

## CHAPTER 16

### SUBSIDIES

#### ARTICLE 16.1

##### Principles

Each Party may grant subsidies if they are necessary to achieve a public policy objective. Nevertheless, the Parties acknowledge that certain subsidies have the potential to distort the proper functioning of markets and undermine the benefits of trade liberalisation.

#### ARTICLE 16.2

##### Cooperation

1. The Parties recognise the need to cooperate, both at multilateral and regional level, in order to:
  - (a) seek effective ways to coordinate their positions and proposals regarding subsidies in the framework of the WTO;
  - (b) explore ways to improve transparency regarding subsidies; and
  - (c) exchange information on the functioning of their subsidy control systems.
2. The Trade Council may consider ways to further enhance the Parties' understanding of the impact of subsidisation on trade.
3. The Parties shall review the functioning of their cooperation no later than 3 (three) years after the date of entry into force of this Agreement and at regular intervals

thereafter. The Parties shall consult each other on ways to improve their cooperation, in light of experience gained and any initiative on subsidy rules developed in the context of the WTO.

4. Details of such cooperation may be set out in an administrative agreement.