

CHAPTER 17

STATE-OWNED ENTERPRISES AND DESIGNATED MONOPOLIES

Article 17.1: Definitions

For the purposes of this Chapter:

Arrangement means the Arrangement on Officially Supported Export Credits, developed within the framework of the Organization for Economic Co-operation and Development (OECD), or a successor undertaking, whether developed within or outside of the OECD framework, that has been adopted by at least 12 original WTO Members that were Participants to the Arrangement as of January 1, 1979;

commercial activities means activities which an enterprise undertakes with an orientation toward profit-making¹ and which result in the production of a good or supply of a service that will be sold to a consumer in the relevant market in quantities and at prices determined by the enterprise;²

commercial considerations means price, quality, availability, marketability, transportation, and other terms and conditions of purchase or sale; or other factors that would normally be taken into account in the commercial decisions of a privately owned enterprise in the relevant business or industry;

designate means to establish, designate, or authorise a monopoly, or to expand the scope of a monopoly to cover an additional good or service;

designated monopoly means a privately owned monopoly that is designated after the date of entry into force of this Agreement and any government monopoly that a Party designates or has designated;

government monopoly means a monopoly that is owned, or controlled through ownership interests, by a Party or by another government monopoly;

independent pension fund means an enterprise that is owned, or controlled through ownership interests, by a Party that:

- (a) is engaged exclusively in the following activities:

¹ For greater certainty, activities undertaken by an enterprise which operates on a not-for-profit basis or on a cost-recovery basis are not activities undertaken with an orientation toward profit-making.

² For greater certainty, measures of general application to the relevant market shall not be construed as the determination by a Party of pricing, production, or supply decisions of an enterprise.

Subject to Legal Review in English, Spanish and French for Accuracy, Clarity and Consistency

Subject to Authentication of English, Spanish and French Versions

- (i) administering or providing a plan for pension, retirement, social security, disability, death or employee benefits, or any combination thereof solely for the benefit of natural persons who are contributors to such a plan and their beneficiaries, or
- (ii) investing the assets of these plans;
- (b) has a fiduciary duty to the natural persons referenced in sub-paragraph (a); and
- (c) is free from investment direction from the government of the Party;³

market means the geographical and commercial market for a good or service;

monopoly means an entity, including a consortium or government agency, that in any relevant market in the territory of a Party is designated as the sole provider or purchaser of a good or service, but does not include an entity that has been granted an exclusive intellectual property right solely by reason of the grant;

non-commercial assistance⁴ means assistance to a state-owned enterprise by virtue of that state-owned enterprise's government ownership or control, where:

- (a) "assistance" means:
 - (i) direct transfers of funds or potential direct transfers of funds or liabilities, such as:
 - A. grants or debt forgiveness;
 - B. loans, loan guarantees or other types of financing on terms more favourable than those commercially available to that enterprise; or

³ Investment direction from the government of a Party (a) does not include general guidance with respect to risk management and asset allocation that is not inconsistent with usual investment practices; and (b) is not demonstrated, alone, by the presence of government officials on the enterprise's board of directors or investment panel.

⁴ For greater certainty, non-commercial assistance does not include (a) intra-group transactions within a corporate group including state-owned enterprises (e.g. between the parent and subsidiaries of the group, or among the group's subsidiaries) when normal business practices require reporting the financial position of the group excluding these intra-group transactions, (b) other transactions between state-owned enterprises that are consistent with the usual practices of privately owned enterprises in arm's length transactions, or (c) a Party's transfer of funds, collected from contributors to a plan for pension, retirement, social security, disability, death or employee benefits, or any combination thereof, to an independent pension fund for investment on behalf of the contributors and their beneficiaries.

Subject to Legal Review in English, Spanish and French for Accuracy, Clarity and Consistency

Subject to Authentication of English, Spanish and French Versions

- C. equity capital inconsistent with the usual investment practice (including for the provision of risk capital) of private investors; or
 - (ii) goods or services other than general infrastructure on terms more favourable than those commercially available to that enterprise;
- (b) “by virtue of that state-owned enterprise’s government ownership or control” means:⁵
 - (i) the Party or any of the Party’s state enterprises or state-owned enterprises explicitly limits access to the assistance to any of its state-owned enterprises;
 - (ii) the Party or any of the Party’s state enterprises or state-owned enterprises provides assistance which is predominately used by the Party’s state-owned enterprises;
 - (iii) the Party or any of the Party’s state enterprises or state-owned enterprises provides a disproportionately large amount of the assistance to the Party’s state-owned enterprises; or
 - (iv) the Party or any of the Party’s state enterprises or state-owned enterprises otherwise favours the Party’s state-owned enterprises through the use of its discretion in the provision of assistance;

a **public service mandate** means a government mandate pursuant to which a state-owned enterprise makes available a service, directly or indirectly, to the general public in its territory;⁶

sovereign wealth fund means an enterprise owned, or controlled through ownership interests, by a Party that:

- (a) serves solely as a special purpose investment fund or arrangement⁷ for asset management, investment, and related activities, using financial assets of a Party; and

⁵ In determining whether the assistance is provided “by virtue of that enterprise’s government ownership or control,” account shall be taken of the extent of diversification of economic activities within the territory of the Party, as well as of the length of time during which the non-commercial assistance programme has been in operation.

⁶ For greater certainty, a service to the general public includes:

- (a) the distribution of goods; and
- (b) the supply of general infrastructure services.

⁷ For greater certainty, the Parties understand that the word “arrangements” as an alternative to “funds” allows for a flexible interpretation of the legal arrangement through which the assets can be invested.

Subject to Legal Review in English, Spanish and French for Accuracy, Clarity and Consistency

Subject to Authentication of English, Spanish and French Versions

(b) is a Member of the International Forum of Sovereign Wealth Funds or endorses the Generally Accepted Principles and Practices (“Santiago Principles”) issued by the International Working Group of Sovereign Wealth Funds, October 2008, or such other principles and practices as may be agreed to by the Parties; and

includes any special purpose vehicles established solely for such activities described in subparagraph (a) wholly owned by the enterprise, or wholly owned by the Party but managed by the enterprise; and

state-owned enterprise means an enterprise:

- (a) that is principally engaged in commercial activities; and
- (b) in which a Party:
 - (i) directly owns more than 50 percent of the share capital;
 - (ii) controls, through ownership interests, the exercise of more than 50 percent of the voting rights; or
 - (iii) holds the power to appoint a majority of members of the board of directors or any other equivalent management body.

Article 17.2: Scope⁸

1. This Chapter shall apply with respect to the activities of state-owned enterprises and designated monopolies of a Party that affect trade or investment between Parties within the free trade area.⁹

2. Nothing in this Chapter shall prevent a central bank or monetary authority of a Party from performing regulatory or supervisory activities or conducting monetary and related credit policy and exchange rate policy.

3. Nothing in this Chapter shall prevent a financial regulatory body of a Party, including a non-governmental body, such as a securities or futures exchange or market, clearing agency, or other organisation or association, from exercising regulatory or supervisory authority over financial services suppliers.

⁸ For the purposes of this Chapter, the terms “financial service supplier,” “financial institution” and “financial services” have the same meaning as in Article 11.1 (Definitions).

⁹ This Chapter also applies with respect to the activities of state-owned enterprises of a Party that cause adverse effects in the market of a non-Party as provided in Article 17.7 (Adverse Effects).

Subject to Legal Review in English, Spanish and French for Accuracy, Clarity and Consistency

Subject to Authentication of English, Spanish and French Versions

4. Nothing in this Chapter shall prevent a Party, or one of its state enterprises or state-owned enterprises from undertaking activities for the purpose of the resolution of a failing or failed financial institution or any other failing or failed enterprise principally engaged in the supply of financial services.
5. This Chapter shall not apply with respect to a sovereign wealth fund of a Party¹⁰, except:
 - (a) Article 17.6.1 and Article 17.6.3 (Non-commercial Assistance) shall apply with respect to a Party's indirect provision of non-commercial assistance through a sovereign wealth fund; and
 - (b) Article 17.6.2 (Non-commercial Assistance) shall apply with respect to a sovereign wealth fund's provision of non-commercial assistance;
6. This Chapter shall not apply with respect to:
 - (a) an independent pension fund of a Party; or
 - (b) an enterprise owned or controlled by an independent pension fund of a Party, except:
 - (i) Article 17.6.1 and Article 17.6.3 (Non-commercial Assistance) shall apply with respect to a Party's direct or indirect provision of non-commercial assistance to an enterprise owned or controlled by an independent pension fund; and
 - (ii) Article 17.6.1 and Article 17.6.3 (Non-commercial Assistance) shall apply with respect to a Party's indirect provision of non-commercial assistance through an enterprise owned or controlled by an independent pension fund.
7. This Chapter shall not apply to government procurement.
8. Nothing in this Chapter shall prevent a state-owned enterprise of a Party from providing goods or services exclusively to that Party for the purposes of carrying out that Party's governmental functions.
9. Nothing in this Chapter shall be construed to prevent a Party from:
 - (a) establishing or maintaining a state enterprise or a state-owned enterprise; or

¹⁰ Malaysia shall not be subject to dispute settlement under Chapter 28 (Dispute Settlement) with respect to enterprises owned or controlled by Khazanah Nasional Berhad for a period of two years following the entry into force of this Agreement, in light of ongoing development of state-owned enterprise reform legislation.

Subject to Legal Review in English, Spanish and French for Accuracy, Clarity and Consistency

Subject to Authentication of English, Spanish and French Versions

(b) designating a monopoly.

10. Articles 17.4 (Non-discriminatory treatment and commercial considerations), Article 17.6 (Non-commercial Assistance), and Article 17.10 ((Transparency) shall not apply to any service supplied in the exercise of governmental authority.¹¹

11. Article 17.4.1(b), Article 17.4.1(c), Article 17.4.2(b), and Article 17.4.2(c) (Non-discriminatory treatment and commercial considerations) shall not apply to the extent that a Party's state-owned enterprise or designated monopoly makes purchases and sales of goods or services pursuant to:

(a) any existing non-conforming measure that the Party maintains, continues, renews or amends in accordance with Article 9.11.1 (Non-Conforming Measures), Article 10.7.1 (Non-Conforming Measures) or Article 11.10.1 (Non-Conforming Measures), as set out in its Schedule to Annex I or in Section A of its Schedule to Annex III; or

(b) any non-conforming measure that the Party adopts or maintains with respect to sectors, subsectors, or activities in accordance with Article 9.11.2 (Non-Conforming Measures), Article 10.7.2 (Non-Conforming Measures) or Article 11.10.2 (Non-Conforming Measures), as set out in its Schedule to Annex II or in Section B of its Schedule to Annex III.

Article 17.3: Delegated Authority

Each Party shall ensure that when its state-owned enterprises, state enterprises, and designated monopolies exercise any regulatory, administrative, or other governmental authority that the Party has directed or delegated to such entities to carry out, such entities act in a manner that is not inconsistent with that Party's obligations under this Agreement.¹²

Article 17.4: Non-discriminatory treatment and commercial considerations

1. Each Party shall ensure that each of its state-owned enterprises, when engaging in commercial activities:

¹¹ For the purposes of this paragraph, "a service supplied in the exercise of governmental authority" has the same meaning as in the WTO General Agreement in Trade in Services, including the meaning in the Financial Services Annex where applicable.

¹² Examples of regulatory, administrative or other governmental authority include the power to expropriate, grant licences, approve commercial transactions, or impose quotas, fees or other charges.

Subject to Legal Review in English, Spanish and French for Accuracy, Clarity and Consistency

Subject to Authentication of English, Spanish and French Versions

- (a) acts in accordance with commercial considerations in its purchase or sale of a good or service, except to fulfil any terms of its public service mandate that are not inconsistent with subparagraph (c)(ii);
 - (b) in its purchase of a good or service,
 - (i) accords to a good or service supplied by an enterprise of another Party treatment no less favourable than it accords to a like good or a like service supplied by enterprises of the Party, of any other Party, or of any non-Party; and
 - (ii) accords to a good or service supplied by an enterprise that is a covered investment in the Party's territory treatment no less favourable than it accords to a like good or a like service supplied by enterprises in the relevant market in the Party's territory that are investments of investors of the Party, of any other Party, or of any non-Party; and
 - (c) in its sale of a good or service,
 - (i) accords to an enterprise of another Party treatment no less favourable than it accords to enterprises of the Party, of any other Party, or of any non-Party; and
 - (ii) accords to an enterprise that is a covered investment in the Party's territory treatment no less favourable than it accords to enterprises in the relevant market in the Party's territory that are investments of investors of the Party, of any other Party, or of any non-Party.¹³
2. Each Party shall ensure that each of its designated monopolies:
- (a) acts in accordance with commercial considerations in its purchase or sale of the monopoly good or service in the relevant market, except to fulfil any terms of its designation that are not inconsistent with subparagraphs (b), (c) or (d); and
 - (b) in its purchase of the monopoly good or service,
 - (i) accords to a good or service supplied by an enterprise of another Party treatment no less favourable than it accords to a like good or a like service supplied by enterprises of the Party, of any other Party, or of any non-Party; and

¹³ Article 17.4.1 (Non-discriminatory treatment and commercial considerations) shall not apply with respect to the purchase or sale of shares, stock or other forms of equity by a state-owned enterprise as a means of its equity participation in another enterprise.

Subject to Legal Review in English, Spanish and French for Accuracy, Clarity and Consistency

Subject to Authentication of English, Spanish and French Versions

- (ii) accords to a good or service supplied by an enterprise that is a covered investment in the Party's territory treatment no less favourable than it accords to a like good or a like service sold by enterprises in the relevant market in the Party's territory that are investments of investors of the Party, of any other Party, or of any non-Party; and
 - (c) in its sale of the monopoly good or service:
 - (i) accords to an enterprise of another Party treatment no less favourable than it accords to enterprises of the Party, of any other Party, or of any non-Party; and
 - (ii) accords to an enterprise that is a covered investment in the Party's territory treatment no less favourable than it accords to enterprises in the relevant market in the Party's territory that are investments of investors of the Party, of any other Party, or of any non-Party; and
 - (d) does not use its monopoly position to engage in, either directly or indirectly, including through its dealings with its parent, subsidiaries, or other entities the Party or the designated monopoly owns, anticompetitive practices in a non-monopolised market in its territory that negatively affect trade or investment between the Parties.¹⁴
3. Paragraph 1(b) and (c) and paragraph 2 (b) and (c) do not preclude a state-owned enterprise or designated monopoly from:
- (a) purchasing or selling goods or services on different terms or conditions including those relating to price; or
 - (b) refusing to purchase or sell goods or services,

provided that such differential treatment or refusal is undertaken in accordance with commercial considerations.

Article 17.5: Courts and Administrative Bodies

1. Each Party shall provide its courts with jurisdiction over civil claims against an enterprise owned or controlled through ownership interests by a foreign country based on a

¹⁴ For greater certainty, a Party may comply with the requirements of sub-paragraph (d) through the enforcement or implementation of its generally applicable national competition laws and regulations, its economic regulatory laws and regulations, or other appropriate measures.

Subject to Legal Review in English, Spanish and French for Accuracy, Clarity and Consistency

Subject to Authentication of English, Spanish and French Versions

commercial activity carried on in its territory.¹⁵ This shall not be construed to require a Party to provide jurisdiction over such claims if it does not provide jurisdiction over similar claims against enterprises that are not owned or controlled through ownership interests by a foreign country.

2. Each Party shall ensure that any administrative body that the Party establishes or maintains that regulates a state-owned enterprise exercises its regulatory discretion in an impartial manner with respect to enterprises that it regulates, including enterprises that are not state-owned enterprises.¹⁶

Article 17.6: Non-commercial Assistance

1. No Party shall cause¹⁷ adverse effects to the interests of another Party through the use of non-commercial assistance that it provides, either directly or indirectly¹⁸ to any of its state-owned enterprises with respect to:

- (a) the production and sale of a good by the state-owned enterprise;
- (b) the supply of a service by the state-owned enterprise from the territory of the Party into the territory of another Party;
- (c) the supply of a service in the territory of another Party through an enterprise that is a covered investment in the territory of that other Party or a third Party.

2. Each Party shall ensure that its state enterprises and state-owned enterprises do not cause adverse effects to the interests of another Party through the use of non-commercial assistance that the state enterprise or state-owned enterprise provides to any of its state-owned enterprises with respect to:

- (a) the production and sale of a good by the state-owned enterprise;
- (b) the supply of a service by the state-owned enterprise from the territory of the Party into the territory of another Party;

¹⁵ Article 17.5.1 (Courts and Administrative Bodies) shall not be construed to preclude a Party from providing its courts with jurisdiction over claims against enterprises owned or controlled through ownership interests by a foreign country other than those claims referred to in this paragraph.

¹⁶ For greater certainty, the impartiality with which an administrative body exercises its regulatory discretion is to be assessed by reference to a pattern or practice of that administrative body.

¹⁷ For the purposes of Article 17.6(1) and (2) (Non-commercial Assistance), it must be demonstrated that the adverse effects claimed have been caused by the non-commercial assistance. Thus, the non-commercial assistance must be examined within the context of other possible causal factors to ensure an appropriate attribution of causality.

¹⁸ For greater certainty, indirect provision includes the situation in which a Party entrusts or directs an enterprise that is not a state-owned enterprise to provide non-commercial assistance.

Subject to Legal Review in English, Spanish and French for Accuracy, Clarity and Consistency

Subject to Authentication of English, Spanish and French Versions

- (c) the supply of a service in the territory of another Party through an enterprise that is a covered investment in the territory of that other Party or a third Party.
3. No Party shall cause injury to a domestic industry¹⁹ of another Party through the use of non-commercial assistance that it provides, either directly or indirectly, to any of its state-owned enterprises that is a covered investment in the territory of another Party in circumstances where:
- (a) the non-commercial assistance is provided with respect to the production and sale of a good by the state-owned enterprise in the territory of the other Party, and
- (b) a like good is produced and sold in the territory of the other Party by the domestic industry of that other Party.²⁰
4. A service supplied by a state-owned enterprise of a Party within that Party's territory shall be deemed to not cause adverse effects.²¹

Article 17.7: Adverse Effects

1. For the purposes of paragraphs 1 and 2 of Article 17.6 (Non-commercial Assistance), adverse effects arise where:
- (a) the effect of the non-commercial assistance is that the production and sale of a good by a Party's state-owned enterprise that has received the non-commercial assistance displaces or impedes from the Party's market imports of a like good of another Party or sales of a like good produced by an enterprise that is a covered investment in the territory of the Party;
- (b) the effect of the non-commercial assistance is that the production and sale of a good by a Party's state-owned enterprise that has received the non-commercial assistance displaces or impedes:

¹⁹ The term "domestic industry" refers to the domestic producers as a whole of the like good, or to those domestic producers whose collective output of the products constitutes a major proportion of the total domestic production of the like good, excluding the state-owned enterprise that is a covered investment that has received the non-commercial assistance referred to in paragraph 3.

²⁰ In situations of material retardation of the establishment of a domestic industry, it is understood that a domestic industry may not yet produce and sell the like good. However, in such cases, there must be evidence that a prospective domestic producer has made a substantial commitment to commence production and sales of the like good.

²¹ For greater certainty, this paragraph shall not be construed to apply to a service that is itself a form of non-commercial assistance.

Subject to Legal Review in English, Spanish and French for Accuracy, Clarity and Consistency

Subject to Authentication of English, Spanish and French Versions

- (i) from the market of another Party sales of a like good produced by an enterprise that is a covered investment in the territory of that other Party, or imports of a like good of another Party; or
- (ii) from the market of a non-Party imports of a like good of another Party;
- (c) the effect of the non-commercial assistance is a significant price undercutting by a good produced by a Party's state-owned enterprise that has received the non-commercial assistance and sold by the enterprise:
 - (i) in the market of a Party as compared with the price in the same market of imports of a like good of another Party or a like good that is produced by an enterprise that is a covered investment in the territory of the Party, or significant price suppression, price depression or lost sales in the same market; or
 - (ii) in the market of a non-Party as compared with the price in the same market of imports of a like good of another Party, or significant price suppression, price depression or lost sales in the same market;
- (d) the effect of the non-commercial assistance is that services supplied by a Party's state-owned enterprise that has received the non-commercial assistance displace or impede from the market of another Party a like service supplied by a service supplier of that other Party or a third Party; or
- (e) the effect of the non-commercial assistance is a significant price undercutting by a service supplied in the market of another Party by a Party's state-owned enterprise that has received the non-commercial assistance as compared with the price in the same market of a like service supplied by a service supplier of that other Party or a third Party, or significant price suppression, price depression or lost sales in the same market.²²

2. For the purposes of subparagraphs (a), (b), and (d) of paragraph 1, the displacing or impeding of a good or service includes any case in which it has been demonstrated that there has been a significant change in relative shares of the market to the disadvantage of the like good or like service. "Significant change in relative shares of the market" shall include any of the following situations:

- (a) there is a significant increase in the market share of the good or service of the Party's state-owned enterprise;

²² The purchase or sale of shares, stock or other forms of equity by a state-owned enterprise that has received non-commercial assistance as a means of its equity participation in another enterprise shall not be construed to give rise to adverse effects as provided for in 17.7.1 (Adverse Effects).

Subject to Legal Review in English, Spanish and French for Accuracy, Clarity and Consistency

Subject to Authentication of English, Spanish and French Versions

(b) the market share of the good or service of the Party's state-owned enterprise remains constant in circumstances in which, in the absence of the non-commercial assistance, it would have declined significantly; or

(c) the market share of the good or service of the Party's state-owned enterprise declines, but at a significantly slower rate than would have been the case in the absence of the non-commercial assistance.

The change must manifest itself over an appropriately representative period sufficient to demonstrate clear trends in the development of the market for the good or service concerned, which, in normal circumstances, shall be at least one year.

3. For the purposes of subparagraphs (c) and (e) of paragraph 1, price undercutting shall include any case in which such price undercutting has been demonstrated through a comparison of the prices of the good or service of the state-owned enterprise with the prices of the like good or service.

4. Comparisons of the prices in paragraph 3 shall be made at the same level of trade and at comparable times, and due account shall be taken for factors affecting price comparability. If a direct comparison of transactions is not possible, the existence of price undercutting may be demonstrated on some other reasonable basis, such as, in the case of goods, a comparison of unit values.

5. Non-commercial assistance that a Party provides

(a) before the signing of this Agreement, or

(b) within 3 years after the signing of this Agreement pursuant to a law that is enacted, or contractual obligation undertaken, prior to the signing of this Agreement

shall be deemed to not cause adverse effects.

6. For the purposes of 17.6.1(b) and 17.6.2(b), adverse effects are deemed not to arise from the initial capitalisation of a state-owned enterprise, or the acquisition by a Party of a controlling interest in an enterprise, that is principally engaged in the supply of services within the territory of the Party.

Article 17.8: Injury

1. For the purposes of Article 17.6.3 (Non-Commercial Assistance), the term "injury" shall be taken to mean material injury to a domestic industry, threat of material injury to a domestic industry or material retardation of the establishment of such an industry. A determination of material injury shall be based on positive evidence and involve an

Subject to Legal Review in English, Spanish and French for Accuracy, Clarity and Consistency

Subject to Authentication of English, Spanish and French Versions

objective examination of the relevant factors, including the volume of production by the covered investment that has received non-commercial assistance, the effect of such production on prices for like goods produced and sold by the domestic industry, and the effect of such production on the domestic industry producing like goods.²³

2. With regard to the volume of production by the covered investment that has received non-commercial assistance, consideration shall be given as to whether there has been a significant increase in the volume of production, either in absolute terms or relative to production or consumption in the territory of the Party in which injury is alleged to have occurred. With regard to the effect of the production by the covered investment on prices, consideration shall be given as to whether there has been a significant price undercutting by the goods produced and sold by the covered investment as compared with the price of like goods produced and sold by the domestic industry, or whether the effect of production by the covered investment is otherwise to depress prices to a significant degree or to prevent price increases, which otherwise would have occurred, to a significant degree. No one or several of these factors can necessarily give decisive guidance.

3. The examination of the impact on the domestic industry of the goods produced and sold by the covered investment that received the non-commercial assistance shall include an evaluation of all relevant economic factors and indices having a bearing on the state of the industry, such as actual and potential decline in output, sales, market share, profits, productivity, return on investments, or utilisation of capacity; factors affecting domestic prices; actual and potential negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital or investments and, in the case of agriculture, whether there has been an increased burden on government support programmes. This list is not exhaustive, nor can one or several of these factors necessarily give decisive guidance.

4. It must be demonstrated that the goods produced and sold by the covered investment are, through the effects²⁴ of the non-commercial assistance, causing injury within the meaning of this Article. The demonstration of a causal relationship between the above mentioned goods and the injury to the domestic industry shall be based on an examination of all relevant evidence. Any known factors other than the goods produced by the covered investment which at the same time are injuring the domestic industry shall be examined, and the injuries caused by these other factors must not be attributed to the goods produced and sold by the covered investment that has received non-commercial assistance. Factors which may be relevant in this respect include, *inter alia*, the volumes and prices of other like goods in the market in question, contraction in demand or changes in the patterns of consumption, and developments in technology and the export performance and productivity of the domestic industry.

²³ The periods for examination of the non-commercial assistance and injury shall be reasonably established and shall end as closely as practical to the date of initiation of the proceeding before the arbitral tribunal.

²⁴ As set forth in paragraph 2 and 3.

Subject to Legal Review in English, Spanish and French for Accuracy, Clarity and Consistency

Subject to Authentication of English, Spanish and French Versions

5. A determination of a threat of material injury shall be based on facts and not merely on allegation, conjecture or remote possibility. A determination of a threat of material injury shall be considered with special care. The change in circumstances which would create a situation in which non-commercial assistance to the covered investment would cause injury must be clearly foreseen and imminent. In making a determination regarding the existence of a threat of material injury, there should be consideration of relevant factors²⁵ and of whether the totality of the factors considered lead to the conclusion that further availability of goods produced by the covered investment is imminent and that, unless protective action is taken, material injury would occur.

Article 17.9: Party-Specific Annexes

1. Article 17.4 (Non-Discriminatory Treatment and Commercial Considerations) and Article 17.6 (Non-commercial Assistance) shall not apply with respect to the non-conforming activities of state-owned enterprises or designated monopolies that a Party lists in its Schedule to Annex IV in accordance with the terms of the Party's Schedule.

2. Article 17.4 (Non-Discriminatory Treatment and Commercial Considerations), Article 17.5 (Courts and Administrative Bodies), Article 17.6 (Non-commercial Assistance) and 17.10 (Transparency) shall not apply with respect to a Party's state-owned enterprises or designated monopolies as set out in Annex 17-D.

3. (a) In the case of Singapore, Annex 17-E shall apply.

(b) In the case of Malaysia, Annex 17-F shall apply.

Article 17.10: Transparency²⁶²⁷

²⁵ In making a determination regarding the existence of a threat of material injury, an arbitral tribunal established pursuant to Chapter 28 (Dispute Settlement) should consider, inter alia, such factors as: (i) the nature of the non-commercial assistance in question and the trade effects likely to arise therefrom; (ii) a significant rate of increase in sales in the domestic market by the covered investment, indicating a likelihood of substantially increased sales; (iii) sufficient freely disposable, or an imminent, substantial increase in, capacity of the covered investment indicating the likelihood of substantially increased production of the good, taking into account the availability of export markets to absorb additional production; (iv) whether prices of goods sold by the covered investment will have a significant depressing or suppressing effect on the price of the like goods; and (v) inventories of like good.

²⁶ Article 17.10 (Transparency) shall not apply to Brunei Darussalam with respect to the Entities listed in entry 4 (BIA) of Brunei Darussalam's Annex IV that engage in the non-conforming activities described in that entry.

²⁷ Article 17.10 (Transparency) shall not apply to Viet Nam with respect to the Entities listed in:

(a) entry 8 of Viet Nam's Annex IV that engage in the non-conforming activities described in that entry, until that entry ceases to have effect; and

(b) entry 10 of Viet Nam's Annex IV that engage in the non-conforming activities described in that entry.

Subject to Legal Review in English, Spanish and French for Accuracy, Clarity and Consistency

Subject to Authentication of English, Spanish and French Versions

1. Each Party shall provide to the other Parties or otherwise make publicly available on an official website a list of its state-owned enterprises within 6 months after the date on which this Agreement enters into force for the Party, and thereafter shall update the list annually.^{28,29}
2. Each Party shall promptly notify the other Parties or otherwise make publicly available on an official website the designation of a monopoly or expansion of the scope of an existing monopoly and the terms of its designation.³⁰
3. On the written request of another Party, a Party shall promptly provide the following information concerning a state-owned enterprise or a government monopoly, provided that the request includes an explanation of how the activities of the entity may be affecting trade or investment between the Parties:
 - (a) the percentage of shares that the Party, its state-owned enterprises, or designated monopolies cumulatively own, and percentage of votes that they cumulatively hold, in the entity;
 - (b) a description of any special shares or special voting or other rights that the Party, its state-owned enterprises, or designated monopolies hold, to the extent the rights are different than the rights attached to the general common shares of such entity;
 - (c) the government titles of any government official serving as an officer or member of the entity's board of directors;
 - (d) the entity's annual revenue and total assets over the most recent 3-year period for which information is available;

²⁸ For Brunei Darussalam, Article 17.10.1 (Transparency) shall not apply until five years from the date of entry into force of the Agreement for Brunei. Separately, within a period of three years after entry into force of the Agreement, Brunei Darussalam shall provide to the other Parties or otherwise make publicly available on an official website a list of its state-owned enterprises that have an annual revenue derived from their commercial activities of more than SDR 500 million in one of the three preceding years, and shall thereafter update the list annually, until the obligation in Article 17.10.1 (Transparency) applies and replaces this obligation.

²⁹ For Vietnam and Malaysia, Article 17.10.1 (Transparency) shall not apply until five years from the date of entry into force of the Agreement for Vietnam and Malaysia, respectively. Separately, within six months after the date on which this Agreement enters into force for Vietnam and Malaysia, respectively, each Party shall provide to the other Parties or otherwise make publicly available on an official website a list of its state-owned enterprises that have an annual revenue derived from their commercial activities of more than SDR 500 million in one of the three preceding years, and shall thereafter update the list annually, until the obligation in Article 17.10.1 (Transparency) applies and replaces this obligation.

³⁰ Article 17.10.2, Article 17.10.3 and Article 17.10.4 (Transparency) shall not apply to Viet Nam with respect to the Entities listed in entry 9 of Vietnam's Annex IV that engage in the non-conforming activities described in that entry.

Subject to Legal Review in English, Spanish and French for Accuracy, Clarity and Consistency

Subject to Authentication of English, Spanish and French Versions

- (e) any exemptions and immunities from which the entity benefits under the Party's law; and
 - (f) any additional information regarding the entity that is publicly available, including annual financial reports and third-party audits, and that is sought in the written request.
4. On the written request of another Party, a Party shall promptly provide in writing information regarding any policy or programme, it has adopted or maintains that provides for the provision of non-commercial assistance, provided that the request includes an explanation of how the policy or programme affects or could affect trade or investment between the Parties.
5. When a Party provides a response pursuant to paragraph 4, the information it provides shall be sufficiently specific to enable the requesting Party to understand the operation of and evaluate the policy or programme and its effects or potential effects on trade or investment between the Parties. The Party responding to a request shall ensure that the information it provides contains the following information:
- (a) the form of the non-commercial assistance provided under the policy or programme (i.e. grant, loan);
 - (b) the names of the government agencies, state-owned enterprises, or state enterprises providing the non-commercial assistance and the names of the state-owned enterprises that have received or are eligible to receive the non-commercial assistance;
 - (c) the legal basis and policy objective of the policy or programme providing for the non-commercial assistance;
 - (d) with respect to goods, the amount per unit or, in cases where this is not possible, the total amount or the annual amount budgeted for the non-commercial assistance (indicating, if possible, the average amount per unit in the previous year);
 - (e) with respect to services, the total amount or the annual amount budgeted for the non-commercial assistance (indicating, if possible, the total amount in the previous year);
 - (f) with respect to policies or programmes providing for non-commercial assistance in the form of loans or loan guarantees, the amount of the loan or amount of the loan guaranteed, interest rates, and fees charged;

Subject to Legal Review in English, Spanish and French for Accuracy, Clarity and Consistency

Subject to Authentication of English, Spanish and French Versions

- (g) with respect to policies or programmes providing for non-commercial assistance in the form of the provision of goods or services, the prices charged, if any;
 - (h) with respect to policies or programmes providing for non-commercial assistance in the form of equity capital, the amount invested, the number and a description of the shares received, and any assessments that were conducted with respect to the underlying investment decision;
 - (i) duration of the policy or programme or any other time-limits attached to it; and
 - (j) statistical data permitting an assessment of the effects of the non-commercial assistance on trade or investment between the Parties.
6. Where a Party considers that it has not adopted or does not maintain any policies or programmes subject to the requirements of paragraph 4, it shall so inform the requesting Party in writing.
7. If any relevant points in paragraph 5 have not been addressed in the written response, an explanation shall be provided in the written response itself.
8. The Parties recognise that the provision of information under paragraphs 5 and 7 does not prejudice the legal status of the assistance that was the subject of the request under paragraph 4 or the effects of that assistance under this Agreement.
9. When a Party provides written information pursuant to a request under this Article and informs the requesting Party that it considers the information to be confidential, the requesting Party shall not disclose the information without the prior consent of the Party providing the information.

Article 17.11: Technical Cooperation

The Parties shall, where appropriate and subject to available resources, engage in mutually agreed technical cooperation activities, including:

- (a) exchanging information regarding Parties' experiences in improving the corporate governance and operation of their state-owned enterprises;
- (b) sharing best practices on policy approaches to ensure a level playing field between state-owned and privately owned enterprises, including policies related to competitive neutrality; and

Subject to Legal Review in English, Spanish and French for Accuracy, Clarity and Consistency

Subject to Authentication of English, Spanish and French Versions

- (c) organising international seminars, workshops, or any other appropriate forum for sharing technical information and expertise related to the governance and operations of state-owned enterprises.

Article 17.12: Committee on State-Owned Enterprises and Designated Monopolies³¹

1. The Parties hereby establish a Committee on State-Owned Enterprises and Designated Monopolies, comprised of representatives of each Party.
2. The Committee's functions shall include:
 - (a) reviewing and considering the operation and implementation of this Chapter;
 - (b) at a Party's request, consulting on any matter arising under this Chapter;
 - (c) developing cooperative efforts, as appropriate, to promote the principles underlying the disciplines contained in this Chapter in the free trade area and to contribute to the development of similar disciplines in other regional and multilateral institutions in which two or more Parties participate; and
 - (d) undertaking such other activities as the Committee may agree.
3. The Committee shall meet within one year after the date this Agreement enters into force, and at least annually thereafter, unless the Parties agree otherwise. The Committee may meet in person, teleconference, video conference, or by any other means, as mutually determined by the Parties.

Article 17.13: Exceptions

1. Nothing in Article 17.4 (Non-Discriminatory Treatment and Commercial Considerations) or Article 17.6 (Non-commercial Assistance) shall be construed to:
 - (a) prevent the adoption or enforcement by any Party of measures to respond temporarily to a national or global economic emergency; or

³¹ Article 17.12 (Committee on State-Owned Enterprises and Designated Monopolies) shall not apply to Viet Nam with respect to the Entities listed in:

- (a) entry 8 of Viet Nam's Annex IV that engage in the non-conforming activities described in that entry, until that entry ceases to have effect; and
- (b) entry 10 of Viet Nam's Annex IV that engage in the non-conforming activities described in that entry.

Subject to Legal Review in English, Spanish and French for Accuracy, Clarity and Consistency

Subject to Authentication of English, Spanish and French Versions

(b) apply to a state-owned enterprise with respect to which a Party has adopted or enforced measures on a temporary basis in response to a national or global economic emergency, for the duration of that emergency.

2. Article 17.4.1 (Non-Discriminatory Treatment and Commercial Considerations) shall not apply with respect to the supply of financial services by a state-owned enterprise pursuant to a government mandate if that supply of financial services:

(a) supports exports or imports, provided that these services:

(i) are not intended to displace commercial financing, or

(ii) are offered on terms no more favourable than those that could be obtained for comparable financial services in the commercial market³²; or

(b) supports private investment outside the territory of the Party, provided that these services:

(i) are not intended to displace commercial financing, or

(ii) are offered on terms no more favourable than those that could be obtained for comparable financial services in the commercial market; or

(c) is offered on terms consistent with the Arrangement, provided it falls within the scope of the Arrangement.

3. The supply of financial services by a state-owned enterprise pursuant to a government mandate shall be deemed to not give rise to adverse effects under Article 17.6.1(b) or Article 17.6.2(b) (Non-commercial Assistance), or under Article 17.6.1(c) or Article 17.6.2(c) (Non-commercial Assistance) where the Party in which the financial service is supplied requires a local presence in order to supply those services, if that supply of financial services:³³

(a) supports exports and imports, provided that these services:

(i) are not intended to displace commercial financing, or

³² In circumstances where no comparable financial services are offered in the commercial market: (1) for the purposes of paragraphs 2(a)(ii), 2(b)(ii), 3(a)(ii) and 3(b)(ii), the enterprise may rely as necessary on available evidence to establish a benchmark of the terms on which such services would be offered in the commercial market; and (2) for the purposes of subparagraphs 2(a)(i), 2(b)(i), 3(a)(i), and 3(b)(i), the supply of the financial services shall be deemed not to be intended to displace commercial financing.

³³ For the purposes of Article 17.13.3 (Exceptions), in cases where the country in which the financial service is supplied requires a local presence in order to supply those services, the supply of the financial services identified in Article 17.13.3 (Exceptions) through an enterprise that is a covered investment shall be deemed to not give rise to adverse effects.

Subject to Legal Review in English, Spanish and French for Accuracy, Clarity and Consistency

Subject to Authentication of English, Spanish and French Versions

- (ii) are offered on terms no more favourable than those that could be obtained for comparable financial services in the commercial market; or
- (b) supports private investment outside the territory of the Party, provided that these services:
 - (i) are not intended to displace commercial financing, or
 - (ii) are offered on terms no more favourable than those that could be obtained for comparable financial services in the commercial market; or
- (c) is offered on terms consistent with the Arrangement, provided it falls within the scope of the Arrangement.

4. Article 17.6 (Non-commercial Assistance) shall not apply with respect to an enterprise located outside the territory of a Party over which a state-owned enterprise of that Party has assumed temporary ownership as a consequence of foreclosure or a similar action in connection with defaulted debt, or payment of an insurance claim by the state-owned enterprise associated with the supply of the financial services referred to in paragraphs 2 and 3, provided that any support the Party, a state enterprise or state-owned enterprise of the Party, provides to the enterprise during the period of temporary ownership is provided in order to recoup the state-owned enterprise's investment in accordance with a restructuring or liquidation plan that will result in the ultimate divestiture from the enterprise.

5. Article 17.4 (Non-Discriminatory Treatment and Commercial Considerations), Article 17.6 (Non-commercial Assistance), Article 17.10 (Transparency), and Article 17.12 (Committee on State-Owned Enterprises and Designated Monopolies) shall not apply with respect to a state-owned enterprise or designated monopoly if in any one of the three previous consecutive fiscal years, the annual revenue derived from the commercial activities of the enterprise was less than a threshold amount which shall be calculated in accordance with Annex 17-A.^{34,35}

³⁴ When a Party invokes this exception during consultations conducted pursuant to Article 28.5 (Consultations), the consulting Parties should exchange and discuss available evidence concerning the state-owned enterprise's annual revenue derived from the commercial activities during the three previous consecutive fiscal years in an effort to resolve any disagreement regarding the application of this exception during the consultations period.

³⁵ Notwithstanding Article 17.13.5 (Exceptions), for a period of five years after entry into force of this Agreement, Article 17.4 (Non-Discriminatory Treatment and Commercial Considerations) and Article 17.6 (Non-commercial Assistance) shall not apply with respect to a state-owned enterprise or designated monopoly of Brunei Darussalam, Malaysia or Vietnam, if in any one of the three previous consecutive fiscal years, the annual revenue derived from the commercial activities of the enterprise was less than SDR 500 million.

Subject to Legal Review in English, Spanish and French for Accuracy, Clarity and Consistency

Subject to Authentication of English, Spanish and French Versions

Article 17.14: Further Negotiations

Within 5 years after entry into force of this Agreement, the Parties shall conduct further negotiations on extending the application of the disciplines in this Chapter in accordance with Annex 17-C.

Article 17.15: Process for Developing Information

Annex 17-B shall apply in any dispute under Chapter 28 (Dispute Settlement) regarding a Party's conformity with Article 17.4 (Non-Discriminatory Treatment and Commercial Considerations) or Article 17.6 (Non-commercial Assistance).

Subject to Legal Review in English, Spanish and French for Accuracy, Clarity and Consistency

Subject to Authentication of English, Spanish and French Versions

ANNEX 17-A

THRESHOLD CALCULATION

1. At the time of entry into force of this Agreement, the threshold referenced in Article 17.13(5) (Exceptions) shall be 200 million Special Drawing Rights (SDRs).
2. The amount of the threshold shall be adjusted at three-year intervals with each adjustment taking effect in January, beginning 1 January 201x, in accordance with the formula set out in this Annex.
3. The threshold shall be adjusted for changes in general price levels using a composite SDR inflation rate, calculated as a weighted sum of cumulative percent changes in the Gross Domestic Product (GDP) deflators of SDR component currencies over the three-year period ending 30 June of the year prior to the adjustment taking effect, and using the following formula:

$$T_1 = (1 + (\sum w_i^{SDR} \cdot \Pi_i^{SDR}))T_0$$

where,

T_0 = threshold value at base period

T_1 = new (adjusted) threshold value

w_i^{SDR} = respective (fixed) weights of each currency, i , in the SDR (as at 30 June of the year prior to adjustment taking effect)

Π_i^{SDR} = cumulative percent change in the GDP deflator of each currency, i , in the SDR over the three-year period ending 30 June of the year prior to adjustment taking effect.

4. Parties shall convert the threshold into national currency terms where the conversion rates will be the average of monthly values of each Party's national currency in SDR terms over the three-year period to 30 June of the year before the threshold is to take effect. Each Party shall notify the other Parties of their applicable threshold in their respective national currencies.
5. All data for the purposes of this Chapter are to be drawn from the International Monetary Fund's *International Financial Statistics* database.
6. The Parties shall consult if a major change in a national currency vis-à-vis the SDR were to create a significant problem with regard to the application of this Chapter.

Subject to Legal Review in English, Spanish and French for Accuracy, Clarity and Consistency

Subject to Authentication of English, Spanish and French Versions

ANNEX 17-B

PROCESS FOR DEVELOPING INFORMATION CONCERNING STATE-OWNED ENTERPRISES AND DESIGNATED MONOPOLIES

1. Where an arbitral tribunal has been established pursuant to Chapter 28 (Dispute Settlement) to examine a complaint arising under Article 17.4 (Non-Discriminatory Treatment and Commercial Considerations) or Article 17.6 (Non-commercial Assistance), the disputing Parties may exchange written questions, as set forth in paragraphs 2 through 4, to obtain information relevant to the complaint that is not otherwise readily available.
2. A disputing Party (the “questioning Party”) may provide written questions to the other disputing Party (the “answering Party”) within 15 days of the date the tribunal is established. The answering Party shall provide its responses to the questions to the questioning Party within 30 days from the date it receives the questions.
3. The questioning Party may provide any follow-up written questions to the answering Party within 15 days of the date it receives the responses to the initial questions. The answering Party shall provide its responses to the follow-up questions to the questioning Party within 30 days from the date it receives the follow-up questions.
4. If the questioning Party considers that the answering Party has failed to cooperate in the information-gathering process, the questioning Party shall inform the tribunal and the answering Party in writing within 30 days of the date the responses to the questioning Party’s final questions are due, and provide the basis for this view. The tribunal shall afford the answering Party an opportunity to reply in writing.
5. Each disputing Party that provides written questions or answers to the other disputing Party pursuant to these procedures shall, on the same day, provide the questions or answers to the tribunal. In the event that a tribunal has not yet been composed, each disputing Party shall, upon the composition of the tribunal, promptly provide the tribunal with any questions or responses it has provided to the other disputing Party.
6. The answering Party may designate information in its responses as confidential information in accordance with the procedures set out in the Rules of Procedure established pursuant to Article 27.2.1(e) (Functions of the Commission) or other rules of procedure agreed to by the Parties.
7. The time periods in paragraphs 2 through 4 may be modified upon agreement of the Parties or approval by the arbitral tribunal.
8. In determining whether a disputing Party has failed to cooperate in the information-gathering process, the tribunal shall take into account the reasonableness of the questions and the efforts the answering Party has made to respond to the questions in a cooperative and timely manner.

Subject to Legal Review in English, Spanish and French for Accuracy, Clarity and Consistency

Subject to Authentication of English, Spanish and French Versions

9. In making findings of fact and its initial determination, the tribunal should draw adverse inferences from instances of non-cooperation by a disputing Party in the information-gathering process.

10. The tribunal may deviate from the time period set out in Chapter 28 (Dispute Settlement) for the issuance of the initial determination where necessary to accommodate the information-gathering process.

11. The tribunal may seek additional information from a disputing Party that was not provided to the tribunal through the information-gathering process where the tribunal considers the information necessary to resolve the dispute. However, the tribunal shall not request additional information to complete the record where the information would support a Party's position and the absence of that information in the record is the result of that Party's non-cooperation in the information-gathering process.

Subject to Legal Review in English, Spanish and French for Accuracy, Clarity and Consistency

Subject to Authentication of English, Spanish and French Versions

ANNEX 17-C

FURTHER NEGOTIATIONS

Within 5 years after entry into force of this Agreement, the Parties shall conduct further negotiations on extending the application of:

- (a) the disciplines in this Chapter to the activities of state-owned enterprises that are owned or controlled, and designated monopolies designated, by a sub-central level of government, where such activities have been listed in Parties' schedules to Annex 17-D; and
- (b) the disciplines in 17.6 (Non-commercial Assistance) and 17.7 (Adverse Effects) to address effects caused in a market of a non-Party through the supply of services by a state-owned enterprise.

Subject to Legal Review in English, Spanish and French for Accuracy, Clarity and Consistency

Subject to Authentication of English, Spanish and French Versions

ANNEX 17-D

**APPLICATION TO SUB-CENTRAL
STATE-OWNED ENTERPRISES AND DESIGNATED MONOPOLIES**

Pursuant to Article 17.9.2 (Party-Specific Annexes), the following obligations shall not apply with respect to a state-owned enterprise owned or controlled by a sub-central level of government and a designated monopoly designated by a sub-central level of government³⁶:

(a) for Australia:

- (i) Article 17.4.1 (a) and (b) (Non-Discriminatory Treatment and Commercial Considerations);
- (ii) Article 17.4.2 (Non-Discriminatory Treatment and Commercial Considerations);
- (iii) Articles 17.6.1(a) and 17.6.2(a) (Non-Commercial Assistance), with respect to the production and sale of a good in competition with a like good produced and sold by a covered investment in the territory of Australia;
- (iv) Article 17.6.1(b) and (c) (Non-Commercial Assistance) and Article 17.6.2(b) and (c) (Non-Commercial Assistance); and
- (v) Article 17.10.1 (Transparency).

(b) for Canada:

- (i) Articles 17.4:1(a) and (b) (Non-Discriminatory Treatment and Commercial Considerations);
- (ii) Article 17.4:1(c)(i) (Non-Discriminatory Treatment and Commercial Considerations);
- (iii) Article 17.4:2 (Non-Discriminatory Treatment and Commercial Considerations);
- (iv) Article 17.5:2 (Courts and Administrative Bodies), with respect to administrative regulatory bodies established or maintained by a sub-central level of government;

³⁶ For the purposes of Annex 17-D, “sub-central level of government” means the regional level of government and the local level of government of a Party.

Subject to Legal Review in English, Spanish and French for Accuracy, Clarity and Consistency

Subject to Authentication of English, Spanish and French Versions

- (v) Articles 17.6:1(a) and Article 17.6:2(a) (Non-Commercial Assistance), with respect to the production and sale of a good in competition with a like good produced and sold by a covered investment;
- (vi) Articles 17.6:1(b) and (c) (Non-Commercial Assistance) and Article 17.6:2(b) and (c) (Non-Commercial Assistance);
- (vii) Article 17.6:3 (Non-Commercial Assistance);
- (viii) Article 17.10:1 (Transparency); and
- (ix) Article 17.10:4 (Transparency), with respect to a policy or programme adopted or maintained by a sub-central level of government.

(c) For Chile:

- (i) Article 17.4.1 (a) and (b) (Non-Discriminatory Treatment and Commercial Considerations);
- (ii) Article 17.4.1 (c) (i) (Non-Discriminatory Treatment and Commercial Considerations);
- (iii) Article 17.4.2 (Non-Discriminatory Treatment and Commercial Considerations);
- (iv) Article 17.6.1 (a) and Article 17.6.2 (a) (Non-Commercial Assistance) with respect to the production and sale of a good in competition with a like good produced and sold by a covered investment in the territory of Chile;
- (v) Article 17.6.1 (b) and (c) (Non-Commercial Assistance), and Article 17.6.2 (b) and (c) (Non-Commercial Assistance); and
- (vi) Article 17.10.1 (Transparency).

(d) for Japan:

- (i) Article 17.4.1 (Non-Discriminatory Treatment and Commercial Considerations);
- (ii) Article 17.4.2 (Non-Discriminatory Treatment and Commercial Considerations);
- (iii) Article 17.6.1(a) and Article 17.6.2(a) (Non-Commercial Assistance) with respect to the production and sale of a good:

Subject to Legal Review in English, Spanish and French for Accuracy, Clarity and Consistency

Subject to Authentication of English, Spanish and French Versions

A. by a state-owned enterprise in competition with a like good produced and sold by a covered investment of another Party in the territory of Japan or

B. by a state-owned enterprise that is a covered investment in competition with like good produced and sold by a covered investment of another Party in the territory of any other Party;

(iv) Article 17.6.1(b)(c) and Article 17.6.2(b)(c) (Non-Commercial Assistance);

(v) Article 17.6.3 (Non-Commercial Assistance);; and

(vi) Article 17.10.1 (Transparency).

(e) for Malaysia

(i) Article 17.4 (Non-Discriminatory Treatment and Commercial Considerations);

(ii) Article 17.5.2 (Courts and Administrative Bodies) with respect to administrative regulatory bodies established or maintained by a sub-central level of government;

(iii) Article 17.6.1(a) and Article 17.6.2(a) (Non-Commercial Assistance), with respect to the production and sale of a good in competition with a like good produced and sold by a covered investment in the territory of Malaysia;

(iv) Articles 17.6.1(b) and (c) (Non-Commercial Assistance) and Article 17.6.2(b) and (c) (Non-Commercial Assistance); and

(v) Article 17.10 (Transparency).

(f) for Mexico:

(i) Article 17.4.1 (Non-Discriminatory Treatment and Commercial Considerations);

(ii) Article 17.4.2 (Non-Discriminatory Treatment and Commercial Considerations);

(iii) Article 17.6.1(a) and Article 17.6.2(a) (Non-Commercial Assistance), with respect to the production and sale of a good in competition

Subject to Legal Review in English, Spanish and French for Accuracy, Clarity and Consistency

Subject to Authentication of English, Spanish and French Versions

with a like good produced and sold by a covered investment in the territory of Mexico;

- (iv) Article 17.6.1(b) and (c) (Non-Commercial Assistance) and Article 17.6.2(b) and (c) (Non-Commercial Assistance); and
- (v) Article 17.10 (Transparency).

(g) for New Zealand:

- (i) Article 17.4.1 (Non-Discriminatory Treatment and Commercial Considerations);
- (ii) Article 17.4.2 (Non-Discriminatory Treatment and Commercial Considerations);
- (iii) Article 17.6.1 (a) and 17.6.2 (a) (Non-Commercial Assistance) with respect to the production and sale of a good in competition with a like good produced and sold by a covered investment in the territory of New Zealand;
- (iv) Article 17.6.1(b) and (c) (Non-Commercial Assistance) and Article 17.6.2(b) and (c) (Non-Commercial Assistance);
- (v) Article 17.6.3 (Non-Commercial Assistance); and
- (vi) Article 17.10.1 (Transparency).

(h) for Peru:

- (i) Article 17.4.1(a) and (b) (Non-Discriminatory Treatment and Commercial Considerations);
- (ii) Article 17.4.1(c)(i) (Non-Discriminatory Treatment and Commercial Considerations);
- (iii) Article 17.4.2 (Non-Discriminatory Treatment and Commercial Considerations);
- (iv) Articles 17.6.1(a) and 17.6.2(a) (Non-Commercial Assistance), with respect to the production and sale of a good in competition with a like good produced and sold by a covered investment in the territory of Peru;
- (v) Article 17.6.1(b) and (c) (Non-Commercial Assistance) and Article 17.6.2(b) and (c) (Non-Commercial Assistance); and,

Subject to Legal Review in English, Spanish and French for Accuracy, Clarity and Consistency

Subject to Authentication of English, Spanish and French Versions

(vi) Article 17.10.1 (Transparency).

(i) for the United States:

- (i) Article 17.4.1 (a) (Non-Discriminatory Treatment and Commercial Considerations);
- (ii) Article 17.4.1 (b) (Non-Discriminatory Treatment and Commercial Considerations), with respect to purchases of a good or service;
- (iii) Article 17.4.1(c)(i) (Non-Discriminatory Treatment and Commercial Considerations);
- (iv) Article 17.4.2, with respect to designated monopolies designated by a sub-central level of government;
- (v) Article 17.5.2 (Courts and Administrative Bodies), with respect to administrative regulatory bodies established or maintained by a sub-central level of government;
- (vi) Article 17.6.1(a) and Article 17.6.2(a) (Non-Commercial Assistance), with respect to the production and sale of a good in competition with a like good produced and sold by a covered investment in the territory of the United States;
- (vii) Article 17.6.1(b) and (c) (Non-Commercial Assistance) and Article 17.6.2(b) and (c) (Non-Commercial Assistance); and
- (viii) Article 17.10.1 (Transparency)

(j) For Vietnam:

- (i) Article 17.4 (Non-Discriminatory Treatment and Commercial Considerations)
- (ii) Article 17.5.2 (Courts and Administrative Bodies), with respect to administrative regulatory bodies established or maintained by a sub-central level of government
- (iii) Articles 17.6.1(a) and 17.6.2(a) (Non-Commercial Assistance), with respect to the production and sale of a good in competition with a like good produced and sold by a covered investment in the territory of Viet Nam;
- (iv) Articles 17.6.1(b) and (c) (Non-Commercial Assistance) and Article 17.6.2(b) and (c) (Non-Commercial Assistance); and

**Subject to Legal Review in English, Spanish and French for Accuracy, Clarity and
Consistency
Subject to Authentication of English, Spanish and French Versions**

- (i) Article 17.10 (Transparency)

Subject to Legal Review in English, Spanish and French for Accuracy, Clarity and Consistency

Subject to Authentication of English, Spanish and French Versions

ANNEX 17-E

SINGAPORE

1. Neither Singapore, nor a sovereign wealth fund of Singapore³⁷, shall take action to direct or influence decisions of a state-owned enterprise owned or controlled by a sovereign wealth fund of Singapore, including through the exercise of any rights or ownership interests over such state-owned enterprises, except in a manner consistent with this Chapter. However, Singapore, or a sovereign wealth fund of Singapore, may exercise its voting rights in any state-owned enterprise it owns or controls through ownership interests in a manner that is not inconsistent with this Chapter.

2. Article 17.4.1 (Non-Discriminatory Treatment and Commercial Considerations) shall not apply with respect to a state-owned enterprise owned or controlled by a sovereign wealth fund of Singapore.

3. Article 17.6.2 (Non-Commercial Assistance) shall not apply with respect to a state-owned enterprise owned or controlled by a sovereign wealth fund of Singapore, unless:

(a) in the five-year period preceding the purported breach of Article 17.6.2 (Non-Commercial Assistance), Singapore or a sovereign wealth fund of Singapore has:

(i) appointed³⁸ the CEO or a majority of the other senior management of the state-owned enterprise;

(ii) appointed a majority of the members of the board of directors of that state-owned enterprise;³⁹ or

(iii) taken action to exercise its legal rights in that state-owned enterprise to actively direct and control the business decisions of that state-owned enterprise in a manner that would be inconsistent with the obligations in this chapter; or

(b) the state-owned enterprise, pursuant to law, government policy or other measures, is required to:

(i) provide non-commercial assistance to another state-owned enterprise; or

³⁷ For the purposes of this Chapter, sovereign wealth funds of Singapore include GIC Private Limited and Temasek Holdings (Private) Limited. Temasek Holdings (Private) Limited is the legal owner of its assets.

³⁸ For paragraph 3.a(i) and 3.a(ii), such appointment includes an appointment that occurred before the aforementioned five-year period, provided the tenure falls during that period.

³⁹ For greater certainty, the mere exercise of a shareholder vote to approve the election of directors does not constitute the appointment of such directors.

Subject to Legal Review in English, Spanish and French for Accuracy, Clarity and Consistency

Subject to Authentication of English, Spanish and French Versions

(ii) make decisions about its commercial purchase or sales.

4. Singapore is deemed to comply with Article 17.10.1 (Transparency) with respect to any state-owned enterprise owned or controlled by a sovereign wealth fund of Singapore if:

(a) Singapore provides to the other Parties or otherwise makes publicly available on an official website the annual report of the sovereign wealth fund which owns that state-owned enterprise;

(b) any class of securities of that state-owned enterprise is listed on a securities exchange regulated by a member of an internationally recognised securities commissions body including the International Organisation of Securities Commissions; or

(c) that state-owned enterprise files its annual financial reports based on internationally-recognised financial reporting standards including the International Financial Reporting Standards.

Subject to Legal Review in English, Spanish and French for Accuracy, Clarity and Consistency

Subject to Authentication of English, Spanish and French Versions

ANNEX 17-F

MALAYSIA

Permodalan Nasional Berhad

1. The Obligations in this Chapter shall not apply with respect to Permodalan Nasional Berhad or an enterprise owned or controlled by Permodalan Nasional Berhad, provided that Permodalan Nasional Berhad:
 - (a) engages exclusively in the following activities:
 - (i) administering or providing a plan for members of the public relating to collective investment schemes for the purpose of enhancing their savings and investments, in furtherance of a national agenda solely for the benefit of natural persons who are participants to such a plan and their beneficiaries, or
 - (ii) investing the assets of these plans;
 - (b) has a fiduciary duty to the natural persons referenced in sub-paragraph (a); and
 - (c) is free from investment direction from the government of Malaysia⁴⁰.

2. Notwithstanding paragraph 1, Article 17 6.1 and Article 17 6.3 (Non-Commercial Assistance) shall apply with respect to Malaysia's:
 - (a) direct or indirect provision of non-commercial assistance to an enterprise owned or controlled by Permodalan Nasional Berhad;⁴¹ and
 - (b) indirect provision of non-commercial assistance through an enterprise owned or controlled by Permodalan Nasional Berhad.

⁴⁰ Investment direction from the government of Malaysia: (a) does not include general guidance of the Malaysian Government with respect to risk management and asset allocation that is not inconsistent with usual investment practices; and (b) is not demonstrated, alone, by the presence of Malaysian government officials on the enterprise's board of directors or investment panel.

⁴¹ For greater certainty, for the purpose of Annex 17-F, non-commercial assistance does not include Malaysia's transfer of funds collected from contributors to Permodalan Nasional Berhad or Lembaga Tabung Haji for investment on behalf of the contributors and their beneficiaries.

Subject to Legal Review in English, Spanish and French for Accuracy, Clarity and Consistency

Subject to Authentication of English, Spanish and French Versions

Lembaga Tabung Haji

1. The Obligations in this Chapter shall not apply with respect to Lembaga Tabung Haji or an enterprise owned or controlled by Lembaga Tabung Haji, provided that Lembaga Tabung Haji:

- (a) engages exclusively in the following activities:
 - (i) administering or providing a personal savings and investment plan solely for the benefit of the natural persons who are contributors to such a plan and their beneficiaries, for the purpose of:
 - A. enabling individual Muslim beneficiaries, through the investment of their savings in investment activities permissible in Islam, to support their expenditure during pilgrimage; and
 - B. protecting, safeguarding the interests and ensuring the welfare of pilgrims during pilgrimage by providing various facilities and services, or
 - (ii) investing the assets of these plans;
- (b) has a fiduciary duty to the natural persons referenced in sub-paragraph (a); and
- (c) is free from investment direction from the government of Malaysia⁴².

2. Notwithstanding paragraph 1, Article 17 6.1 and Article 17 6.3 (Non-Commercial Assistance) shall apply with respect to Malaysia's:

- (a) direct or indirect provision of non-commercial assistance to an enterprise owned or controlled by Lembaga Tabung Haji; and
- (b) indirect provision of non-commercial assistance through an enterprise owned or controlled by Lembaga Tabung Haji.

⁴² Investment direction from the government of Malaysia: (a) does not include general guidance of the Malaysian Government with respect to risk management and asset allocation that is not inconsistent with usual investment practices; and (b) is not demonstrated, alone, by the presence of Malaysian government officials on the enterprise's board of directors or investment panel.

Subject to Legal Review in English, Spanish and French for Accuracy, Clarity and Consistency

Subject to Authentication of English, Spanish and French Versions

ANNEX IV

NON-CONFORMING ACTIVITIES

Note

1. The Schedule of a Party to this Annex sets out, pursuant to Article 17.9.1 (Party-Specific Annexes), the non-conforming activities of a state-owned enterprise or designated monopoly, with respect to which some or all of the following obligations do not apply:
 - (a) Article 17.4 (Non-discriminatory Treatment and Commercial Considerations);
 - (b) Article 17.6 (Non-commercial Assistance);
2. Each Schedule entry sets out the following elements:
 - (a) **Obligations Concerned** specifies the article(s) referred to in paragraph 1 that, pursuant to Article 17.9.1, do not apply to the non-conforming activities of the state-owned enterprise or designated monopoly, as set out in paragraph 3;
 - (b) **Entity** identifies the state-owned enterprise or designated monopoly that undertakes the non-conforming activities for which the entry is made;
 - (c) **Scope of Non-conforming Activities** provides a description of the scope of non-conforming activities of the state-owned enterprise or designated monopoly for which the entry is made;
 - (d) **Measures** identifies, for transparency purposes, a non-exhaustive list of the laws, regulations or other measures pursuant to which the state-owned enterprise or designated monopoly engages in the non-conforming activities for which the entry is made.
3. In accordance with Article 17.9.1, the articles of this Agreement specified in the **Obligations Concerned** element of an entry do not apply to the non-conforming activities (identified in the **Scope of Non-conforming Activities** element of that entry) of the state-owned enterprise or designated monopoly (identified in the **Entity** element of that entry).