

CHILE

1. Population

According to the preliminary results of the census carried out by the National Institute of Statistics ("INE", for its acronym in Spanish) in 2017, Chile has a population of 17.574.003 inhabitants (51,1% women and 48,9% men).

On the other hand, the National Socioeconomic Characterization Survey ("CASEN", for its acronym in Spanish) carried out in 2015, indicated that indigenous population in Chile reaches a total of 1.585.680 inhabitants, representing a 9,1% of the total population. Indigenous people in Chile belong to the 9 main ethnic groups and indigenous communities recognized by Law No. 19.253 which establishes the regulatory framework on indigenous people in Chile.

Chilean official language is Spanish. However, according to the indigenous population in Chile, a 10,7% of native group members speak and understand the language of the indigenous group they belong to (Mapudungun is the most spoken native language).

2. Political Organization

According to the Political Constitution ("CPR"), Chile is a Democratic Republic and a Unitary State, where sovereignty is held by the Nation and exercised by the people, through plebiscite, periodic elections, and the authorities established by the CPR.

Our government system is formed by:

(i) Executive Authority, headed by the President, who is the chief of State. In the exercise of his duties, the President counts with the direct support of the State Ministers, named under the President's exclusive trust.

(ii) Legislative Authority, consisting of the House of Representatives and the Senate, which together form the Congress. Both concur to the elaboration of laws and regulations and exercise other powers and functions conferred by the CPR.

(iii) Judicial Authority, which has a pyramidal structure headed by the Supreme Court, the Courts of Appeal - distributed along the national territory as ordinary second instance courts - and finally civil and criminal courts.

However, there are other courts which are categorized according to specific subjects they acknowledge and which may or may not be part of the Judicial Branch (i.e. Labour Courts, Courts for Minors, Environmental Courts, Custom Courts, Constitutional Court, among others).

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4. Does the constitution cover environmental rights?

Article 19 of the CPR establishes the constitutional rights and duties guaranteed to every individual. Article 19 N°8 guarantees every person the right to live in an environment free from contamination. It is the duty of the State to ensure that this right is not affected and safeguard the preservation of nature. Moreover, the law may establish specific restrictions on the exercise of certain rights in order to protect the environment.

Additionally, article 20 of the CPR establishes the Constitutional Action, which is a judicial action that protects constitutional rights and orders the reestablishment of a constitutional guarantee infringed by arbitrary or illegal acts or omissions that have caused deprivation, perturbation or threat. Among the constitutional rights protected by this action, the right to live in an environment free from contamination is included.

5. Who is the environmental regulator?

The Ministry of the Environment (“MMA”) is the collaborating organism of the President, responsible for the design and implementation of environmental politics, plans and programs, the protection and conservation of biological diversity, renewable natural resources and to promote the sustainable development and integrity of the environmental policy and regulations. For the exercise of these duties the MMA: (i) proposes new policies, plans and programs of environmental competence; (ii) ensures compliance with international environmental conventions and agreements and takes place as an administrative, scientific and technical counterpart regarding the elaboration of these conventions; (iii) collaborates with other Ministries in the elaboration of environmental standards and criteria; (iv) develops and execute research studies and programs regarding biodiversity conservation; (v) elaborates –with competent national, regional and local authorities- environmental education and protection programs; (vi) prepares environmental status reports at a national, regional and local level; (vii) interprets environmental quality and emission standards as well as elaborates prevention and decontamination plans; (viii) administrates the Registry of Emissions and Transfer of Pollutants (“RETC”) (ix) participates on the strategic environmental evaluation of plans and policies promoted by the Administration.

On the other hand the Environmental Assessment Service (“SEA”) is the agency in charge of the administration of the Environmental Impact Assessment System (“SEIA”). This

assessment is undertaken through an administrative procedure in which a range of public agencies with environmental authorities participate and concludes with the issuance of a resolution approving or rejecting a specific project or activity. Additionally, the SEA manages environmental information and interprets environmental approval resolutions.

Finally, the Environmental Enforcement Authority ("SMA") is the public agency in charge of overseeing and enforcing environmental regulations and within its faculties, it may adopt urgent and transitory measures in case of non-compliance with environmental regulations that may cause risks or damages to human health and the environment, under certain legal circumstances.

6. Overview of the Legislation

Chilean environmental legal framework consists of the following regulations:

- CPR, articles 19 No.8 and article No.20.
- Law No.19.300, on General Basis of the Environment.
- Law No. 20.417, which establishes the following legal entities: (i) Ministry of Environment; (ii) the Environment Assessment Service; and (iii) the Environmental Enforcement Authority.
- Law No. 20.600, which creates the Environmental Courts.
- Supreme Decree No.40, which establishes the Regulation of the Environmental Impact Assessment System.
- Law No. 20.283, on Recovery of Native Forest and Forest Development.
- Supreme Decrees that regulate latent and saturated zones; the establishment of prevention and decontamination plans; species classification according to conservation categories; hazardous substances use, management and storage, among other regulations.
- Law No. 19.880, which establishes the Basis of Administrative Procedures regarding the Acts of the Administration.

7. Environmental Assessment Service ("SEA")

The SEA is the agency in charge of the administration of the main environmental management instrument, SEIA.

The SEA decentralizes its operations among the national territory throughout the Environmental Assessment Regional Directions. These Regional Directions represent the SEA and administrate the SEIA in the respective region. Additionally, each region has an Environmental Commission, entity in charge of the environmental assessment of projects submitted to the SEIA.¹

The SEIA is the administrative procedure, in which a range of public agencies with environmental authorities participate in the environmental evaluation of an Environment Impact Declaration ("DIA") or Environment Impact Study ("EIA") submitted to the SEIA

¹ The Evaluation Commissions are headed by the Mayor of the Region followed by the Regional Offices of the Environmental Ministry, Health Ministry, Economy Ministry, Energy Ministry, Public Works Ministry, Agriculture Ministry, Housing and Urbanism Ministry, Transportation and Telecommunications Ministry, Mining Ministry and the Regional Director of the SEA, who acts as secretary.

and determines if the environmental impact of the corresponding project adjusts to the current environmental regulation. Note that the submission to the SEIA of an EIA or a DIA depends on the magnitude of the environmental impacts generated thereof by the project or activity.

Article 10 of Law No. 19.300 and article No. 3 of the Supreme Decree No. 40 establish a list of projects or activities that can only be executed or modified after a prior evaluation of their impacts, throughout the SEIA. As a general rule, projects are evaluated through a DIA, unless any of the circumstances described in article 11 of the LBGMA are generated.

During the environmental assessment of a project or activity, there are citizen participation mechanisms for persons and legal entities.

The competent Environmental Commission – and in exceptional circumstances the Executive Director of the SEA – must issue an environmental resolution approving or rejecting the project or activity. The respective environmental resolution will expire within a period of 5 years - since it is notified to the holder of the project or activity-, without having initiated the execution of the project.

Please note that the environmental assessment of projects or activities considers an Indigenous Consultation Process, when projects under evaluation have significant effects on indigenous communities. The Indigenous Consultation Process must be executed according to the standards of the ILO Convention 169 and its final purpose is to reach an agreement or achieve the consent of local indigenous communities, being this objective interpreted as an obligation to take measures, not to obtain results.²

8. Permitting (Air / Water Taking / Water Disposal / Waste)

Chilean environmental law has a series of specific regulations in relation with every environmental component, such as air, soil, water, among others. Below – and as an exemplary manner - some of the main specific regulations are listed:

(i) In regards to the atmospheric contamination, multiple regulations have been enacted regarding emission quality, applicable to different regions of Chile.

a. Regulations on environmental quality establish maximum limits permitted for atmospheric contaminants present in the environment. These rules are used as a foundation to declare a zone as latent or saturated by a pollutant, case in which a prevention or decontamination plan must be elaborated, if applicable. Main regulations on atmospheric contamination refer to emissions of particulate matter (MP 10 and MP 2,5), arsenic (AS), carbon monoxide (CO) and sulphur dioxide (SO₂).

b. Emission regulations establish the admissible levels of pollution in relation to each source of emission. Emission standards related to air pollution, regulates thermoelectric

² Constitutional Court Sentence Rol 2387-2012 and Rol 2523-2013.

plants, copper smelters and arsenic emitting sources, motorized vehicles of different sizes, among others.

(ii) Regarding solid wastes, according to Supreme Decree 594/99, of the Health Ministry, which approves the Regulation on Basic Sanitary and Environmental Conditions in Workplaces, the accumulation, treatment and final disposal of solid industrial waste inside or outside the industrial property must be previously approved by the Health Authority.

(iii) In relation with hazardous wastes, Supreme Decree No. 148/03, of the Health Ministry, which approves the Sanitary Regulation on Hazardous Waste Management, identifies and classifies hazardous wastes and regulates the storage, transportation, final disposal, industrial activities of reuse and/or recycle of hazardous waste, landfill sanitary conditions, among other aspects.

(iv) In regards to liquid wastes, Supreme Decree No. 90/01 establishes the Emission Standard for the Regulation on Pollutants Associated with Discharges of Liquid Wastes to Marine and Surface Continental Waters; Supreme Decree No. 609/98 establishes the Emission Standard for the Regulation on Pollutants Associated with Discharges of Liquid Industrial Wastes to Sewage Systems; Supreme Decree No. 46/03 establishes the Emission Standard for Liquid Waste to Groundwater, among others.

(v) Concerning the use and protection of soil: Statutory Decree No. 3.557/81 establishes provisions for Agriculture Protection; Decree in Force No. 850/98 establishes the Roads Law; Law No. 20.412/10 establishes an Incentive Scheme for Sustainable Agro-environment Farming Grounds; and Law No. 20.551/11 regulates the Closure of Mining Facilities, among others regulations that normalize the use and protection of grounds due to the execution of different industrial, commercial and productive activities.

Also, there are other regulations of interregional, regional and local urbanistic development that control and organize territorial planning, following the provisions of the General Law on Construction and Urbanism and the General Construction and Urbanism Ordinance.

9. Transportation of Dangerous Goods

The transportation of hazardous chemical substances and hazardous wastes is broadly regulated in Chile. Regulations on this subject establish transportation conditions that shall be met, depending on the hazardousness of substances and wastes, such as vehicles characteristics, conditioning, safety procedures for the upload and download of hazardous substances and/or wastes cargo, manipulation of hazardous substances and/or wastes, personnel security when manipulating hazardous substances and/or wastes, cargo labelling, among others.³

Additionally, Chile has a vast regulation related to maritime transportation of hazardous substances and wastes, such as: (i) Supreme Decree No. 96/97 that modifies the

³ For example: (i) Supreme Decree No. 298/95, Regulation on Transportation of Hazardous Substances on Streets and Roads; (ii) Supreme Decree No. 148/03, Sanitary Regulation of Hazardous Waste Management; and (iii) Supreme Decree No. 43/2016, Regulation on Hazardous Substances Storage.

Regulation on Management and Storage of Hazardous Cargo on Port Facilities and (ii) Supreme Decree No. 777/78, which establishes the International Maritime Dangerous Goods Code (IMDG). Likewise, Chile has subscribed international conventions on this matter, such as the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal, approved by Supreme Decree No. 685/92.

10. Waste Management and Recycling

During 2016, Law No. 20.920 was enacted, which establishes the Framework for Waste Management, Extended Producer Liability and Recycling Promotion ("REP Law"). In general terms, the REP Law introduces a special regime on wastes management, aiming to reduce their generation and encourage their reuse, valorization and recycle. This new regime includes the establishment and operation of wastes management systems for each type of waste, support mechanisms, information, education initiatives and a control and sanctioning mechanisms executed by the SMA. The REP Law intends to establish goals and obligations associated to each priority product defined in the Law were a specific percentage of wastes generated must be recycled, considering the amount of priority products introduced in the national market. The final definition of goals and obligations associated to each priority product will be established by relevant supreme decrees. Currently, the REP Law is in a gradual implementation process through the national territory. During 2018, the Ministry of the Environmental elaborated the preliminary draft of supreme decrees that establish goals and obligations associated to each priority product.

11. Sectorial regulations:

11.1 Mining

According to Law No. 19.300 and Supreme Decree No. 40, all mining projects, including coal, oil and gas, and surveys, crofts, processing plants and waste disposal, as well as industrial extraction of aggregate, peat or clay, must be evaluated under the SEIA, prior to their execution.

Additionally, mining activities in Chile must comply with the provisions, obligations and procedures established by applicable regulations, such as: (i) the Mining Code, approved by Law No. 18.248/83; (ii) Regulation of the Mining Code, approved by Supreme Decree No. 1/97; (iii) Organic Constitutional Law on Mining Concessions, approved under Law No. 18.097/82; (iv) Specific Tax Law Specific to Mining Activity, approved by Law No. 20.026/05; (v) Law on Mining Closure Procedure, approved by Law No. 20.551 and its relevant modifications; (vi) Statute of Foreign Investment, approved by Decree in Force No. 523/93, among others.

11.2 Oil and Gas

According to Law No. 19.300 and the Supreme Decree No. 40, oil pipelines, gas pipelines, mining pipelines or other similar projects or activities must be submitted to the SEIA prior to their execution.

Thus, Law 20.999/17 recently introduced a series of amendments to Decree in Force No.

323/31, which establishes the Gas Law. The modifications include a series of specifications and accuracies in tender procedures regarding natural and liquefied gas imported by international pipelines.

On the other hand, Supreme Decree No. 108/14 establishes a series of obligations regarding facility security related to storage, transportation and distribution of liquefied petroleum gas and associated operations.

11.3 Power Generation

According to Law No. 19.300 and Supreme Decree No.40, high-voltage electricity transmission lines and their substations and power generating plants greater than 3 MW must be submitted to the SEIA, prior to their execution.

Likewise, energy generation projects or activities must comply with the obligations and procedures established in applicable electrical regulations such as: (i) Decree in Force No. 4/07, which establishes the General Electric Services Law; (ii) Decree No. 244/05, Regulation for Non-conventional Generation Medium and Small Generation Medium (PMGD); and (iii) Law No. 2.224/78, that Creates the Ministry of Energy and the National Energy Commission, among others.

Chile maintains a leader position in renewable energy due to the existing geographical and natural conditions. In this regard, Chile has the highest solar radiation in the world, strong winds from north to south that allow the development of wind energy, potential marine energy in the coasts of our country, capacity for biogas development and geothermal resources in the mountain range.

12. Contaminated Sites

The regulatory framework for environmental damage liability is contained in Law No. 19.300; article No.3, .and No. 51 to No.63. All legal matters not covered by special laws and by Law No. 19.300, shall be governed by provisions and obligations of the Chilean Civil Code.

As a general rule, the Chilean environmental liability regime is subjective, meaning that anyone who culpably or willfully causes environmental damage is liable for it. Once the damage has occurred, natural or legal persons, public or private, who have suffered the damage or injury, are entitled to action against the infringer, in order to obtain the repair of the damage caused. Likewise, Municipalities are entitled to start legal proceedings for events occurred in their communes, as well as the State. The repair of the damaged environment does not prevent the exercise of ordinary compensatory actions by the person directly affected.

Repair actions and ordinary compensatory actions initiated by environmental damages are competence of the Environmental Courts and Ordinary Civil Courts, respectively, and shall prescribe within 5 years since the evident demonstration of the damage.

13. Climate Change

Chilean institutional framework responsible for climate change is mainly composed by: (i) the Ministry of the Environment; (ii) the Climate Change Division, subject to the Under Secretariat of the Environment; (iii) the Council of Ministers for Sustainability and Climate Change; and (iv) the Agency for Sustainability and Climate Change.

Chile has signed a series of multilateral and bilateral agreements, protocols and international agreements to address climate change. These include: (i) Vienna Convention on Depleting Substances of the Ozone Layer, signed by Supreme Decree No. 719/89; (ii) Montreal Protocol, signed by Supreme Decree No. 238/90; (iii) Agreement on Climate Change, signed by Supreme Decree No. 123/95; (iv) Kyoto Protocol, signed by Supreme Decree No. 349/04; (v) Paris Agreement, promulgated by Supreme Decree No. 30/17, among others

Recently, the Climate Change Division has prepared the National Action Plan on Climate Change 2017-2022, aiming to implementing the commitments adopted by Chile in the United Nations Framework Convention on Climate Change, through: (i) actions and mitigation policies regarding energy, transportation, forestry, food, agriculture and livestock, urbanization and infrastructure, wastes, atmospheric emissions and pollutants; (ii) adjustment of climate change to national and subnational levels by strengthening environmental institutions, establishment of a national financial strategy for climate change and advisement on international negotiations on climate change matters; (iii) development of skills for regional governments, municipalities, local corporations and civil organizations in order to increase the understanding and awareness of climate change; (iv) transfer and incorporation of new technologies for the implementation of mitigation and adaptation measures to climate change, and; (v) definition of a National Financial Strategy for climate change, analyzing direct and indirect costs of climate change, the development of an institution in charge of the coordination and management of the Green Climate Fund and the design of financial instruments for the transfer and implementation of new technologies.

14. Chemical and Hazardous Substance Registration

Our legal system has regulated the activities of production, manufacture, transportation, distribution, marketing, import, export, possession, etc., regarding precursors or essential chemical substances required for the preparation of narcotic drugs or psychotropic substances, throughout Law No. 20.000/05, which punishes the Illicit Trafficking of Narcotic Drugs and Psychotropic Substances, and Decree No. 1.358/07, Regulation of Law No. 20,000/05.

Law 20.000 establishes a control of precursors and essential chemical substances, for which natural or legal persons that produce, manufacture, prepare, import or export these substances must be duly registered under a special record of the Undersecretary of the Ministry of the Interior. Likewise, an inventory of said substances and a record of their movements must be kept. Finally, any activities related to the import and export of these substances must be duly communicated to the Under Secretariat of the Ministry of the Interior.

Decree No. 1.358/07 classifies the controlled substances of Law No. 20.000/05 into three lists, in consideration of the provisions established in the United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances of 1988. The possession and manipulation of such substances is subject to the following obligations: (i) registration before the Special Registry of Users of Controlled Chemical Substances; (ii) report to the Under Secretariat of the Ministry of the Interior of operations with said substances; and (iii) the maintenance of an inventory of such substances and related import and export activities.

15. Liability Scheme (Civil, Administrative, Criminal)

The environmental damage liability regime follows the legal principle of: "those who contaminate should pay". Please note there are, at least, 4 liability regimes:

(i) Administrative responsibility: non-compliance with regulations of competence of the Administration, such as the Health Authority, the Agricultural and Livestock Service, the General Water Bureau, Municipalities, Roads Department, Regional Office of the Ministry of Housing and Urbanism, Regional Office of National Assets, National Forestry Corporation, among other public agencies with environmental competence, will cause the respective liability and imply the imposition of sanctions determined in each applicable regulation, which will vary according to the magnitude and seriousness of the damage caused (written warnings, fines, temporary or definite closures, product confiscation, licenses and services suspension, etc.)

Moreover, if such sectorial regulations are contained in an Environmental Approval Resolution, the SMA will be in charge of overseeing and sanctioning those sectorial regulations considered in the environmental assessment of a project or activity. In this regard, sectorial agencies with environmental competence must refrain from carrying out their sanctioning powers, notwithstanding their contribution in control activities.

In addition, the SMA is the public agency in charge - among other functions - of the monitoring and inspection of environmental approval resolutions, prevention and decontamination plans, environmental quality standards and emission standards, management plans and other environmental instruments established by law. In this regard, the SMA is entitled to impose sanctions, depending on the seriousness of the infringement and the extension of the damage caused, according to the provisions of articles No. 35 to No. 40 of Law No. 20,417.

(ii) Criminal liability: in Chile, there is a restricted catalog of environmental crimes. Among them, we can find: (i) dumping of chemical, biological or physical pollutants into the sea or other water sources⁴; and (ii) damage to national monuments⁵, among others.

(iii) Civil liability – extra contractual liability for environmental damage: regulated in article No. 3 and articles No. 51 to No. 63 of Law No. 19.300.

⁴ Article 136 of Law no. 18.892/91, General Law on Fishing and Aquaculture, and article 315 of the Criminal Code.

⁵ Article 38 of Law No. 17.288/70, Law on National Assets.

Law No. 19.300 defines environmental damage as "any loss, reduction or significant impairment inferred to the environment or to one or more of its components". Environmental liability necessarily requires the commission of an environmental damage.

Repair actions and ordinary compensatory actions initiated by environmental damages are competence of the Environmental Courts and Ordinary Civil Courts, respectively, and shall prescribe within 5 years since the evident demonstration of the damage.

(iv) Civil liability: What is not provided for in special laws and in Law No. 19.300 shall be governed by the provisions of the Chilean Civil Code.

16. Reporting Obligations

Law No. 19.300 regulates environmental quality standards and emission standards, in charge of defining the maximum and minimum concentrations of elements, substances, among others, that may pose a risk to human life or health or the protection of the environment, and the maximum amount allowed for a pollutant, measured in the effluent of an emission source. Throughout these regulations, the owner of emission and/or pollutant sources is obliged to report, before the Environmental Authority, all information required.

Environmental quality standards are complemented by the prevention and/or decontamination plans, which establish control measures in order to recover emission levels established in the quality standards, as well as report obligations, before the Environmental Authority.

Also, there are other regulations that apply to specific matters, such as agricultural activity, energy, water, waste, noise, among others, that require the registration on special records and a periodic report of any source that may cause any risks to human health or compromise environmental protection.

By means of Decree No. 1/13, the Registry of Emissions and Transfer of Pollutants ("RETC") was created, which constitutes a database on emissions, waste and transfer of pollutants generated by industrial and non-industrial activities or transferred for their recovery or elimination, by sources or group of sources. The RETC includes: (i) all information on emissions, wastes and pollutant transfer reports according to emission standards, prevention and/or decontamination plans, environmental approval resolutions and other regulations that establish a report obligation, before competent agencies; (ii) information provided by the Administration agencies on estimates of vague and non-regulated sources; (iii) information on emissions, wastes, among others, that must be reported, in accordance with international agreements ratified by Chile and (iv) voluntary reports.

17. Environmental Incentives (for conservation or clean energy)

Chilean Energy Policy 2015 establishes that a 70% of the energy generated by 2015, is based on NCRE sources. Additionally, at the International Summit on Climate Change held

in Paris, Chile committed to reduce greenhouse gases in a 30% by 2030, being the NCRE sources the main mechanism to achieve such reduction.

Current regulation that incentives the conservation and production of clean energy includes: (i) the General Law of Electric Services, which establishes the general framework and defines the sources of NCRE; (ii) Law No. 19.940/04, named Short Law I, that exempts the payment of transmission tolls to the backbone for generators with a capacity of up to 9 MW with NCRE, facilitating their entrance into the energy market; (iii) Law No. 20.018/05, named Short Law II, that obliges distribution companies to buy a power block from generators, encouraging their investment in energy; (iii) Law No. 20.257/08, that introduces modifications to the General Law of Electric Services regarding power generation from NCRE sources and establishes, for large generators (with capacity over 200 MW), the obligation that at least 5% of the energy they commercialize, must be provided by NCRE sources. This percentage must gradually reach 10%, by year 2024. Likewise, any company that withdraws energy from systems with a capacity greater than 200 MW, must prove that 10% of such energy, comes from NCRE; (iv) Law No. 20.365/09, that establishes a tax exemption for the installation of solar thermal systems for the period 2012-2020, in social housing, among others.

In addition, there are several institutions that offer financing to NCRE projects such as the Ministry of Energy, the Production Development Corporation, the Ministry of Housing and Urban Development, the Agricultural Development Institute, the Technical Cooperation Service, the National Irrigation Commission, ProChile, among others. For these purposes, the Ministry of Energy provides information regarding financing sources, its programs, coverages, co-financing, etc. for small-scale NCRE projects.

18. Financial Assurance

As a general rule, Chilean environmental regulations do not establish the obligation to provide a guarantee in order to ensure reparation for damage caused to the environment. In addition, the Chilean legislation on insurance has not defined a system to guarantee damages in the environment that result from a specific activity.

However, there are some regulations that have introduced this mechanism, among them, Law No. 20.551/11, which regulates the Closure of Mining Facilities and by which mining companies or employers are obliged to provide a guarantee that ensures the State full and timely compliance with the obligation to close the mining site or facilities.

On the other hand, the new Extended Producer Liability Law establishes that the producers of products subject to the obligations of the law must comply with goals of collection and/or recovery of wastes generated, throughout a management system set up for this purpose. In this sense, collective management systems of collective nature (constituted by a legal entity formed by a group of producers that assume the obligations imposed by the law collectively) must establish and maintain a bail, insurance or other guarantee to ensure the fulfillment of the goals and obligations imposed by the Law. The conditions of the establishment of the bail or guarantee will be defined by the supreme decrees that establish the corresponding goals and obligations for each priority product.