Chapter 1
General Provisions

Article 1
Establishment of a Free Trade Area

The Parties, consistent with Article XXIV of the GATT 1994 and Article V of the GATS, hereby establish a free trade area.

Article 2
Relation to Other Agreements

1. The Parties reaffirm their rights and obligations with respect to each other under the WTO Agreement or any other agreement to which both Parties are parties.

2. In the event of any inconsistency between this Agreement and the WTO Agreement or any other agreement to which both Parties are parties, the Parties shall immediately consult with each other with a view to finding a mutually satisfactory solution, taking into consideration general principles of international law.

3. The provisions of the Agreement between Japan and the Republic of Peru for the Promotion, Protection and Liberalisation of Investment, signed at Lima on November 21, 2008 (hereinafter referred to as "BIT"), except its Articles 24 (Joint Committee) and 25 (Sub-committee on Improvement of Investment Environment), as may be amended, are incorporated into and made part of this Agreement, *mutatis mutandis*.

Note: In the event of any inconsistency between this Agreement and the BIT, unless otherwise provided for in this Agreement, the provisions of paragraph 2 shall be applied.

Article 3
Regional and Local Government

In fulfilling its obligations and commitments under this Agreement, each Party shall take such reasonable measures as may be available to it to ensure their observance by regional and local governments and authorities and non-governmental bodies in the exercise of powers delegated to them by central, regional and local governments or authorities within its Area. For greater certainty, neither Party shall be discharged from its obligations under this Agreement, in the event of a non-compliance with the provisions of this Agreement, by any of its governmental levels or non-governmental bodies in the exercise of such powers delegated to them.

Article 4
General Definitions

For the purposes of this Agreement, unless otherwise specified:

(a) the term "Area" means:

(i) with respect to Japan:

(A) the territory of Japan; and

(B) the exclusive economic zone and the continental shelf with respect to which Japan exercises sovereign rights or jurisdiction in accordance with international law; and

(ii) with respect to Peru: the mainland territory, the islands, the maritime zones, and the air space above them, over which Peru exercises sovereignty or sovereign rights and jurisdiction, in accordance with relevant provisions of the Constitution of Peru and international law;

Note 1: Nothing in this definition shall affect the rights and obligations of the Parties under international law.