least disturb the functioning of this Agreement.

4. The responding Party may request in writing the original panel to make a determination on whether the level of concessions or other obligations that the complaining Party intends to suspend is equivalent to those affected by the measure that the panel has found to be inconsistent with this Agreement. That request shall be notified to the complaining Party before the expiry of the 20 day period referred to in paragraph 2. The original panel, having sought, if appropriate, the opinion of experts, shall issue to the disputing Parties its determination no later than 90 days after the date of the submission of the request. Concessions or other obligations shall not be suspended until the panel has issued its determination and any suspension shall be consistent with the determination of the panel.

5. In the event that any member of the original panel is no longer available, the procedures laid down in Article 11.9 (Composition of Panels) shall apply. The time limit for issuing the determination shall be no later than 45 days[4] after the date of the submission of the request referred to in paragraph 4.

6. The compensation referred to in paragraph 1 and the suspension referred to in paragraph 2 are temporary measures. Neither compensation nor suspension is preferred to full elimination of any non-conformity with this Agreement as determined in the final report of the panel. Any suspension shall only be applied until such time as the non-conformity is fully eliminated, or the non-conformity is determined in accordance with Article 11.15 (Compliance Review) to have been eliminated, or the disputing Parties have otherwise reached a mutually satisfactory solution.

[4] For greater certainty, the period of 45 days shall not include any days suspended pursuant to Article 11.9.6 (Composition of Panels).

Article 11.15: Compliance Review

1. If the responding Party considers that it has eliminated the non-conformity with this Agreement as originally determined by the final report of the panel, it may request in writing that the original panel make a determination on the matter. That request shall be notified simultaneously to the other disputing Party. The original panel shall issue to the disputing Parties its determination no later than 90 days after the date of the receipt of the request. If the panel determines that the responding Party has eliminated the non-conformity with this Agreement, the complaining Party shall cease to apply any suspension of concessions or other obligations that it has implemented.

2. In the event that any member of the original panel is no longer available, the procedures set out in Article 11.8 (Establishment of a Panel) and Article 11.9 (Composition of Panels) shall apply. The time limit for issuing the determination shall be no later than 60 days[5] after the date of the receipt of the request referred to in paragraph 1.

Article 11.16: Suspension and Termination of Procedures

1. The panel may suspend its work at any time on request of the complaining Party for a period not to exceed 12 consecutive months. The panel shall, at the written request of both disputing Parties, suspend its work at any time for a period agreed by the disputing Parties, not exceeding 12 consecutive months, and shall resume its work at the end of this agreed period at the written request of the complaining Party, or before the end of this agreed period at the written request of both disputing Parties. In the event of a suspension, the timeframe set out in this Chapter and in the Rules of Procedure shall be extended by the amount of time that the work was suspended. If the complaining Party does not request the resumption of the work of the panel before the expiry of the agreed suspension period, the dispute settlement procedures initiated pursuant to this Chapter shall be deemed terminated.

2. The disputing Parties may, at any time, agree in writing to terminate the dispute settlement procedures initiated pursuant to this Chapter.

Article 11.17: Rules of Procedure for Panels

Dispute settlement procedures under this Chapter shall be governed by the Rules of Procedure for Panels as established in accordance with Article 10.2 (Institutional Provisions – Functions of the Joint Commission).

[5] For greater certainty, the period of 60 days shall not include any days suspended pursuant to Article 11.9.6 (Composition of Panels).

Article 11.18: Rules of Interpretation

1. The panel shall interpret this Agreement in accordance with customary rules of treaties interpretation of public international law, as reflected in the *Vienna Convention on the Law of Treaties*, done at Vienna on 23 May, 1969.

2. The panel shall take into account the interpretations issued by the Joint Commission, in accordance with Article 10.2.2(d) (Institutional Provisions – Function of the Joint Commission).

3. When appropriate, the panel may also take into account relevant interpretations in reports of prior panels established under this Chapter. With respect to any provision of the WTO Agreement that has been incorporated into this Agreement, the panel shall also consider relevant interpretations in reports of panels and the WTO Appellate Body adopted by the WTO Dispute Settlement Body. The findings, determinations, and recommendations of the panel shall not add to or diminish the rights and obligations of the Parties under this Agreement.

Article 11.19: Expenses

Each disputing Party shall bear the cost of its appointed panelist and its own expenses and legal costs. Unless the disputing Parties otherwise agree, the cost of the chair of the panel and other expenses associated with the conduct of the proceedings shall be borne by the disputing Parties in equal shares.

Article: 11.20: Time Limits

1. All time limits laid down in this Chapter shall be counted in calendar days, the first day being the day following the act or fact to which they refer, unless otherwise specified.

2. Any time limit referred to in this Chapter may be modified by mutual agreement of the disputing Parties.

CHAPTER 12

GENERAL PROVISIONS AND EXCEPTIONS

Article 12.1: Measures against Unfair Competition

1. The Party shall address anticompetitive business conduct and enforce its competition law in a non-discriminatory and transparent way, and ensure due process in decision making.

2. A Party shall not have recourse to dispute settlement under Chapter 11 (Dispute Settlement) for any matter arising under this Article.

Article 12.2: Measures against Corruption

1. The Parties affirm their commitment to prevent and combat bribery and corruption in international trade, acknowledging the negative impact on governance, institutions, and sustainable economic development. The Parties shall promote integrity, transparency, and accountability in both public and private sector, adopting appropriate measures within their legal frameworks to discourage corrupt practices.

2. The Parties reaffirm their obligations under the *United Nations Convention against Corruption*, done at New York on 31 October 2003 and other relevant international anti-corruption agreements, as well as their support for APEC anti-corruption principles and the promotion of anti-corruption practices in the private sector.

3. A Party shall not have recourse to dispute settlement under Chapter 11 (Dispute Settlement) for any matter arising under this Article.

Article 12.3: Taxation Measures

1. For the purposes of this Article:

designated authorities means:

(a) for Indonesia, the Minister of Finance or his or her authorized representative; and

(b) for Peru, the Ministry of Economy and Finance (*Ministerio de Economía y Finanzas - MEF*);

or their successors;

tax convention means a convention for the avoidance of double taxation or other international taxation agreement or arrangement to which Indonesia or Peru is party; and

taxes and taxation measures do not include customs duties.

2. Except as provided in this Article, nothing in this Agreement shall apply to taxation measures.

3. This Agreement shall only grant rights or impose obligations with respect to taxation measures where corresponding rights and obligations are also granted or imposed under Article III of the GATT 1994.

4. Nothing in this Agreement shall affect the rights and obligations of either Party under any tax convention. In the event of any inconsistency between this Agreement and any such tax convention, that convention shall prevail to the extent of the inconsistency. In the case of a tax convention between the Parties, the designated authorities shall have the sole responsibility for determining whether any inconsistency exists between this Agreement and that convention.

5. Nothing in this Agreement shall oblige a Party to extend to the other Party the benefit of any treatment, preference or privilege arising from any existing or future tax convention by which the Party is bound.

Article 12.4: Measures to Safeguard the Balance of Payments

Where a Party is in serious balance of payments and external financial difficulties or under threat thereof, it may, in accordance with GATT 1994 and the *Understanding on Balance of Payments Provisions of the General Agreement on Tariffs and Trade 1994*, set out in Annex 1A to the WTO Agreement, adopt restrictive import measures. Such restrictive measures shall be consistent with the *Articles of Agreement of the International Monetary Fund*.

Article 12.5: General Exceptions

For the purposes of Chapter 2 (National Treatment and Market Access for Goods), Chapter 3 (Rules of Origin), Chapter 4 (Customs Procedures and Trade Facilitation), Chapter 5 (Technical Barriers to Trade), and Chapter 6 (Sanitary and Phytosanitary Measures), Article XX of GATT 1994 including its Notes and Supplementary Provisions is incorporated into and made part of this Agreement, *mutatis mutandis.* The Parties understand that the measures referred to in Article XX(b) of GATT 1994 include environmental measures necessary to protect human, animal, or plant life or health, and that Article XX(g) of GATT 1994 applies to measures relating to the conservation of living and non-living exhaustible natural resources.

Article 12.6: Security Exceptions

Nothing in this Agreement shall be construed:

(a) to require a Party to furnish or allow access to any information the disclosure of which it considers contrary to its essential security interests;

(b) to prevent a Party from taking any action which it considers necessary for the protection of its essential security interests:

(i) relating to fissionable materials or the materials from which they are derived;

(ii) relating to the traffic in arms, ammunition and implements of war and to such traffic in other goods and materials, as carried on directly or indirectly for the purpose of supplying or provisioning a military establishment;

(iii) taken so as to protect critical public infrastructure which may include communications, power and water infrastructures, according to domestic laws and regulations of the Parties; or

(iv) taken in time of national emergency or war or other emergency in international relations; or

(c) to prevent a Party from taking any action in pursuance of its obligations under the *United Nations Charter* for the maintenance of international peace and security.

CHAPTER 13

FINAL PROVISIONS

Article 13.1: Annexes, Appendices and Footnotes

The Annexes, Appendices, and footnotes to this Agreement shall constitute an integral part of this Agreement.

Article 13.2: Amendments

1. The Parties may agree, in writing, to amend this Agreement.

2. Any amendment shall enter into force in accordance with the same procedure as provided for in Article 13.6 (Entry into Force), or as otherwise agreed by the Parties.

3. The amendments shall constitute an integral part of this Agreement.

Article 13.3: Amendment of the WTO Agreement or other International Agreements

If the WTO Agreement or any other international agreement, or a provision therein, that has been incorporated into this Agreement is amended, the Parties shall, on request, consult each other on whether it is necessary to amend this Agreement, unless this Agreement provides otherwise.

Article 13.4: Review

The Parties agree to review this Agreement five years after the date of entry into force and then every five years after that, in accordance with Article 10.2 (Institutional Provisions - Functions of the Joint Commission) or in another manner as they may agree, with a view to updating and enhancing this Agreement to further its objectives, through negotiations, as appropriate. The review shall include, but not be limited to, consideration of deepening liberalization, reducing or eliminating remaining discrimination, further expanding market access and improve facilitation and cooperation to foster the utilization of this Agreement.

Article 13.5: Future Work Program

1. Unless agreed otherwise by the Parties, they shall negotiate an additional protocol on trade in services and investment two years after the entry into force of this Agreement.

2. Four years after the entry into force of this Agreement, the Parties shall initiate consultations with a view to negotiate the Product Specific Rules of Origin for the subheadings that indicate “For

Future Negotiation" in Annex 3-B (Product Specific Rules of Origin) of Chapter 3 (Rules of Origin).

Article 13.6: Entry into Force

Each Party shall notify the other Party, in writing through diplomatic channels, once it has completed the internal procedures required for the entry into force of this Agreement. This Agreement shall enter into force on the first day of the second month following the date of receipt of the latter notification.

Article 13.7: Duration and Termination

This Agreement shall remain in force unless terminated by either Party by written notification to the other Party of its intention to terminate this Agreement. This Agreement shall terminate six months after the date of receipt of that notification or on any other date as the Parties may agree.

Article 13.8: Authentic Texts

This Agreement is done in duplicate in the English, Indonesian, and Spanish languages. All texts of this Agreement shall be equally authentic. In case of any divergence in interpretation, the English text shall prevail.

IN WITNESS WHEREOF, the undersigned, being duly authorized by their respective Governments, have signed this Agreement.

DONE at Jakarta, Indonesia, on the 11th day of August in the year of 2025.

For the Government of the Republic of Peru	**For the Government of the Republic of Indonesia**
ÚRSULA DESILÚ LEÓN CHEMPÉN Minister of Foreign Trade and Tourism	**BUDI SANTOSO** Minister of Trade