

## **SECTION**

### **SUBSIDIES**

#### *Article X.1*

##### **Principles**

The Parties agree that subsidies can be granted by a Party when they are necessary to achieve a public policy objective. The Parties acknowledge, however, that certain subsidies have the potential to distort the proper functioning of markets and undermine the benefits of trade liberalisation.

#### *Article X.2*

##### **Cooperation**

The Parties recognize the need to work jointly and cooperate, both at multilateral and regional level, in order to:

- (a) seek effective ways to coordinate positions and proposals regarding subsidies in the framework of the WTO negotiations;
- (b) explore ways to improve transparency regarding subsidies;
- (c) provide advice and recommendations to the Association Council on ways to further enhance their understanding of the impact of subsidization on trade; and
- d) exchange of information on the functioning of subsidy control systems.

Details of such cooperation may be set out in an Administrative Agreement.

The Parties shall review their cooperation no later than three years after the entry into force of this Agreement and at regular intervals thereafter. The Parties shall consult with each other on ways to improve their cooperation, in light of the experience gained and the development of any initiatives on subsidy rules in the WTO.