

ANNEX 9C
TEMPORARY SAFEGUARD MEASURES

1. Nothing in this Chapter, Chapter Ten (Cross-Border Trade in Services), or Twelve (Financial Services) shall be construed to prevent a Party from adopting or maintaining temporary safeguard measures with regard to payments and capital movements:

- (a) in the event of serious balance of payments or external financial difficulties or threat thereof; or
- (b) where, in exceptional circumstances, payments and capital movements cause or threaten to cause serious difficulties for macroeconomic management, in particular, the operation of monetary policy or exchange rate policy in either Party.

2. Measures referred to in paragraph 1:

- (a) shall not exceed a period of one year; however, if extremely exceptional circumstances arise such that a Party seeks to extend such measures, the Party will coordinate in advance with the other Party concerning the implementation of any proposed extension;
- (b) shall be consistent with the *Articles of Agreement of the International Monetary Fund*;
- (c) shall not exceed those necessary to deal with the circumstances described in paragraph 1;
- (d) shall avoid unnecessary damage to the commercial, economic, or financial interests of the other Party;
- (e) shall not otherwise interfere with investors' ability to earn a market rate of return in the territory of the Party on any restricted assets¹;
- (f) shall be temporary and phased out progressively as the situation described in paragraph 1 improves;
- (g) shall not be confiscatory;
- (h) shall promptly be notified to the other Party;
- (i) are applied in a manner consistent with Articles 9.3, 10.2 (National Treatment), and 12.2 (National Treatment) and Articles 9.4, 10.3 (Most-Favored-Nation Treatment), and 12.3 (Most-Favored-Nation Treatment) subject to the Schedules set out in Annex I, Annex II, and Annex III, and relevant Annexes in this Chapter, Chapter Ten (Cross-Border Trade in Services), or Twelve (Financial Services);

¹ For greater certainty, for Korea, the term "restricted assets" in subparagraph (e) refers only to assets invested in the territory of Korea by an investor of Peru that are restricted from being transferred out of the territory of Korea.

- (j) shall not constitute a dual or multiple exchange rate practice; and
- (k) shall not restrict payments or transfers associated with foreign direct investment².

3. Nothing in this Chapter, Chapter Ten (Cross-Border Trade in Services), or Chapter Twelve (Financial Services) shall be regarded to affect the rights enjoyed and obligations undertaken by a Party as a party to the *Articles of Agreement of the International Monetary Fund*.

² For greater certainty, for Peru, payments or transfers associated with foreign direct investment refers to proceeds that come from the stocks, acquired by a foreign investor, proceeds from the sale of stocks, the principal, interest, and service charges paid for a loan extended to a foreign-capital invested company by its overseas holding company or by a company in a relationship with the holding company of the capital investment, and the compensation paid in accordance with a contract for the introduction of technology.