FREE TRADE AGREEMENT BETWEEN THE UNITED MEXICAN STATES AND THE REPUBLICS OF COSTA RICA, EL SALVADOR, GUATEMALA, HONDURAS AND NICARAGUA

The Government of the United Mexican States (hereinafter "Mexico") and the Governments of the Republics of Costa Rica (hereinafter "Costa Rica"), El Salvador (hereinafter "El Salvador"), Guatemala (hereinafter "Guatemala"), Honduras (hereinafter "Honduras") and Nicaragua (hereinafter "Nicaragua"),

DECIDED TO:

STRENGTHEN the special bonds of friendship, solidarity and cooperation among their peoples;

TO REACH a better balance in their trade relations, through clear and mutually beneficial rules for their commercial exchange;

CONTRIBUTE to harmonious development, the expansion of world trade and the broadening of international cooperation;

PROPOSE a larger and more secure market for goods and services produced in their respective territories while recognizing the differences in their levels of development and the size of their economies;

CONTRIBUTE to the competitiveness of the service sector by creating business opportunities in the free trade zone;

ENSURE a predictable business framework for planning productive activities and investment;

DEVELOP their respective rights and obligations under the Marrakesh Agreement establishing the World Trade Organization, as well as other bilateral and multilateral integration and cooperation instruments;

PROMOTE trade facilitation by promoting efficient and transparent customs procedures that reduce costs and ensure predictability for importers and exporters;

STRENGTHEN the competitiveness of its companies in global markets;

STIMULATE creativity and innovation by promoting trade in goods and services protected by intellectual property rights;

RECOGNIZE the importance of transparency in international trade;

PROMOTE new opportunities for the economic and social development of their states;

PRESERVE its ability to safeguard the public welfare;

RECOGNIZE this Treaty as a tool that can contribute to improving living standards, creating new job opportunities and promoting sustainable development;

REAFFIRM regional economic integration, which is one of the essential instruments for Central America and Mexico to advance in their economic and social development; and

CONVERGE the free trade agreements in force between Central America and Mexico, in order to establish a single regulatory framework to facilitate trade between the Parties and adapt the provisions that regulate their commercial exchange;

HAVE AGREED AS FOLLOWS:

Chapter I. Initial Provisions

Article 1.1. Establishment of the Free Trade Area

The Parties establish a free trade area in accordance with Article XXIV of GATT 1994 and Article V of GATS.

Article 1.2. Objectives

1. The objectives of this Treaty, developed more specifically through its principles and rules, including those of national treatment, most-favored-nation treatment and transparency, are as follows:

(a) stimulate the expansion and diversification of trade in goods and services between the Parties;

(b) promote conditions of fair competition within the free trade zone;

(c) eliminate barriers to trade and facilitate the movement of goods and services between the Parties;

(d) facilitate the movement of capital and business persons between the territories of the Parties;

(e) increase investment opportunities in the territories of the Parties;

(f) adequately and effectively protect and enforce intellectual property rights in the territory of each Party;

(g) establish guidelines for bilateral, regional and multilateral cooperation aimed at extending and enhancing the benefits of this Agreement; and

(h) create effective procedures for the implementation and enforcement of this Agreement, for its joint administration and for the settlement of disputes.

2. The Parties shall interpret and apply the provisions of this Agreement in the light of the objectives set forth in paragraph 1 and in accordance with the applicable rules of international law.

Article 1.3. Relationship to other International Treaties

1. The Parties confirm the rights and obligations existing between them under the WTO Agreement and other treaties to which they are party.

2. In case of incompatibility between the provisions of the treaties referred to in paragraph 1 and the provisions of this Treaty, the latter shall prevail to the extent of the incompatibility.

Article 1.4. Scope of Application

Except as otherwise provided herein, the provisions of this Agreement apply between Mexico and Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua, considered individually. This Agreement does not apply between Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua.

Article 1.5. Enforcement of the Treaty

Each Party shall ensure, in accordance with its constitutional requirements, compliance with the provisions of this Agreement in its territory, at the federal or central, state or departmental and municipal levels, as appropriate, except as otherwise provided in this Agreement. Article 1.6: Succession of Treaties

Any reference to any other international treaty shall be understood to be made in the same terms to a successor treaty to which the Parties are parties.

Chapter II. General Definitions

Article 2.1. Definitions of General Application

For the purposes of this Agreement, unless otherwise provided, the following definitions shall apply:

Antidumping Agreement: the Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994, which is part of the WTO Agreement;

Customs Valuation Agreement: the Agreement on Implementation of Article VII of the General Agreement on Tariffs and Trade 1994, including its interpretative notes, which forms part of the WTO Agreement;

SPS Agreement: the Agreement on the Application of Sanitary and Phytosanitary Measures, which is part of the WTO Agreement;

TBT Agreement: the Agreement on Technical Barriers to Trade, which is part of the WTO Agreement;

Agreement on Agriculture: the Agreement on Agriculture, which is part of the WTO Agreement;

WTO Agreement: the Marrakesh Agreement Establishing the World Trade Organization, dated April 15, 1994;

TRIPS Agreement: the Agreement on Trade-Related Aspects of Intellectual Property Rights, which is part of the WTO Agreement;

Agreement on Safeguards: the Agreement on Safeguards, which is part of the WTO Agreement;

Agreement on Subsidies and Countervailing Measures: the Agreement on Subsidies and Countervailing Measures, which is part of the WTO Agreement;

GATS: the General Agreement on Trade in Services, which is part of the WTO Agreement;

customs duty: any import tax or duty and a charge of any kind applied in connection

with the importation of goods, including any form of surcharge or additional charge on imports, except any:

(a) charge equivalent to an internal tax established in accordance with Article IIII:2 of the GATT 1994, with respect to like, directly competitive, or substitute goods of the Party, or with respect to goods from which the imported good has been manufactured or produced, in whole or in part, the imported good;

(6) antidumping duty or countervailing measure that is applied in accordance with a Party's domestic law;

(c) duty or other charge related to the importation, proportional to the cost of the services rendered; and

(d) any premium offered or collected on imported goods, derived from any bidding system, with respect to the administration of quotas or contingents;

MFN customs tariff: the Most Favored Nation customs tariff;

Central America: the Republics of Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua;

Management Committee: the Management Committee established in accordance with Article 19.1 (Management Committee);

days: calendar days; enterprise: an entity incorporated or organized under applicable law, whether or not for profit and whether privately or governmentally owned, including companies, foundations, partnerships, trusts, participations, sole proprietorships, joint ventures or other associations;

State enterprise: an enterprise that is owned or controlled by a Party through equity participation;

enterprise of a Party: an enterprise incorporated or organized under the domestic law of a Party;

existing: in force at the entry into force of this Treaty;

tariff item: the breakdown of a Harmonized System tariff classification code to more than 6 digits;

GATT 1994: the General Agreement on Tariffs and Trade 1994, which is part of the WTO Agreement;

government at the central level:

(a) in the case of Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua, the national government; and

(b) In the case of Mexico, the government at the federal level;

government at the local level:

(a) in the case of Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua, the municipalities; and

(b) for the case of Mexico, the municipalities; government at the regional level:

(a) for Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua, "government at the regional level" does not apply;

(b) in the case of Mexico, a state of the United Mexican States.

measure: any law, regulation, procedure, provision, requirement or administrative practice, among others;

commodity: products or goods as understood in GATT 1994, whether originating or not;

goods of a Party: domestic products as understood in the GATT 1994, such goods as the Parties may agree, and includes originating goods. A good of a Party may incorporate materials from another Party and non-Party States;

originating good or originating material: a good or material that qualifies as originating in accordance with the provisions of Chapter IV (Rules of Origin);

national: a natural person who has the nationality of a Party in accordance with its applicable legislation;

Party: any State with respect to which this Agreement has entered into force; Exporting Party: the Party from whose territory a good or service is exported;

Importing Party: the Party into whose territory a good or service is imported;

heading: the first 4 digits of the Harmonized System tariff classification code; person: a natural or natural person, or a company;

person of a Party: a national or company of a Party;

Tariff Treatment Program: the one established in Article 3.4 (Tariff Treatment); Harmonized System: the Harmonized Commodity Description and Coding System in force, including its General Rules of Interpretation and its section, chapter and subheading legal notes, as adopted and applied by the Parties in their respective

national legislation;

subheading: the first 6 digits of the Harmonized System tariff classification code; and

territory: for each Party, as defined in Annex 2.1.

Chapter III. National Treatment and Market Access of Goods

Article 3.1. Definitions

For the purposes of this Chapter, the following definitions shall apply:

customs authority: the competent authority which, in accordance with the national legislation of each Party, is responsible for the administration of customs laws and regulations;

consumed:

(a) actually consumed; or

(b) processed or manufactured so as to result in a substantial change in the value, form or use of a good or in the production of another good;

quota or quota: import volume of a good in a specific period, which is subject to a preferential tariff;

Customs processing fee: fee or charge collected by the customs authority, related to the services rendered in customs operations;

material: "material" as defined in Chapter IV (Rules of Origin);

agricultural goods: goods included in the Harmonized System, as listed in Annex I of the Agreement on Agriculture Harmonized System, listed in Annex I of the Agreement on Agriculture;

industrial goods: goods included in the Harmonized System that are not considered agricultural;

samples without commercial value: those goods whose use or sample is intended to serve as a demonstration or other similar purpose and which lack any commercial value, either because it has no commercial value due to its quantity, weight, volume or other conditions of presentation, or because it has been deprived of that value by physical operations of rendering it useless, thus avoiding any possibility of being marketed;

consular transactions or requirements: requirements whereby goods of one Party destined for export to the territory of the other Party must first be submitted to the supervision of the consul of the importing Party in the territory of the exporting Party for the purpose of obtaining consular invoices or consular visas for commercial invoices, certificates of origin, manifests,

Shipper's export declarations or any other customs documents required for or in connection with importation;

export subsidies: those subsidies or subsidies contingent upon the export of agricultural goods, including those listed in Article 9 of the Agreement on Agriculture.

Section A. Trade In Goods

Article 3.2. Scope of Application

Except as otherwise provided in this Agreement, this Chapter applies to trade in goods between the Parties.

Article 3.3. National Treatment

1. Each Party shall accord national treatment to goods of the other Party in accordance with Article Ill of the GATT 1994, including its interpretative notes. For this purpose, Article Ill of the GATT 1994 and its interpretative notes are incorporated into this Agreement and form an integral part thereof mutatis mutandis.

2. The provisions of paragraph 1 mean, with respect to a government at the central, regional or local level, treatment no less favorable than the most favorable treatment accorded by that government at the central, regional or local level to any like, directly competitive or substitutable good, as the case may be, of the Party of which they are a constituent.

3. Paragraphs 1 and 2 do not apply to the measures listed in Annex 3.3 and 3.9.

Article 3.4. Tariff Treatment

1. Upon entry into force of this Agreement, each Party undertakes to ensure duty-free access to its respective market for originating goods imported from the other Party, with the exception of those included in Annex 3.4.

2. Except as otherwise provided in this Agreement, no Party may increase any existing customs duty, or adopt any new customs duty, on an originating good. (1)

3. Following a unilateral reduction of a customs duty, a Party may increase that customs duty applicable to an originating good to the level set outin accordance with Annex 3.4.

4. Notwithstanding any other provision of this Agreement, with respect to the excluded goods contained in Annex 3.4, any Party may maintain or adopt a prohibition or restriction, or a customs duty, on the importation of such goods, in accordance with its rights and obligations under the WTO Agreement.

5. The Parties may examine, in accordance with the procedures established in this Agreement, the possibility of improving the tariff conditions of access to the market for originating goods included in Annex 3.4. Agreements to this effect shall be adopted by decisions of the Administrative Commission. (2)

6. The agreement adopted by the Parties based on paragraph 5 shall prevail over any customs duty applicable to an originating good in accordance with Annex 3.4.

7. Except as otherwise provided in this Agreement, each Party may adopt or maintain measures, in its domestic legislation, to allocate the tariff-rate quotas set out in Annex 3.4, provided that such measures do not have trade-restrictive effects on imports.

8. A Party may request consultations on the application of the measures referred to in paragraph 7 from the other Party applying or proposing to apply them on imports.

9. Paragraphs 1, 2 and 6 shall not prevent a Party from increasing a customs import tariff where such an increase is authorized by the WTO Dispute Settlement Body.

(1) Paragraph 2 applies without prejudice to a Party creating a new tariff split, provided that the customs duty applicable to the originating good concemed is not higher than that applicable to the tariff item split.

(2) In the case of Costa Rica, the decisions adopted by the Administrative Commission pursuant to Article 19.1 (Administrative Commission), shall be equivalent to the instrument referred to in Article 121.4, third paragraph (protocol of lower rank) of the Political Constitution of the Republic of Costa Rica.

Article 3.5. Customs Duty Drawback Programs on Exported Goods, Customs Duty Deferral Programs, and Customs Duty Exemption Programs Applied to Exported Goods

1. In matters of drawback and exemption from customs duties, the Parties shall retain their rights and obligations in accordance with their national legislation and the WTO Agreement.

2. Where 25 percent of the domestic industry of a Party considers itself affected by the duty drawback and exemption mechanisms established in the other Party, the Parties shall consult with a view to reaching a mutually satisfactory solution.

Article 3.6. Temporary Importation of Goods

1. Each Party shall authorize the temporary importation free of customs duty of the goods listed below that are imported from the territory of the other Party into its territory, regardless of their origin, and that like, directly competitive or substitute goods are available in the territory of that Party:

(a) vehicles entering the customs territory for tourism purposes;

(b) goods to be exhibited at international fairs, exhibitions, conventions or congresses;

(c) equipment, vehicles, animals and other merchandise owned by circuses or similar public spectacles;

(d) press, radio and television broadcasting equipment and material; cinematographic equipment and material; and equipment and material necessary for the exercise of a person's art, craft, profession and occupation;

(e) goods to attend situations caused by catastrophes or natural phenomena, including medical-surgical and laboratory equipment and material, for non-profit activities;

(f) goods used to be exhibited and to support an activity of strengthening and dissemination of the arts, and those qualified as educational, religious and cultural by the competent authority;

(g) goods that serve as technological support or complement of scientific research, authorized by the competent authority, including the personal implements of scientists;

(h) machinery, equipment, apparatus, tools and instruments to be used in the execution of works or rendering of public services that are introduced directly by contractors, under special laws or administrative contracts;

(i) goods that the Party imports temporarily for the fulfillment of its purposes;

(j) special materials , transport elements or reusable containers, used for the handling and protection of goods;

(k) the units and means of transport subject to customs controls of any kind; and the parts, pieces and equipment destined for their repair, which must be incorporated in the transport units. Replaced parts, pieces and spare parts shall be destroyed under control of the customs authority.

The parts, pieces and equipment related to this subsection shall be subject to the requirements and conditions established by the customs authority for their temporary importation.

Vehicles and transport units may not be used for internal transport within the customs territory, except as established for transit by sea or air;

(l) those used for the demonstration of products and their characteristics, quality tests, exhibition, advertising, publicity, propaganda and others, provided they are not commercialized;

(m) cinematographic films, magnetic tapes, magnetized films and other sound and image supports, for the purpose of being soundtracked, dubbed, exhibited or reproduced, provided they are authorized by the copyright holder;

(n) those intended for air services of companies with an operating certificate or provisional registration granted by the aeronautical authority of the importing Party; and

(o) those authorized by specific regulations, international agreements or by the customs authority.

2. Except as otherwise provided in this Agreement, no Party may subject the temporary importation free of customs duty of a good referred to in paragraph 1 to conditions other than those set out below:

(a) imported by a national or resident of the other Party;

(b) that is used exclusively by the visitor, or under his or her personal supervision, in the performance of his or her activity, trade or profession;

(c) that are not subject to sale, lease or transfer in any other form while they remain in its territory under the temporary import regime;

(d) for goods falling under subparagraphs (l) and (m) of paragraph 1 and for samples and samples for non-commercial purposes, the customs authority shall require the presentation of a guarantee, which may be of a global nature, to cover the total amount of any applicable taxes as established in the national legislation of each of the Parties. For the categories indicated in subparagraphs (a), (d), (e), (f), (g) and (i) of paragraph 1, the customs authority shall not require any guarantee. In the other categories not indicated in this subparagraph, the customs authority shall determine the cases in which it is necessary to present a guarantee, which may be of a global nature, when so required by the nature of the operation;

(e) which is capable of identification by any reasonable means established by the customs legislation of each Party;

(f) to be re-exported upon the departure of that person or within the period corresponding to the purpose of the temporary importation;

(g) that it is imported in quantities not greater than is reasonable, in accordance with its intended use and in conformity with the customs legislation of each Party;

(h) that it does not undergo any transformation or modification during the authorized import period, except for wear and tear due to normal use of the merchandise; or

(i) that it complies with the sanitary and phytosanitary measures and with the applicable standards, technical regulations and conformity assessment procedures, in accordance with the provisions of Chapters VIII (Sanitary and Phytosanitary Measures) and IX (Technical Barriers to Trade), respectively.

3. Where a good is temporarily imported and does not comply with any of the conditions that a Party imposes pursuant to paragraph 2, that Party may apply the customs duties and any other charges that would be due on the entry or final importation of the good.

Article 3.7. Duty-Free Importation for Samples of No Commercial Value

Each Party shall authorize the importation free of customs duty of samples of no commercial value from the territory of the other Party.

Article 3.8. Customs Valuation

1. The principles of customs valuation applied to trade between the Parties shall be those established in the Customs Valuation Agreement.

2. The Parties may at any time hold consultations with a view to finding mutually satisfactory solutions to issues relating to the valuation of goods, so as not to hinder trade.

Article 3.9. Import and Export Restrictions

1. Except as otherwise provided in this Agreement, neither Party may adopt or maintain any prohibition or restriction on the importation of any good of the other Party, or on the exportation or sale for export of any good destined for the territory of the other Party, except as provided in Article XI of the GATT 1994, including its interpretative notes. For this purpose, Article XI of the GATT 1994 and its interpretative notes are incorporated into and made an integral part of this Agreement.

2. The Parties understand that the rights and obligations of the GATT 1994 embodied in paragraph 1 prohibit export price requirements and, except as permitted for the application of countervailing duty orders and undertakings, import price requirements.

3. The Parties understand that the rights and obligations embodied in paragraph 1 prohibit, inter alia, but not limited to:

(a) quantitative restrictions on imports, in accordance with the parameters of paragraph 1;

(b) prices or minimum values;

(c) voluntary export restraints when they do not result from an agreement consistent with the Antidumping Agreement;

(d) the granting of import licenses on the condition that the importer purchases domestic production;

(e) the granting of import licenses on the condition that the importer exports; and

(f) the granting of import licenses on the condition that the merchandise to be imported includes a certain percentage of content from the importing Party.

4. In cases where a Party adopts or maintains a prohibition or restriction on the importation or exportation of goods from or to a non-Party, nothing in this Agreement shall be construed to prevent that Party to:

(a) limit or prohibit the importation of the goods of the non-Party State from the territory of the other Party; or

(b) require as a condition for the exportation of such goods from the Party to the territory of the other Party, that they are not re-exported to the non-Party, directly or indirectly, without being consumed in the territory of the other Party.

5. In the event that a Party adopts or maintains a prohibition or restriction on the importation of a good of a non-Party, at the request of either Party, the Parties shall consult with a view to avoiding undue interference with or distortion of pricing, marketing and distribution mechanisms in the other Party.

6. Paragraphs 1 to 4 do not apply to the measures set forth in Annex 3.3 and 3.9.

Article 3.10. Registration of Importers

1. If, as a result of the application and administration of an importersâ registry, a Party considers that the access of a good of that Party to the territory of the Party applying the measure is hindered or prevented, both Parties shall, in accordance with the provisions of the Committee on Trade in Goods, consult with a view to reaching a mutually satisfactory solution.

2. The Party that establishes in its national legislation new provisions or requirements for the registration of importers shall notify the contact point of the Committee on Trade in Goods of the other Parties, as indicated in Article 3.24.1, in order to avoid unnecessary obstacles to trade.

Article 3.11. Customs Measures

Each Party shall ensure that the application, administration and publication of customs measures is in accordance with the provisions of this Agreement, its national legislation and the WTO Agreement. Article 3.12: Establishment of Specific Customs Offices 1. When a Party contemplates the establishment of limitations on the customs clearance of certain types of goods to specific customs offices, it shall consult with the other Parties to prevent such limitations from affecting its interests under this Agreement.

2. The Party that establishes such limitations shall allow the entry of the goods into its territory through any of the legally established border posts, in order for the goods to reach the specific customs office for the respective clearance, provided that they comply with the corresponding customs formalities.

Article 3.13. Customs Processing Fees

No Party shall impose or collect any customs processing fee on originating goods for the service rendered by customs.

Article 3.14. Export Taxes

1. Except as provided in this Article and Annex 3.14, neither Party shall levy any tax, duty, levy or charge on the export of any good destined for consumption in the territory of the other Party, unless such taxes, duties, levies or charges are adopted or maintained on such good when destined for domestic consumption.

2. For purposes of this paragraph, "temporarily" means up to one year, or such longer period as the Parties may agree. Notwithstanding paragraph 1, each Party may adopt or maintain a tax, duty, levy or charge on exports into the territory of

the other Party if such tax, duty, levy or charge is applied temporarily for:

(a) to alleviate a critical shortage of a food commodity; or

(b) to ensure to a domestic processing industry the supply of indispensable quantities of raw materials during periods when the domestic price is maintained at a level lower than the world price in implementation of a government stabilization plan, provided that such taxes, duties, levies or charges:

(i) The company's activities do not have the effect of increasing the exports of this domestic industry;

(ii) do not have the effect of increasing the protection afforded to that domestic industry;

(iii) not run counter to the non-discrimination provisions of this Treaty; and

(iv) be sustained only for the period necessary to maintain the integrity of the stabilization plan.

3. The Parties may consult on the implementation of the provisions of this Convention.

The provisions of this Article, tending to the application of measures that seek to avoid undesired effects in the implementation of a domestic food aid program.

Article 3.15. Country of Origin Marking

Annex 3.15 applies to measures related to country of origin marking. Article 3.16: Preferential Tariff Treatment for Goods Classified in Chapter 62 of the Harmonized System that Incorporate Materials of the United States of America

Preferential tariff treatment shall be granted to goods classified in Chapter 62 of the Harmonized System, in accordance with the provisions of Annex 3.16.

Article 3.17. Consular Transactions or Requirements

Neither Party shall require consular transactions or requirements, including related fees and charges, in connection with the importation of any good of the other Party.

Section B. Trade In Agricultural Commodities

Article 3.18. Scope of Application

1. This Section applies to measures related to trade in agricultural goods adopted or maintained by the Parties.

2. In the event of any inconsistency between the provisions of this Section and any other provision of this Agreement, the provisions of this Section shall prevail to the extent of the inconsistency.

Article 3.19. Domestic Support

1. The Parties recognize that domestic support measures can be important for their agricultural sectors, but that they can also distort trade and affect production. In this regard, the Parties may apply domestic support measures in accordance with the provisions of the Agreement on Agriculture, and where a Party decides to support its agricultural producers it shall endeavor to move towards domestic support measures that:

(a) have little or no trade or production distorting effects; and

(b) are in full conformity with the provisions of Annex 2 of the Agreement on Agriculture.

2. To ensure transparency, the Committee on Trade in Goods shall review, at least once a year, the status of all domestic support measures in the Parties, as well as any modifications to these measures, seeking to assess compliance with the provisions of paragraph 1.

3. Annex 3.19 sets forth the bilateral provisions for the application of this Article.

Article 3.20. Domestic Food Aid

1. A Party that establishes a domestic food aid program, in accordance with paragraph 4 of Annex 2 of the Agreement on

Agriculture, shall ensure, through such instruments as it deems necessary, that the benefits of this program are received only by consumers of that Party.

2. At the request of a Party, consultations shall be held to ensure compliance with paragraph 1.

3. If no agreement is reached, the Parties shall refer to Annex 3.19.

Article 3.21. Export Subsidies

1. The Parties share the objective of achieving the multilateral elimination of export subsidies on agricultural goods and in this regard will cooperate in the effort to reach an agreement within the framework of the WTO.

2. From the entry into force of this Agreement, neither Party may apply export subsidies on agricultural goods in its reciprocal trade.

Article 3.22. Agricultural Special Safeguard

Annex 3.22 sets forth the bilateral provisions for the application of this Article.

Section C. General Provisions

Article 3.23. Publication and Notification

1. Each Party undertakes to publish the measures affecting the importation or exportation of goods and the requirements that importers or exporters shall comply with for trade in goods. Such measures shall be notified without delay to the other Parties, once they enter into force.

2. No Party shall apply prior to its official publication any measure of a general nature adopted by that Party that has the effect of increasing a customs duty or other charge on the importation of goods of the other Party, or imposing a new or more burdensome measure, restriction or prohibition on imports, or establishing or increasing non-tariff restrictions and prohibitions on imports of goods of the other Party or on transfers of economic resources relating thereto.

3. Each Party shall identify in terms of the tariff items and nomenclature corresponding to them in accordance with their respective tariff, the measures, restrictions or prohibitions on the import or export of goods for reasons of national security, public health, preservation of flora or fauna, environment, sanitary and phytosanitary, standards, labels, technical regulations, international commitments, public order requirements or any other regulation.

Article 3.24. Committee on Trade In Goods

1. The Parties hereby establish the Committee on Trade in Goods. The Committee shall be composed of representatives of each Party, in accordance with Annex 3.24(a), and shall assist the Administrative Commission in the performance of its functions.

2. The Committee shall establish, if it deems it appropriate, its rules of procedure.

3. The meetings of the Committee shall be held at the request of the Administrative Commission, the Free Trade Agreement Coordinators or at the request of any of the Parties to deal with matters of interest to them.

4. The Committee's resolutions shall be adopted by consensus and reported to the appropriate bodies.

5. The meetings of the Committee may be held in person or through any technological means. When the meetings are face-to-face, they shall be held alternately in the territory of each Party, and it shall be the responsibility of the host Party to organize the meeting.

6. Notwithstanding the provisions of paragraph 1, the Committee may meet to discuss bilateral matters of interest to Mexico and one or more Central American Parties, provided that the other Parties are notified sufficiently in advance so that, if appropriate, they may participate in the meeting. Agreements arising from the meeting shall be adopted by consensus among the Parties involved in the bilateral matter and shall have effect only with respect to them.

7. The functions of the Committee shall include:

(a) monitoring the implementation and administration of this Chapter;

(b) examine the proposals submitted by the Parties in accordance with Article 3.4.5;

(c) to make appropriate recommendations to the Administrative Commission on matters within its competence;

(d) coordinate the exchange of commercial information between the Parties;

(e) to evaluate the evolution of trade in goods between the Parties;

(f) to recommend to the Administrative Commission the formation of such subcommittees as it deems necessary to address specific merchandise trade issues; and

(g) anyother matter instructed by the Administrative Commission.

8. The Parties establish the Subcommittee on Agricultural Trade, composed as indicated in Annex 3.24(b). This subcommittee shall have the functions assigned to it by the Committee on Trade in Goods.

Chapter IV. Rules of Origin

Article 4.1. Definitions

For the purposes of this Chapter, the following definitions shall apply:

shipping containers and packaging materials: goods that are used to protect merchandise during transportation, other than retail containers and materials;

shipping and repacking costs: costs incurred in repacking and transporting a good outside the territory where the producer or exporter of the good is located;

sales promotion, marketing and after-sales service costs: the following costs related to sales promotion, marketing and after-sales services:

(a) sales and marketing promotion; media advertising; advertising and market research; promotional and demonstration materials; merchandise on display; sales promotion conferences; trade shows and conventions; banners; marketing exhibitions; free samples; sales, marketing and after-sales service publications such as merchandise brochures, catalogs, technical publications, price lists, service manuals and sales support information; establishment and protection of logos and trademarks; sponsorships; restocking fees for wholesale and retail sales; and entertainment expenses;

(b) marketing, sales or merchandise incentives; and rebates to wholesalers, retailers and consumers;

(c) for sales promotion, marketing and after-sales service personnel: salaries and wages; sales commissions; bonuses; medical, insurance and pension benefits; travel, lodging and living expenses; and membership and professional fees;

(d) hiring and training of sales promotion, marketing and after-sales service personnel; and training of the customer's employees after the sale;

(e) insurance premiums for civil liability derived from the merchandise;

(f) office goods for sales promotion, marketing and after-sales services;

(g) telephone, mail and other means of communication for sales promotion, marketing and after-sales services;

(h) rent and depreciation of sales promotion, marketing and after-sales service offices, as well as distribution centers;

(i) property insurance premiums, taxes, utility costs, and repair and maintenance costs for offices and distribution centers; and

(j) payments by the producer to others for warranty repairs;

net cost: total cost less the costs of sales promotion, marketing and after-sales services; royalties; shipping and repackaging; as well as ineligible interest costs, as set forth in Annex 4.4;

ineligible interest costs: interest paid by a producer on its financial obligations that exceeds 10 percentage points above the highest interest rate on debt obligations issued by the federal or central government, as the case may be, of the Party in which the producer is located, as set forth in Annex 4.4;

total cost: the sum of the following elements in accordance with Annex 4.4:

(a) the costs or value of direct manufacturing materials used in the production of the merchandise;

(b) direct labor costs used in the production of the merchandise; and

(c) an amount for direct and indirect costs and expenses of manufacture of the merchandise, reasonably allocated to the merchandise, except for the following items:

(i) the costs and expenses of a service provided by the producer of a good to another person, when the service does not relate to that good;

(ii) costs and losses resulting from the sale of a portion of the merchandise producers business, which constitutes a discontinued operation;

(iii) costs related to the cumulative effect of changes in the application of generally accepted accounting principles;

(iv) costs or losses resulting from the sale of a producer's capital asset;

(v) costs and expenses related to acts of God or force majeure;

(vi) profits earned by the producer of the merchandise, regardless of whether they were retained by the producer or paid to other persons as dividends and taxes paid on those profits, including capital gains taxes; and

(vii) interest costs that have been agreed between related parties and that exceed interest paid at market interest rates;

direct manufacturing costs and expenses: those incurred in a period, directly related to the merchandise, other than the costs or value of direct materials and direct labor costs;

indirect manufacturing costs and expenses: those incurred in a period, other than direct manufacturing costs and expenses, direct labor costs and direct material costs or value;

F.O.B.: the value of the goods free on board, including the cost of transportation to the port or place of final shipment, regardless of the means of transport;

place where the producer is located: in relation to a commodity, the production plant of that commodity;

material: a commodity used in the production of another commodity;

self-produced material: material produced by the producer of a commodity and used in the production of that commodity;

fungible materials or goods: materials or goods that are interchangeable for commercial purposes, whose properties are essentially identical and which cannot be differentiated by simple visual examination;

indirect material: that used in the production, verification or inspection of a good, which is not physically incorporated in the good; or that used in the maintenance of buildings or in the operation of equipment related to the production of a good, including:

(a) fuel and energy;

(b) tools, dies and molds;

(c) spare parts and materials used in the maintenance of equipment and buildings;

(d) lubricants, greases, composites and other materials used in production or to operate equipment or buildings;

(e) gloves, goggles, footwear, clothing, safety equipment and attachments;

(f) equipment, apparatus and attachments used for the verification or inspection of goods;

(g) catalysts and solvents; or

(h) any other material that is not incorporated in the good, but whose use in the production of the good can be reasonably demonstrated to be part of that production;

intermediate materials: those of own manufacture used in the production of a good, and designated in accordance with Article 4.7;

commodity: any good, product, article or matter;

identical goods: goods that are alike in all respects, including their physical characteristics, quality and commercial prestige. Minor differences in appearance shall not prevent goods that otherwise conform to the definition from being considered identical;

similar goods: goods which, although not the same in all respects, have similar characteristics and composition, enabling them to perform the same functions and to be commercially interchangeable. In determining whether goods are similar, factors to be considered include their quality, commercial prestige and the existence of a trademark;

non-originating good or non-originating material: a good or material that does not qualify as originating in accordance with the provisions of this Chapter;

goods wholly obtained or produced entirely in the territory of one or more of the Parties:

(a) minerals extracted in the territory of one or more of the Parties;

(b) harvested or gathered in the territory of one or more of the Parties;

(c) live animals, born and raised in the territory of one or more of the Parties;

(d) goods obtained from hunting, fishing or aquaculture in the territory of one or more of the Parties;

(e) fish, crustaceans and other species obtained from the sea by vessels registered or recorded by a Party and flying the flag of that Party;

(f) goods produced on board factory ships from the goods identified in subparagraph (e), provided that such factory ships are registered or recorded by a Party and fly the flag of that Party;

(g) goods obtained by a Party or a person of a Party from the seabed or subsoil outside the territorial waters, provided that the Party has rights to exploit that seabed or subsoil;

(h) wastes (1) and residues derived from:

(i) production in the territory of one or more of the Parties; or

(ii) goods used or collected in the territory of one or more of the Parties, provided that such goods are used only for the recovery of raw materials; or

(i) goods produced in the territory of one or more of the Parties exclusively from the goods referred to in subparagraphs (a) through (h) or their derivatives, at any stage of production;

related person: a person who is related to another person, in accordance with the following:

(a) one of them holds positions of responsibility or management in one of the other's companies;

(b) are legally recognized as business associates; (c) are in the relationship of employer and employee;

(d) a person has, directly or indirectly, ownership, control or possession of 25 percent or more of the outstanding and voting shares or securities of both;

(e) oneofthem directly or indirectly controls the other; (f) both persons are directly or indirectly controlled by a third party; (g) together they directly or indirectly control a third person; or

(h) are from the same family and include only children, siblings, parents, grandparents or spouses;

generally accepted accounting principles: those on which there is a recognized consensus or which enjoy substantial and authoritative support in the territory of a Party with respect to the recording of revenues, expenses, costs, assets and liabilities, disclosure of information and preparation of financial statements and which are applied in the territory of that Party. These standards may be broad guides of general application, as well as detailed practical rules and procedures;

production: the cultivation, raising, extraction, harvesting, gathering of vegetables or fruits, fishing, hunting, manufacturing, processing or assembling of a commodity;

producer: a person located in the territory of a Party who cultivates, raises, extracts, harvests, collects vegetables or fruits, fishes, hunts, manufactures, processes or assembles a good;

royalties: payments made for the exploitation of intellectual property rights;

used: employed or consumed in the production of goods;

transaction value of a good: the price actually paid or payable for a good in connection with the transaction by the producer of the good in accordance with the principles of Article 1 of the Customs Valuation Agreement, adjusted in accordance with the principles of Articles 8.1, 8.3 and 8.4 thereof, without regard to whether the good is sold for export. For the purposes of this definition, the seller referred to in the Customs Valuation Agreement shall be the producer of the merchandise; and

transaction value of a material: the price actually paid or payable for a material in connection with the transaction of the producer of the good in accordance with the principles of Article 1 of the Customs Valuation Agreement, adjusted in accordance with the principles of Articles 8.1, 8.3 and 8.4 thereof, without regard to whether the material is sold for export. For the purposes of this definition, the seller referred to in the Customs Valuation Agreement shall be the supplier of the material and the buyer referred to in the Customs Valuation Agreement shall be the producer of the goods.

(1) includes slag and ash.

Article 4.2. Instruments for Application and Interpretation

1. For the purposes of this Chapter:

(a) the basis for tariff classification is the Harmonized System;

(b) the determination of the transaction value of a good or material shall be made in accordance with the principles of the Customs Valuation Agreement; and

(c) all costs referred to in this Chapter shall be recorded and maintained in accordance with generally accepted accounting principles applicable in the territory of the Party where the good is produced.

2. For the purposes of this Chapter, when applying the Customs Valuation Agreement to determine the origin of a good:

(a) the principles of that Agreement shall apply to domestic transactions, with such modifications as circumstances may require, as they would apply to international transactions; and

(b) the provisions of this Chapter shall prevail over those of that Agreement insofar as they are incompatible.

Article 4.3. Originating Goods

1. A good is originating when:

(a) is wholly obtained or produced entirely in the territory of one or more of the Parties, as defined in Article 4.1;

(b) is produced in the territory of one or more of the Parties exclusively from materials that qualify as originating under this Chapter;

(c) is produced in the territory of one or more of the Parties from non- originating materials that meet a change in tariff classification and other requirements, as specified in Annex 4.3, and the good complies with the other applicable provisions of this Chapter;

(d) is produced in the territory of one or more of the Parties from non- originating materials that meet a change in tariff classification and other requirements, and the good complies with a regional value content requirement as specified in Annex 4.3, and with the other applicable provisions of this Chapter;

(e) is produced in the territory of one or more of the Parties and meets a regional value content requirement, as specified in Annex 4.3, and complies with the other applicable provisions of this Chapter; or

(f) except for goods provided for in Chapters 61 through 63 of the Harmonized System, the good is produced in the territory of one or more of the Parties, but one or more of the non-originating materials used in the production of the good does not comply with a change in tariff classification because:

(i) the good has been imported into the territory of a Party unassembled or disassembled, but has been classified as an assembled good in accordance with rule 2(a) of the General Rules for the Interpretation of the Harmonized System; or

(ii) the heading for the good is the same for both the good and its parts and that heading is not divided into subheadings or the subheading is the same for both the good and its parts;

provided that the regional value content of the good, determined in accordance with Article 4.4, is not less than 50 percent when using the transaction value method or 41.66 percent when using the net cost method, except as otherwise provided in Annex 4.3, and the good complies with the other applicable provisions of this Chapter

2. For purposes of this Chapter, the production of a good from non-originating materials that meet a change in tariff classification and other requirements, as specified in Annex 4.3, shall be made entirely in the territory of one or more of the Parties, and any regional value content requirement for a good shall be satisfied entirely in the territory of one or more of the Parties.

Article 4.4. Regional Content Value

1. Each Party shall provide that the regional value content of a good shall be calculated, at the option of the exporter or producer of the good, in accordance with the transaction value method set out in paragraph 2 or the net cost method set out in paragraph 4.

2. To calculate the regional value content of a good based on the transaction value method, the following formula shall be applied:

VCR = VT - VMN /VT x 100 where:

VCR: regional content value expressed as a percentage;

VT: transaction value of a good adjusted on a F.O.B. basis, except as provided in paragraph 3; and

VMN: The value of non-originating materials used by the producer in the production of the good, determined in accordance with the provisions of Article 4.5.

3. For the purposes of paragraph 2, where the producer of the good does not export the good directly, the transaction value shall be adjusted to the point at which the buyer receives the good within the territory where the producer is located.

4. To calculate the regional value content of a good based on the net cost method, the following formula shall be applied:

VCR= CN - VMN / CN x 100 where:

VCR: regional value content expressed as a percentage.

CN: net cost of goods.

VMN: The value of non-originating materials used by the producer in the production of the good, determined in accordance with the provisions of Article 4.5.

5. For the purposes of paragraph 2, there shall be no transaction value when the goods are not the subject of a sale or when the circumstances set forth in Article 1.1 of the Customs Valuation Agreement are not met.

In these cases, for the purposes of calculating the regional value content of a good, the producer or exporter may make such calculation based on the following:

(a) the net cost method; or

(b) the transaction value method. In this case, the customs value calculated in accordance with the principles of the Customs Valuation Agreement shall replace the transaction value in the formula of paragraph 2.

6. Except for goods covered by Article 4.16, a producer may average the regional value content of any or all goods falling within the same subheading that are produced in the same plant or in different plants within the territory of a Party, either on the basis of all goods produced by the producer or on the basis of only those goods that are exported to the other Party:

(a) in its fiscal year or period; or

(b) in any monthly, bimonthly, quarterly, quarterly, quarterly or semiannual period.

Article 4.5. Value of Materials

1. The value of a material:

(a) is the transaction value of the material; or

(b) if there is no transaction value or if the transaction value of the material cannot be determined in accordance with the principles of Article 1 of the Customs Valuation Agreement, it shall be calculated in accordance with the principles of Articles 2 to 7 of that Agreement.

2. When not considered in subparagraphs (a) or (b) of paragraph 1, the value of a material shall include:

(a) freight, insurance, packing costs and all other costs incurred in transporting the material to the port of importation in the Party where the producer of the good is located, except as provided in paragraph 3; and

(b) the cost of waste and scrap resulting from the use of the material in the production of the good, less any recovery of these costs, provided that the recovery does not exceed 30 percent of the value of the material, determined in accordance with paragraph 1.

3. When the producer of the good acquires a non-originating material within the territory of the Party where it is located, the value of the material shall not include freight, insurance, packing costs and all other costs incurred in transporting the material from the supplier's warehouse to the place where the producer is located.

4. For purposes of calculating regional value content under Article 4.4, except as provided in Article 4.16.2, for a motor vehicle identified in Article 4.16.3, or a component identified in Annex 4.16(b), the value of non-originating materials used by the producer in the production of a good shall not include the value of non- originating materials used by:

(a) another producer in the production of an originating material that is acquired and used by the producer of the good in the production of that good; or

(b) the producer of the commodity in the production of an intermediate material.

Article 4.6. De Minimis

1. A good shall be considered to be originating if the value of all non-originating materials used in the production of the good that do not comply with the applicable change in tariff classification set out in Annex 4.3 does not exceed 10 percent of the transaction value of the good adjusted on the basis set out in paragraphs 2 or 3, as the case may be, of Article 4.4 or, if the transaction value of the good is not admissible under Article 1 of the Customs Valuation Agreement, if the value of all non-originating materials referred to above does not exceed 10 percent of the total cost of the good.

2. Where the good referred to in paragraph 1 is additionally subject to a regional value content requirement, the value of those non-originating materials shall be taken into account in the calculation of the regional value content of the good and the good shall satisfy the other applicable requirements of this Chapter.

3. A good that is subject to a regional value content requirement set out in Annex 4.3 need not satisfy it if the value of all non-originating materials does not exceed 10 percent of the transaction value of the good adjusted on the basis set out in paragraphs 2 or 3, as the case may be, of Article 4.4, or, where the transaction value of the good is ineligible under Article 1 of the Customs Valuation Agreement, if the value of all non-originating materials referred to above does not exceed 10 percent of the total cost of the good.

4. Paragraph 1 does not apply to:

(a) goods covered by Chapters 50 to 63 of the Harmonized System; and

(6) a non-originating material that is used in the production of goods falling within Chapters 01 through 27 of the Harmonized System, unless the non-originating material falls within a subheading other than that of the good for which origin is being determined in accordance with this Article.

5. A good falling within Chapters 50 through 63 of the Harmonized System that is non-originating because the fibers and yarns, other than elastomeric materials classified in subheading 5402.44 or 5404.11, used in the production of the material that determines the tariff classification of that good, do not comply with the change in tariff classification set out in Annex 4.3, shall nevertheless be considered as originating ifthe total weight of such fibers and yarns of that material does not exceed 10 percent of the total weight of that material.

6. A good of Chapters 50 through 63 of the Harmonized System that is non- originating because the elastomeric materials classified in subheading 5402.44 or 5404.11 used in the production of the material that determines the tariff classification of that good do not comply with the change in tariff classification set out in Annex 4.3 shall nevertheless be considered to be originating if the total weight of the elastomeric materials classified in subheading 5402.44 or 5404.11 does not exceed 7 percent of the total weight of that material.

Article 4.7. Intermediate Materials

1. For purposes of calculating regional value content under Article 4.4, the producer of a good may designate as an intermediate material any self-produced material used in the production of that good, provided that such material complies with Article 4.3, except for the components listed in Annex 4.16(b) and goods of heading 87.06 intended for use in motor vehicles covered by Article 4.16.3.

2. Where an intermediate material is designated and is subject to a regional value content requirement under Annex 4.3, the regional value content shall be calculated as set out in paragraph 5(a) or (b) of Article 4.4.

3. For purposes of calculating the regional value content of the good, the value of the intermediate material shall be the total cost that can reasonably be assigned to that intermediate material in accordance with Annex 4.4.

4. If a material designated as an intermediate material is subject to a regional value content requirement, no other self-produced material subject to a regional value content requirement used in the production of that intermediate material may, in turn, be designated by the producer as an intermediate material.

5. Where a good referred to in Article 4.16.2 is designated as an intermediate material, that designation shall apply only to the calculation of the net cost of that good, and the value of non-originating materials shall be determined in accordance with Article 4.16.2.

Article 4.8. Accumulation

1. Each Party shall provide that:

(a) goods or materials originating in one or more of the Parties, incorporated into a good in the territory of another Party, shall be considered as originating in the territory of that other Party; or

(6) a good is originating when the good is produced in the territory of one or more of the Parties by one or more producers, provided that the good meets the requirements of Article 4.3 and the other applicable requirements of this Chapter.

2. For purposes of cumulation of origin under this Article, the Parties shall apply to an originating good under this Agreement the rate of customs duty set out in Chapter III (National Treatment and Market Access for Goods), provided that:

(a) originating materials originating under this Agreement used in the production of a good in a Central American Party are, in accordance with this Agreement, free of customs duties between Mexico and the Party that produced the material. Notwithstanding the provisions of paragraph 1, in the determination of origin of such good, materials obtained in the Party that do not comply with the above requirements shall be considered as if they had been obtained in a non-Party; or

(b) originating materials pursuant to this Agreement used in the production of a good in Mexico do not correspond to a material specified in accordance with the applicable regimes set out in Annex A of the General Treaty on Central American Economic Integration and are free of customs duties between the importing Central American Party and the other Central American Party that produced the material. Notwithstanding the provisions of paragraph 1, in the determination of origin of such merchandise, materials obtained in the Party that do not comply with the above requirements shall be considered as if they had been obtained in a non-Party;

(c) for originating materials originating under this Agreement to have a common rule of origin in accordance with Annex 4.3, between the Parties involved in the cumulation of origin.

Article 4.9. Extended Accumulation of Origin

1. Where the Parties have established preferential trade arrangements with a non-Party State or group of States, goods or materials originating in such non-Party that are incorporated in a good or material in the territory of a Party shall be considered as originating in the territory of that Party, provided that they comply with the rules of origin applicable to that good or material in accordance with this Agreement.

2. For the implementation of paragraph 1, each Party shall apply provisions equivalent to those set forth in that paragraph with the non-Party State or group of States. The Parties may also establish such other conditions as they deem necessary for the implementation of paragraph 1.

Article 4.10. Goods and Fungible Materials

1. For the purposes of establishing whether a good is originating, when originating and non-originating fungible materials that are physically mixed or combined in inventory are used in its production, the origin of the materials may be determined by one of the inventory management methods set out in paragraph 3.

2. When originating and non-originating fungible goods are physically mixed or combined in inventory, and prior to their exportation they do not undergo any production process or any other operation in the territory of the Party in which they were physically mixed or combined, other than unloading, reloading or any other movement necessary to maintain the goods in good condition or transport them to the territory of the other Party, the origin of the good may be determined from one of the inventory management methods set out in paragraph 3.

3. The applicable inventory management methods for expendable materials or goods shall be as follows:

(a) "PEPS" (first-in-first-out) is the method of inventory management whereby the origin of the number of units of the materials or consumables first received into inventory is considered as the origin, in equal number of units, of the materials or consumables first issued from inventory;

(b) "UEPS" (last-in-first-out) is the method of inventory management whereby the origin of the number of units of expendable materials or goods received last into inventory is considered to be the origin, in equal number of units, of the expendable materials or goods first out of inventory; or

(c) "averaging" is the method of inventory management whereby, except as provided in paragraph 4, the determination as to whether fungible materials or goods are originating shall be made through the application of the following formula:

PMO = TMO / TMOYN x 100 where:

PMO: average of originating materials or consumables;

TMO: total units of the originating materials or consumables that are part of the pre-departure inventory; and

TMOYN: total sum of units of originating and non-originating fungible materials or goods that are part of the inventory prior to departure.

4. In the case that the merchandise is subject to a regional value content requirement, the determination of the non-originating fungible materials shall be made through the application of the following formula:

PMN = TMN / TMOYN x 100

where:

PMN: average of non-originating materials;

TMN: total value of non-originating consumable materials that are part of the inventory prior to departure; and

TMOYN: total value of originating and non-originating consumables forming part of the pre-departure inventory.

5. Once one of the inventory management methods set forth in paragraph 3 has been selected, it should be used throughout the fiscal year or period.

Article 4.11. Sets or Assortments

1. Sets or assortments of goods that are classified according to rule 3 of the General Rules for the Interpretation of the Harmonized System, as well as goods whose description in accordance with the nomenclature of the Harmonized System is specifically that of a set or assortment, shall qualify as originating, provided that each of the goods contained in the set or assortment complies with the rule of origin that has been established for each of the goods in this Chapter.

2. Notwithstanding paragraph 1, a set or assortment of goods shall be considered originating if the value of all the non-originating goods used in the formation of the set or assortment does not exceed 10 percent of the transaction value of the set or assortment adjusted on the basis indicated in paragraphs 2 or 3 as the case may be of Article 4.4, or where the transaction value of the good cannot be determined in accordance with Article 1 of the Customs Valuation Agreement, if the value of all non-originating goods used in the formation of the set does not exceed 10 percent of the total cost of the set.

3. The provisions of this Article shall prevail over the specific rules of origin set forth in Annex 4.3.

Article 4.12. Indirect Materials

Indirect materials shall be considered as originating without regard to the place of their production and the value of such materials shall be the cost of such materials as reported in the accounting records of the producer of the goods.

Article 4.13. Accessories, Spare Parts and Tools

1. Accessories, spare or replacement parts and tools delivered with the good as part of the normal accessories, spare or replacement parts and tools of the good shall be disregarded in determining whether all non-originating materials used in the production of the good comply with the applicable change in tariff classification set out in Annex 4.3, provided that:

(a) accessories, spare or replacement parts and tools are not invoiced separately from the merchandise, regardless of whether they are itemized or detailed separately on the invoice itself; and

(b) the quantity and value of such accessories, spare or replacement parts and tools are those customary for the goods.

2. When the good is subject to a regional value content requirement, the value of accessories, spare parts and tools shall be taken into account as originating or non-originating materials, as the case may be, when calculating the regional value content of the good.

Article 4.14. Retail Containers and Packaging Materials

1. Containers and packaging materials in which a good is presented for retail sale, when classified with the good they contain, shall be disregarded in deciding whether all non-originating materials used in the production of the good comply with the applicable change in tariff classification set out in Annex 4.3.

2. When the good is subject to a regional value content requirement, the value of retail containers and packaging materials shall be considered as originating or non-originating, as the case may be, in calculating the regional value content of the good.

Article 4.15. Containers and Packing Materials for Shipment

Containers and packing materials for shipment shall not be taken into account in determining whether a good is originating.

Article 4.16. Automotive Industry Goods

1. For the purposes of this Article, the following definitions shall apply:

chassis: the bottom plate of a motor vehicle;

class of motor vehicles: any of the following categories of motor vehicles:

(a) motor vehicles of subheading 8702.10 or 8702.90, when they are motor vehicles designed for the transport of 16 persons or more, or of subheading 8701.20, 8704.10, 8704.22, 8704.23, 8704.32 or 8704.90, or of heading 8705 or 8706;

(b) motor vehicles falling under subheading 8701.10 or 8701.30 to 8701.90;

(c) motor vehicles of subheading 8702.10 or 8702.90, when they are motor vehicles designed for the transport of 15 persons or less, or of subheading 8704.21 or 8704.31; or

(d) motor vehicles falling under subheading 8703.21 to 8703.90;

motor vehicle assembler: a producer of motor vehicles and any related person or joint ventures in which the producer participates;

original equipment: material that is incorporated into a motor vehicle prior to the first transfer of title or consignment of the motor vehicle to a person who is not a motor vehicle assembler. Such material is:

(a) a good covered by Annex 4.16(a); or

(b) an automotive component assembly, an automotive component or a material listed in Annex 4.16(b);

model line: a group of motor vehicles having the same platform or the same model name;

model name: the word or group of words, letter or letters, number or numbers or similar designation assigned to a motor vehicle by a marketing division of a motor vehicle assembler for:

(a) differentiate the motor vehicle from other motor vehicles using the same platform design;

(b) associating the motor vehicle with other motor vehicles using a different platform design; or

(c) indicate a platform design;

plant: a building or buildings near but not necessarily adjacent to, machinery, apparatus and accessories that are under the control of a producer and are used for the production of motor vehicles;

platform: the primary assembly of a load-bearing structural assembly of a motor vehicle that determines the basic size of that vehicle and forms the structural base that supports the powertrain, and serves to join the motor vehicle in various types of frames, such as body mount, dimensional frame and unit body; and

motor vehicle: goods of heading 8701, 8702, 8703, 8704, 8705 or 8706.

2. For the purposes of calculating the regional value content when the exporter or producer uses the net cost method established in Article 4.4, for:

(a) goods which are motor vehicles of subheading 8702.10 or 8702.90, when they are motor vehicles designed for the transport of 15 persons or less, or of subheadings 8703.21 through 8703.90, 8704.21 or 8704.31; or

(b) goods covered by Annex 4.16(a), when they are subject to a regional value content and are intended for use as original equipment in the production of goods that are motor vehicles of subheading 8702.10 or 8702.90, when they are motor vehicles designed for the transport of 15 persons or less, or of subheadings 8703.21 through 8703.90, 8704.21 or 8704.31;

the value of the non-originating materials used by the producer in the production of those goods shall be the sum of the values of the non-originating materials, determined in accordance with paragraphs 1 and 2 of Article 4.5, imported from non- Parties covered in Annex 4.16(a) and used in the production of those goods or in the production of any materials used in the production of those goods.

3. For purposes of calculating the regional value content, when the exporter or producer uses the net cost method set out in Article 4.4, for goods that are motor vehicles of heading 8701, subheading 8702.10 or 8702.90, when they are motor vehicles designed to transport 16 or more persons, or subheading 8704.10, 8704.22, 8704.23, 8704.32 or 8704.90 or heading 8705 or 8706, or for a component identified in Annex 4.16(b) for use as original equipment in the production of the motor vehicles described in this paragraph, the value of the non-originating materials used by the producer in the production of the good shall be the sum of:

(a) for each material used by the producer of the good and listed in Exhibit 4.16(b), whether or not produced by that producer, at the producer's option, and determined in accordance with Article 4.5 or Article 4.7.3, either of the following 2 values:

(i) the value of the non-originating material; or

(ii) the value of non-originating materials used in the production of that material; and

(b) the value of any other non-originating material used by the producer of the good, which is not included in Annex 4.16(b), determined in accordance with Article 4.5 or Article 4.7.3.

4. For purposes of calculating the regional value content of a motor vehicle identified in paragraph 2 or 3, the producer may average the calculation over its fiscal year or period using any of the following categories, either on the basis of all motor vehicles in that category, or only motor vehicles in that category that are exported to the territory of the other Party:

(a) the same model line of the same class of motor vehicles produced in the same plant in the territory of a Party;

(b) the same class of motor vehicles produced in the same plant in the territory of a Party;

(c) the same model line of motor vehicles produced in the territory of a Party; or

(d) the same class of motor vehicles produced in the territory of a Party. 5. For purposes of calculating the regional value content of any or all of the goods covered by a tariff classification listed in Annex 4.16(a) or of a component or material listed in Annex 4.16(b), which are produced in the same plant, the producer of the good may:

(a) average your calculation:

(i) in the fiscal year or period of the producer of the motor vehicle to whom the merchandise is sold;

(ii) in any quarterly or monthly period;

(iii) in its own fiscal year or period, if the merchandise is sold as a spare or replacement part;

(b) calculate the average referred to in subsection (a) separately for any or all of the goods sold to one or more producers of motor vehicles; or

(c) in respect of any calculation made pursuant to this paragraph,

calculate separately the regional value content of the goods being exported to the territory of the other Party.

Article 4.17. Non-Originating Transactions and Practices

1. Operations or practices that, individually or in combination, do not confer origin to a good are the following:

(a) simple (2) dilution in water or other substance that does not materially alter the characteristics of the goods;

(b) simple operations intended to ensure the preservation of goods during transport or storage, such as aeration, refrigeration, freezing, removal of damaged parts, drying or addition of substances;

(c) dusting, sieving, screening, shelling, shelling, splitting, painting, grading, sorting, washing or cutting;

(d) packing, repacking, repacking, repacking, repacking, wrapping or repackaging for retail sale or packaging for transportation;

(e) the gathering of goods to form sets or assortments;

(f) the application of trademarks, labels or similar distinctive signs;

(g) cleaning, including the removal of rust, grease, paint or other coatings; and

(h) the assembly of non-originating parts and components to form a completely disassembled good that are classified as a good in accordance with rule 2(a) of the General Rules for the Interpretation of the Harmonized System. The above shall not apply to goods that had already been assembled and considered as originating, and subsequently disassembled for convenience of packaging, handling or transportation.

2. The origin of a good is not conferred by any price-fixing activity or practice in respect of which it can be shown, on the basis of sufficient evidence, that its purpose is to evade compliance with the provisions of this Chapter.

3. The provisions of this Article shall prevail over the specific rules of origin set forth in Annex 4.3.

(2) The term simple describes an activity that does not require special skills, machines, apparatus or equipment specially manufactured or installed to perform the activity.

Article 4.18. Transshipment and Direct Shipment

A good shall not be considered as originating, even if it has been produced in accordance with the requirements of Article 4.3, if:

(a) undergoes further processing, is the subject of a production process, or any other operation outside the territories of the Parties, except unloading, reloading or any other operation necessary to preserve the good in good condition or to transport it to the territory of the other Party; or

(b) does not remain under the control or supervision of the customs authority in the territory of a non-Party State.

Article 4.19. Regional Input Integration Committee

1. The Parties hereby establish the Regional Input Integration Committee (hereinafter referred to as "CIRI").

2. Each Party shall appoint 2 representatives from the public sector and 2 representatives from the private sector to the CIRI.

3. The CIRI will operate while the Treaty is in force.

Article 4.20. Functions of CIRI

1. CIRI shall evaluate the actual and documented inability of a producer of goods in the territory of the Parties to have available in terms of timeliness, volume, quality and price, the materials referred to in paragraph 3 used by the producer in the production of a good.

2. In relation to materials used in the production of a good referred to in paragraph 1:

(a) are those used by the producer in the production of a good classified under the Harmonized System listed in Annex 4.20; and

(b) its use is required by the rule of origin set forth in Annex 4.3 for that good.

3. Annex 4.20 may be modified at any time by consensus between the Parties.

Article 4.21. Procedure

1. For the purposes of Article 4.20, the CIRI shall conduct an investigation procedure that shall be initiated at the request of a Party or the Administrative Commission. This procedure shall commence within 5 days of receipt of the request and the documentation supporting it.

2. In the course of this procedure, CIRI will evaluate the evidence submitted to it.

Article 4.22. Deadlines, CIRI's Opinion and Notification

1. The CIRI will issue an opinion to the Administrative Commission within 30 days from the date of initiation of the investigation procedure.

2. CIRI shall rule on the inability of the producer to dispose of materials under the terms of Article 4.20.1 and, where such inability is established, on the terms and conditions of the waiver required in the use of the materials referred to in Article 4.20.3 in order for a good to qualify for preferential tariff treatment.

3. The CIRI shall forward its opinion to the Administrative Commission within 5 days of its issuance.

Article 4.23. Resolution of the Administrative Committee

1. If CIRI issues an opinion under the terms of Article 4.22, the Administrative Commission shall issue a decision no later than 10 days from receipt of the opinion, unless it agrees to a different time limit.

2. When the incapacity referred to in Article 4.20.1 is established, the decision of the Administrative Commission shall establish a waiver, under the terms and conditions agreed by CIRI in its opinion, for the use of the materials referred to in Article 4.20.3, with such modifications as it deems appropriate.

3. If the Administrative Commission has not ruled within the period indicated in paragraph 1, the opinion of the CIRI shall be considered ratified and the case resolved.

4. The decision referred to in paragraph 2 shall be valid for a maximum of one year from the date of its issuance, depending on the causes of shortage for which it was issued. At the request of the Party concerned and within 90 days prior to its expiration, the Administrative Commission may extend, after review by the CIRI, its decision for an equal period if the causes that gave rise to it persist and the necessary information is provided to demonstrate that the waiver was used. In case of extension, the initially authorized volume will be reduced to 50 percent in the following dispensation when such volume has been utilized in less than 30 percent of what was authorized; if the utilization is greater than or equal to 30 percent, the initially authorized volume will be maintained for the following dispensation.

5. The decision contained in paragraph 4 may: (a) refuse to grant the waiver; or (6) grant a waiver in accordance with the provisions of paragraph 2.

6. Any Party may, at any time during its term, request a review of the decision of the Administrative Commission. The Administrative Commission may remove commodities from the decision referred to in paragraph 4 at the request of an interested Party, and after consultation with CIRI.

Article 4.24. Referral to the Administrative Commission

1. If the CIRI does not issue the opinion referred to in Article 4.22 within the time limits established therein, because there is no consensus on the case in question, the consultations referred to in Article 17.6 (Consultations) shall be deemed concluded and the case shall be referred to the Administrative Commission within 5 days following the expiration of that period.

2. For the purposes of paragraph 1, the Administrative Commission shall issue a decision under the terms of Article 4.23. If the Administrative Commission does not issue a decision, the provisions of Articles 17.8 (Request for Establishment of Arbitration Panel) to 17.12 (Model Rules of Procedure) and 17.16 (Final Report) to 17.18 (Default and Suspension of Benefits) shall apply, in accordance with the provisions of paragraphs 3 to 7.

3. For the purposes of paragraph 2, the time limit for the establishment of the Arbitral Panel referred to in Article 17.10 (Establishment of the Arbitral Panel) shall be 20 days, counted from the day following the day on which the request for the establishment of the Arbitral Panel was submitted; and the time limit for the issuance of the final report referred to in Article 17.16 (Final Report) shall be 40 days, counted from the day following the day of the establishment of the Arbitral Panel.

4. For the purposes of paragraph 2, it shall be understood that the mandate of the Arbitration Panel shall be to issue a report in terms of Article 4.22.2.

5. The final report of the Arbitration Panel shall be binding on the Parties and, if it decides on the waiver referred to in Article 4.22.2, it shall be valid for a maximum of one year. At the request of the Party concerned, within 90 days prior to its expiration and after review by the CIRI, the Administrative Commission may extend the waiver for an equal term depending on the cause of shortage for which it was issued, if the causes that gave rise to it persist.

6. The complaining Party may invoke the provisions of paragraphs 1 to 3 of Article 17.18 (Noncompliance and Suspension of Benefits), if the Arbitration Panel rules in its favor and the Party complained against fails to comply with the final report within the time limit set by the Arbitration Panel.

7. The Party complained against may invoke the provisions of Article 17.19 (Review of Suspension of Benefits or of Compliance).

Article 4.25. Operating Regulations

To facilitate the administration of the provisions of Articles 4.19 through 4.18 4.24 the Parties shall endeavor and work towards having an Operating Regulation to be adopted by the Administrative Commission immediately after the entry into force of this Agreement, or failing that, no later than 60 working days after the entry into force of this Agreement.

Article 4.26. Transitional Provisions for the Effects of Cumulation of Article 4.8

1. Parties for which this Agreement has entered into force pursuant to Article 21.2 (Entry into Force), may use materials originating in a Central American State for which this Agreement has not yet entered into force. This provision shall apply for a period of 2 years from the entry into force of the Agreement between Mexico and a Central American State.

2. For the purposes of the application of paragraph 1, materials from a Central American State that does not have this Agreement in force, which are used by a producer or exporter in the territory of a Party and which are incorporated in a good that is exported to the territory of another Party, shall be considered originating materials for the purpose of cumulation provided for in Article 4.8, provided that such materials comply with the specific rules of origin and other applicable provisions of the free trade agreement in force between Mexico and the Central American State that supplies such materials.

3. In case of doubts about the origin of the aforementioned materials, the exporter of the merchandise must demonstrate the origin of such materials. The documents that demonstrate the origin of these materials may include a certificate of origin issued within the framework of the free trade agreement in force between Mexico and the Central American State that supplies said material, with the necessary applicable adjustments.

4. In the event that any doubt remains as to the origin of the accumulated materials referred to in paragraph 1 of this Article, the Parties agree to that its authority to review the origin of such materials, in accordance with the free trade agreement in force between that Party to the Agreement and the Party supplying the accumulated material, remains unaffected.

Chapter V. Customs Procedures Relating to the Origin of Goods

Article 5.1. Definitions

1. For the purposes of this Chapter, the following definitions shall apply:

competent authority: the authority responsible for the application of the provisions of this Chapter, in accordance with Annex 5.1;

advance ruling: a ruling issued by the competent authority, in accordance with Article 5.11;

exporter: a person located in the territory of a Party from which the good is exported;

commercial importation: the importation of a good into the territory of a Party for the purpose of sale or use for commercial, industrial or similar purposes;

importer: a person located in the territory of a Party into which the good is imported; Determination of origin resolution: a resolution issued by the competent authority as a result of a verification that establishes whether a good qualifies as originating, in accordance with Chapter IV (Rules of Origin);

preferential tariff treatment: the application of the corresponding tariff rate or duty to an originating good, in accordance with Annex 3.4 (Tariff Treatment Schedule);

value: the value of a good or material for the purposes of the application of Chapter IV (Rules of Origin); and

customs value: the value of a good for the purpose of calculating customs duties in accordance with the national legislation of each Party.

2. In addition to the definitions set forth in this Article, the definitions set forth in Chapter IV (Rules of Origin) shall be applicable, as applicable.

Article 5.2. Declaration and Certification of Origin

1. For the purposes of this Chapter, the Parties shall agree on a single format for the certificate of origin and a single format for the declaration of origin, which may be issued in written or electronic form, shall enter into force together with this Agreement, and may be subsequently modified by the Administrative Commission.

2. The certificate of origin shall serve to certify that a good being exported from the territory of one Party to the territory of another Party qualifies as originating.

3. A certificate of origin shall be considered valid when it is drawn up in the format referred to in paragraph 1, and when it is completed and signed by the exporter of the good in the territory of a Party, in accordance with the provisions of this Chapter and with the provisions of its instructions for completion.

4. Each Party shall provide that its exporters shall complete and sign a certificate of origin in respect of the export of a good for which an importer may claim preferential tariff treatment, except as provided in Article 5.5.

5. Each Party shall provide that when an exporter is not the producer of the good, it shall complete and sign the certificate of origin on the basis of:

(a) its knowledge that the good qualifies as originating; or

(b) the declaration of origin covering the merchandise to be exported, which must be completed and signed by the producer of the merchandise and voluntarily provided to the exporter.

6. Each Party shall provide that the certificate of origin completed and signed by the exporter shall cover:

(a) asingle import of one or more goods; or (b) several imports of identical goods to be made within a period specified by the exporter in the certificate of origin, which shall not exceed the period set forth in paragraph 7. 7. Each Party shall provide that the certificate of origin shall be accepted by the competent authority of the importing Party for a period of one year from the date of signature.

Article 5.3. Obligations with Respect to Imports

1. Each Party shall require an importer claiming preferential tariff treatment for a good imported into its territory from the territory of another Party to:

(a) declare in writing, in the import declaration provided for in its national legislation, on the basis of a valid certificate of

origin in the terms of Article 5.2.3, that the good qualifies as originating;

(b) has the certificate of origin in its possession at the time the declaration is made; and

(c) provide a copy of the certificate of origin when requested by your competent authority.

2. Each Party shall provide that, when the importer that has requested preferential tariff treatment has reason to believe that the certificate of origin on which its import declaration is based contains incorrect information, it shall submit a corrected declaration and pay the corresponding customs duties. The importer shall not be penalized when he voluntarily files the aforementioned declaration before the competent authority has initiated the exercise of its verification or verification powers.

3. Each Party shall provide that, where its importer fails to comply with any of the requirements set out in paragraphs 1 and 2, preferential tariff treatment shall be denied to the good imported from the territory of another Party for which the preference was claimed.

4. Each Party shall provide that, where preferential tariff treatment has not been requested for a good imported into its territory and it is subsequently determined that the good qualifies as originating, the importer of the good, within one year from the date of importation, may request a refund of duties paid in excess because preferential tariff tteatment was not granted to the good, provided that the request is accompanied by:

(a) aletter stating that the merchandise qualified as originating at the time of importation;

(b) acopy of the certificate of origin; and

(c) documentation related to the importation of the good, in accordance with the national legislation of that Party.

Article 5.4. Obligations with Respect to Exports

1. Each Party shall provide that its exporter or producer, who has completed and signed a certificate or declaration of origin, shall furnish a copy of the certificate or declaration of origin, if any, to its competent authority upon request.

2. Each Party shall provide that its exporter or producer, who has completed and signed a certificate or a declaration of origin and has reason to believe that that certificate or declaration contains incorrect information, promptly notifies in writing any change that may affect the accuracy or validity of the certificate or declaration of origin to all persons to whom he has given the certificate or declaration of origin, as well as in accordance with the national legislation of each Party to the competent authority of the exporting Party, in which case he may not be penalized for having presented an incorrect certificate or declaration of origin before the competent authority of the importing Party has initiated the exercise of its powers of verification or verification.

3. The competent authority of the exporting Party shall inform the competent authority of the importing Party in writing of the notification of the exporter or producer referred to in paragraph 2.

4. Each Party shall provide that a false certification or declaration of origin made by its exporter or producer to the effect that a good to be exported to the territory of another Party qualifies as originating shall have the same legal consequences, as determined by its domestic legislation, as those that would apply to its importer who makes false declarations or representations in contravention of its domestic laws and regulations.

Article 5.5. Exceptions

Provided that it is not part of 2 or more imports made for the purpose of evading compliance with the requirements of Articles 5.2 and 5.3, the Parties shall not require a certificate of origin when:

(a) the importation for commercial purposes of goods whose customs value does not exceed US$1,000 or its equivalent in national currency or such greater amount as may be established by the importing Party, but the invoice may be required to contain a declaration that the good qualifies as originating;

(b) the importation for non-commercial purposes of goods the customs value of which does not exceed US$1,000 or its equivalent in national currency or such greater amount as may be established by the importing Party; and

(c) the importation of a good for which the importing Party has waived the requirement to present the certificate of origin.

Article 5.6. Accounting Records

Each Party shall provide that:

(a) its exporter or producer who completes and signs a certificate or declaration of origin keep in the territory where it is located, for at least 5 years after the date of signature of that certificate or declaration of origin, all records and documents relating to the origin of the good, as applicable, including those relating to:

(i) the acquisition, costs, value and payment of merchandise exported from its territory;

(ii) the acquisition, costs, value and payment of all materials used in the production of the merchandise exported from its territory; and

(iii) the production process of the goods in the form in which they are exported from its territory;

(b) for the purposes of the origin verification process set out in Article 5.7, the exporter or producer provides to the competent authority of the importing Party the records and documents referred to in subparagraph (a). Where the records and documents are not in the possession of the exporter or producer, the exporter or producer may request the records and documents from the producer or supplier of the materials to be provided through him to the competent authority conducting the verification of origin; and

(c) an importer that obtained preferential tariff treatment for a good that was imported into the territory of that Party from the territory of another Party, retains in the territory where it is located, for at least 5 years from the date of importation, the certificate of origin and all other documentation relating to the importation required by the importing Party.

Article 5.7. Procedures for Verification of Origin

1. The importing Party may request from the exporting Party information regarding the origin of a good through its competent authority.

2. To determine whether a good being imported into the territory of a Party from the territory of another Party under preferential tariff treatment qualifies as originating, the importing Party may, through its competent authority, verify the origin of the good by one or more of the following means:

(a) written questionnaires addressed to exporters or producers in the territory of another Party;

(b) written requests addressed to exporters or producers in the territory of another Party;

(c) verification visits to an exporter or producer in the territory of another Party, for the purpose of examining the records and documents evidencing compliance with the rules of origin in accordance with Article 5.6, and inspecting the production process at the place where the production of the good is carried out and, if applicable, that of the materials; or

(d) other procedures agreed upon by the Parties.

The process of verification of origin referred to in this paragraph shall be brought to the attention of the competent authority of the exporting Party.

The competent authority of the importing Party shall notify the importer of the initiation of the origin verification process referred to in this paragraph.

3. For the purposes of this Article, shipments and notifications made by the competent authority of the importing Party, which carries out the verification of origin, to its importers in its territory or to the exporters or producers of another Party, may be made by any of the following means:

(a) certified mail with return receipt requested;

(b) any other means of recording receipt of such document by the importer, exporter or producer; or

(c) any other means agreed upon by the Parties.

4. For the purposes of this Article, shipments or notifications made at the place declared as the domicile of the exporter or producer in the certificate of origin shall be considered valid.

5. The provisions of paragraph 2 shall be without prejudice to the exercise of the powers of verification of the competent authorities of the importing Party, in relation to the fulfillment of the other obligations, over its own importers, exporters or producers.

6. The exporter or producer that receives a questionnaire or a request in accordance with subparagraphs (a) and (b) of paragraph 2, shall respond and return it within a period of no more than 30 days from the date on which it was received. During this period, the exporter or producer may request in writing to the competent authority of the importing Party an extension, which in its case shall not exceed 30 days. This request for extension shall not result in the denial of preferential tariff treatment.

The importer shall have a period of 30 days from the notification of the initiation of the process of verification of origin to provide the documents, evidence or statements it deems relevant, and may only once request in writing to the competent authority of the importing Party an extension, which may not exceed 30 days. If the importer does not provide such documentation, it shall not be sufficient reason to deny preferential tariff treatment, without prejudice to the provisions of the preceding paragraph.

7. Each Party shall provide that where the exporter or producer has received the questionnaire or request referred to in subparagraphs (a) and (b) of paragraph 2 and fails to respond in accordance with the information requested and the competent authority of the importing Party determines that the information obtained is not sufficient to demonstrate the origin of the good, or does not answer any of the questionnaires or requests within the corresponding term, the importing Party may deny preferential tariff tteatment to the good or goods that have been subject to the verification of origin, by means of a written resolution addressed to the importer, exporter or producer, which shall include the findings of fact and the legal basis for the resolution.

8. Each Party shall provide that when it has received the questionnaire or request referred to in subparagraphs (a) and (b) of paragraph 2, answered within the corresponding period, and it considers that it requires more information to resolve on the origin of the good or goods subject to the verification of origin, it may request additional information from the exporter or producer, by means of subsequent questionnaires or requests. In this case, the exporter or producer must respond and return the requested information within a period of no more than 30 days, counted from the date on which it was received.

9. Before carrying out an origin verification visit pursuant to paragraph 2(c), the competent authority of the importing Party shall be required to notify in writing its intention to carry out the visit to the exporter or producer, to the competent authority of the Party in whose territory the visit is to take place and, if the latter so requests, to the embassy of that Party in the territory of the importing Party. The competent authority of the importing Party shall request the written consent of the exporter or producer to be visited.

10. The notification referred to in paragraph 9 shall contain:

(a) identification of the competent authority making the notification;

(b) the name of the exporter or producer to be visited;

(c) the date and place of the proposed verification of origin visit;

(d) the purpose and scope of the proposed verification of origin visit, making specific mention of the good or goods subject to verification of origin to which the certificate or certificates of origin refer;

(e) the names and positions of the officials who will carry out the verification of origin visit; and

(f) the legal basis for the verification of origin visit.

11. Any modification to the information referred to in paragraph 10(e) shall be notified in writing to the exporter or producer and to the competent authority of the exporting Party prior to the verification of origin visit. Any modification to the information referred to in subparagraphs (a), (b), (c), (d) and (f) of paragraph 10 shall be notified under the terms of paragraph 9.

12. If within 15 days following the date of receipt of the notification of the proposed verification of origin visit pursuant to paragraph 9, the exporter or producer does not give its written consent to the verification of origin visit, the importing Party may deny preferential tariff treatment to the good or goods that would have been the subject of the verification of origin visit, by means of a written resolution addressed to the importer, exporter or producer, which shall include the findings of fact and the legal basis for the resolution.

13. Each Party shall provide that, where its exporter or producer receives a notification pursuant to paragraph 9, within 15 days from the date of receipt of the notification, it may request the competent authority of the importing Party to postpone the date of the proposed origin verification visit for a period not exceeding 30 days from the date on which the visit was proposed or for such longer period as the Parties may agree.

14. A Party may not deny preferential tariff treatment solely on the basis of the postponement of the verification of origin

visit pursuant to paragraph 13.

15. Each Party shall allow the exporter or producer, whose good or goods are the subject of a verification of origin visit, to designate 2 observers to be present during the visit, provided that the observers intervene only in that capacity. Failure to designate observers by the exporter or producer shall not have the effect of postponing the visit.

16. The competent authority of the importing Party shall draw up a record of the visit containing the facts found by it. Said report may be signed by the producer or exporter and the observers designated by them.

17. In the event that the exporter or producer fails to provide the records and documents referred to in Article 5.6(b) or when the competent authority of the importing Party determines, based on the information obtained as a result of a verification of origin, that a good or goods subject to the verification of origin does not qualify as originating, such authority shall send to the producer or exporter, a duly substantiated and reasoned letter, explaining the intention to deny preferential tariff treatment with respect to such good or goods, and shall grant a period of 30 days from the date of receipt of such letter, to provide the documents or records it deems necessary.

18. Within 120 days following the date on which the 30-day period referred to in paragraph 17 ends, the competent authority shall issue a written determination of origin resolution to the importer, exporter or producer, whose merchandise or goods have been the subject of the verification of origin, determining whether or not the merchandise qualifies as originating, which shall include the findings of fact and the legal basis for the determination, a copy of which shall be sent to the importer. For the issuance of such determination, the authority shall take into consideration the documents or records provided by the exporter or producer within the 30-day period referred to in paragraph 17.

19. Each Party shall provide that, where its competent authority determines that a good imported into its territory does not qualify as originating according to the tariff classification or value applied by that Party to one or more materials used in the production of the good, and this differs from the tariff classification or value applied to the materials by the Party from whose territory the good was exported, the determination of that Party shall be effective until it notifies in writing the importer of the good and the person who has completed and signed the certificate of origin covering the good.

20. The resolution referred to in paragraph 19 shall not apply to imports made prior to the date on which such resolution takes effect, when:

(a) the competent authority of the importing Party has issued an advance ruling in accordance with Article 5.11; and

(b) the advance criterion referred to in subparagraph (a) is prior to the initiation of the verification of origin.

21. When the verification of origin carried out by a Party establishes that the exporter or producer has certified or declared more than once, falsely or unfoundedly, that a good qualifies as originating, the importing Party shall suspend preferential tariff treatment to identical goods exported or produced by that person, until that person proves that it complies with the provisions of Chapter IV (Rules of Origin).

Article 5.8. Consularization

When conducting a verification of origin pursuant to Article 5.7, the Parties shall not require consular invoices or consular visas for the certificate of origin and the records and documents set out in Article 5.6 relating to the origin of the good that is the subject of the verification of origin.

Article 5.9. Confidentiality

1. Each Party shall, in accordance with the provisions of its domestic law, maintain the confidentiality of information obtained in accordance with the provisions of this Chapter and shall protect it from any disclosure that could prejudice the person providing the information.

2. Confidential information obtained in accordance with the provisions of this Chapter may only be disclosed to the authorities responsible for the administration and enforcement of rulings on determination of origin and customs and tax matters.

Article 5.10. Sanctions

Each Party shall establish or maintain criminal, civil or administrative penalties for violations of its laws and regulations relating to the provisions of this Chapter.

Article 5.11. Anticipated Criteria

1. Each Party shall provide, through its competent authority, for the expeditious issuance of written advance rulings prior to the importation of a good into its territory. The advance rulings shall be issued by the competent authority of the territory of the importing Party, at the request of its importer or the exporter or producer in the territory of another Party, based on the facts and circumstances stated by them, with respect to the origin of the goods.

2. The anticipated criteria do not constitute necessary and indispensable requirements for the importation of goods under preferential tariff treatment.

3. The anticipated criteria will deal with:

(a) whether the merchandise qualifies as originating, in accordance with the provisions of Chapter IV (Rules of Origin);

(b) whether the non-originating materials used in the production of a good comply with the applicable change in classification tariff schedule set out in Annex 4 .3 (Specific Rules of Origin); and Specific Rules of Origin);

(c) whether the good meets the regional value content requirement set forth in Chapter IV (Rules of Origin);

(d) whether the method applied by the exporter or producer in the territory of another Party, in accordance with the principles of the Customs Valuation Agreement for the calculation of the transaction value of the good or materials used in the production of a good for which an advance ruling is requested, is adequate to determine whether the good meets the regional value content requirement under Chapter IV (Rules of Origin);

(e) whether the country of origin marking made or proposed for a good satisfies the provisions of Article 3.15 (Country of Origin Marking); and

(f) such other matters as the Parties may agree.

4. Each Party shall adopt or maintain procedures for the issuance of advance criteria upon official publication, including at least:

(a) information reasonably required to process the request;

(b) the power of its competent authority to request, at any time, additional information from the person requesting the advance ruling during the process of evaluating the request;

(c) a period of 120 days for its competent authority to issue the advance ruling, once it has obtained all the necessary information from the person requesting it; and

(d) the obligation to explain in a complete, well-founded and motivated manner, the reasons for the anticipated criterion.

5. Each Party shall apply the advance criteria to imports into its territory as of the date of issuance of the criterion, or such later date as may be specified therein, unless the advance criterion is modified or revoked in accordance with paragraph 7.

6. Each Party shall accord to any person requesting an advance ruling the same treatment, and the same interpretation and application of the provisions of Chapter IV (Rules of Origin) relating to the determination of origin, as it has accorded to any other person to whom it has issued an advance ruling, when the facts and circumstances are identical in all material respects.

7. The anticipated criterion may be modified or revoked by the competent authority, when:

(a) the anticipated criterion was based on an error:

(i) in fact;

(ii) in the tariff classification of the good or materials subject to the criterion; or

(iii) in the application of the regional value content requirement, in accordance with the provisions of Chapter IV (Rules of Origin);

(b) does not conform to an interpretation agreed between the Parties or a modification with respect to Article 3.15 (Country of Origin Marking) or Chapter IV (Rules of Origin);

(c) the circumstances or facts on which it is based change; (d) is intended to comply with an administrative or judicial decision; or (e) is based on information that is determined to be incorrect or false.

8. Each Party shall provide that any modification or revocation of an advance ruling shall take effect on the date on which it is issued or on a later date specified therein, and may not be applied to imports of a good made prior to those dates, unless the person to whom it is issued has not acted in accordance with its terms and conditions.

9. Notwithstanding paragraph 8, the Party issuing the advance ruling shall postpone the effective date of the modification or revocation for a period of not less than 45 days, when the person to whom the advance ruling was issued has relied on that ruling in good faith.

10. Each Party shall provide that, when examining the regional value content of a good for which an advance ruling has been issued, its competent authority shall assess whether:

(a) the exporter or producer complies with the terms and conditions of the anticipated criterion;

(b) the exporter's or producer's operations are consistent with the circumstances and substantial facts on which such judgment is based; and

(c) the supporting data and calculations used in the application of the criterion or method for calculating the value or assigning the cost are correct in all material respects.

11. Each Party shall provide that, where its competent authority determines that any of the requirements set forth in paragraph 10 have not been met, the competent authority may modify or revoke the advance ruling, as the circumstances warrant.

12. Each Party shall provide that, where an advance ruling is issued to a person who has misrepresented or omitted material circumstances or facts on which the advance ruling is based, or has not acted in accordance with the terms and conditions of the advance ruling, the competent authority issuing the advance ruling may apply the measures set forth in the domestic law of each Party.

13. Each Party shall provide that the holder of an advance ruling may not use it if there is a substantial change in the facts and circumstances on which the competent authority relied to issue it.

14. The validity of an advance ruling shall be subject to the continuing obligation of the holder of the advance ruling to inform the competent authority of any substantial change in the facts or circumstances on which the authority relied to issue that ruling.

Article 5.12. Review and Challenge

1. Each Party shall grant rights of review and challenge of determinations of origin and advance rulings provided for its importers in its domestic legislation, to exporters or producers of another Party who:

(a) complete and sign a certificate or declaration of origin covering a good that has been the subject of a determination of origin pursuant to Article 5.7.18; or

(b) have received an advance criterion in accordance with the provisions of Article 5.11.

2. The rights referred to in paragraph 1 include:

(a) access to at least one instance of administrative review, independent of the official or agency responsible for the determination of origin or advance ruling subject to review, in accordance with the national legislation of each Party; and

(b) access to an instance of judicial review of the decision or decision taken at the last instance of administrative review, in accordance with the national legislation of each Party.

Article 5.13. Invoicing by a Third Country

In the case of imports of originating goods in accordance with the provisions of the Treaty, the invoice presented with the import declaration may be issued by a person located outside the territory of the exporting Party.

Article 5.14. Committee on Origin, Customs Procedures Relating to the Origin of Goods and Trade Facilitation

1. The Parties establish the Committee on Origin, Customs Procedures Relating to the Origin of Goods and Trade Facilitation. The Committee shall be composed of representatives of each of the Parties and shall assist the Administrative

Commission in the performance of its functions.

2. The Committee shall be formed by means of an exchange of communications in which its representatives shall be designated.

3. The Committee shall establish, if it deems it appropriate, its rules of procedure.

4. The meetings of the Committee shall be held at the request of the Administrative Commission, the Free Trade Coordinators or at the request of any of the Parties, to deal with matters of interest to them. However, the Committee shall meet in regular session at least once a year, unless otherwise agreed by the Parties, and in special session as often as necessary within 30 days from the date of the request made pursuant to this paragraph.

5. The Committee's resolutions shall be adopted by consensus and reported to the appropriate bodies.

6. The meetings of the Committee may be held in person or by any technological means. When the meetings are face-to-face, they shall be held alternately in the territory of each Party, and it shall be the responsibility of the host Party to organize the meeting.

7. Notwithstanding the provisions of paragraph 1, the Committee may meet to discuss bilateral matters of interest to Mexico and one or more Central American Parties, provided that the other Parties are notified sufficiently in advance so that, if appropriate, they may participate in the meeting. Agreements arising from the meeting shall be adopted by consensus among the Parties involved in the bilateral matter and shall not prejudice or affect the rights of the other Parties.

8. The functions of the Committee shall include:

(a) to monitor the implementation and administration of Chapters IV (Rules of Origin), V (Customs Procedures Relating to the Origin of Goods) and VI (Trade Facilitation), as well as Annex 3.16 (Preferential Tariff Treatment for Goods Classified in Chapter 62 of the Harmonized System Incorporating Materials of the United States of America);

(b) to make appropriate recommendations to the Administrative Commission on matters within its competence;

(c) seek to reach agreements on:

(i) tariff classification and customs valuation issues related to origin determinations;

(ii) adaptation to Annex 4.3 (Specific Rules of Origin) due to amendments to the Harmonized System;

(iii) amendments to the certificate or declaration of origin referred to in Article 5.2; and

(iv) notification by countries of changes in their nomenclature or internal provisions on rules of origin and customs procedures for the handling of the origin of goods affecting this Agreement; and

recommend the adoption of these to the Administrative Commission, when appropriate;

(d) to deal with matters relating to the interpretation, application and administration of Chapters IV (Rules of Origin), V (Customs Procedures Relating to the Origin of Goods) and VI (Trade Facilitation), as well as Annex 3.16 (Preferential Tariff Treatment for Goods Classified in Chapter 62 of the Harmonized System Incorporating Materials of the United States of America); and

(e) any other matter instructed by the Administrative Commission.

9. Any Party that considers that Chapters IV (Rules of Origin), V (Customs Procedures Relating to the Origin of Goods) and VI (Trade Facilitation) and their annexes, as well as Annex 3.16 (Preferential Tariff Treatment for Goods Classified in Chapter 62 of the Harmonized System Incorporating Materials of the United States of America), require modification, due to changes in the development of production processes or other matters, may submit a proposal for modification to the Committee for its consideration and the reasons and studies that support it. The Committee shall submit a report to the Administrative Commission no later than 90 days from the receipt of the proposal.

Article 5.15. Uniform Regulations

1. The Parties shall agree on Uniform Regulations concerning the interpretation, application and administration of this Chapter, Chapter IV (Rules of Origin) and such other chapters of this Agreement as the Parties may agree, which shall be adopted by the Administrative Commission. These Regulations shall be implemented by the Parties through their respective laws and regulations no later than 60 days after the entry into force of this Agreement.

2. Any amendments or additions to the Uniform Regulations shall be adopted by the Administrative Commission in accordance with Article 19.1.3(b) (Administrative Commission), and implemented by each Party no later than 90 days after their adoption, or such other period as the Parties may agree.

Chapter VI. Trade Facilitation

Article 6.1. Definitions

For the purposes of this Chapter, the following definitions shall apply:

WCO: the World Customs Organization; and

Authorized Economic Operators: the actors involved in the logistics chain of international trade of goods, including, among others, manufacturers, importers, exporters, carriers, customs brokers, intermediaries, ports, airports, terminal operators, warehouses and bonded warehouses.

Article 6.2. Publication

1. Each Party shall publish, including via the Internet, its customs legislation, regulations and administrative procedures of a general nature.

2. Each Party shall, to the extent possible, make available to the public, in electronic form, all forms issued by the competent entities of a Party that must be completed for the importation or exportation of a good.

3. Each Party shall, to the extent practicable, make known in advance any regulation of general application in customs matters that it proposes to adopt and give interested persons of the other Party the opportunity to comment prior to its adoption, in accordance with its national legislation.

4. Each Party shall designate or maintain one or more points of contact to respond to inquiries from interested persons on customs matters and shall make available on the Internet information regarding the procedures adopted to formulate and respond to inquiries.

Article 6.3. Dispatch of Goods

1. Each Party shall adopt or maintain simplified customs procedures for the efficient clearance of goods in order to facilitate trade between them.

2. For the purposes of paragraph 1, each Party shall:

(a) allow, as far as possible, goods to be cleared at the point of arrival, without temporary transfer to warehouses or other premises; and

(b) implement procedures that allow goods to be cleared within a period no longer than that required to ensure compliance with its customs legislation and, to the extent possible, to clear goods within 48 hours of arrival, provided that all legal requirements for clearance are met.

Article 6.4. Risk Management

1. Each Party shall endeavor to adopt or maintain risk management systems aimed at facilitating and simplifying the processing and procedures for the clearance of low-risk goods, and orient its inspection and control activities towards the clearance of high-risk goods.

2. Risk management systems shall not be designed or applied to create a disguised restriction on trade between the Parties.

Article 6.5. Automation

1. Customs authorities shall endeavor to use information technology that will expedite the procedures for the release of goods. In choosing the information technology to be used for that purpose, each Party shall:

(a) will make efforts to use international standards;

(b) will make electronic systems accessible to customs users;

(c) provide for the electronic transmission and processing of information and data prior to the arrival of the shipment, in order to allow the clearance of goods upon arrival;

(d) use electronic or automated systems for risk analysis and risk management;

(e) work on the development of compatible electronic systems between the customs authorities of the Parties to facilitate the exchange of international trade data between governments; and

(f) work to develop a set of common data elements and processes in accordance with the Customs Data Model and related WCO recommendations and guidelines.

2. Customs authorities shall, to the extent possible, accept electronically submitted forms, to be provided by an importer or exporter, as the legal equivalent of the printed version.

Article 6.6. Cooperation

1. In order to facilitate the effective operation of this Agreement, each Party shall endeavor to give prior notice to the other Party of any significant modification of its import laws or regulations that may affect the implementation of this Agreement.

2. The Parties shall cooperate to achieve compliance with their respective laws and regulations with respect to:

(a) the implementation and operation of the provisions of this Agreement relating to imports or exports, including applications and procedures of origin;

(b) the implementation and operation of the Customs Valuation Agreement;

(c) restrictions or prohibitions on imports or exports;

(d) training of staff and users, and

(e) such other customs matters as the Parties may agree.

3. When a Party has reasonable suspicions of any unlawful activity related to its import legislation or regulations, it may request the other Party to provide specific information, normally collected in the course of the importation of goods. This is provided that the Party providing the information does not contravene its national legislation.

4. For the purposes of paragraph 3, "reasonable suspicion of any unlawful activity" means a suspicion based on relevant factual information obtained from public or private sources, including one or more of the following:

(a) historical evidence of non-compliance with import legislation or regulations by an importer or exporter;

(b) historical evidence of non-compliance with import legislation or regulations by a manufacturer, producer or other person involved in the movement of goods from the territory of one Party into the territory of the other Party;

(c) historical evidence that any or all persons involved in the movement of goods from the territory of one Party into the territory of the other Party, for a specific product sector, have not complied with the Party's import legislation or regulations; or

(d) other information that the requesting Party and the Party from which the information is requested agree is sufficient in the context of a particular request.

5. A Party's request under paragraph 3 shall be in writing, shall specify the purpose for which the information is required and whether the request is urgent, and shall identify the information requested with sufficient specificity for the other Party to locate and provide it in accordance with its domestic law.

6. The Party from which the information is requested shall, in accordance with its national law and any relevant international agreement to which it is a party, provide a written response containing such information.

7. Each Party shall endeavor to provide the other Party with any additional information that may assist that Party in determining whether imports or exports from or to the territory of that Party comply with the import laws or regulations of the other Party, in particular those relating to the prevention of illicit activities, such as smuggling and the like.

8. In order to facilitate trade between the Parties, each Party shall endeavor to provide the other Party with technical advice and assistance for the purpose of improving risk assessment and risk management techniques, simplifying and expediting customs procedures for the timely and efficient clearance of goods, improving the technical skills of personnel, and

increasing the use of technologies that may lead to better compliance with a Party's import legislation or regulations.

9. The Parties shall make efforts to cooperate in:

(a) strengthen each Party's ability to enforce import legislation or regulations;

(b) establishing and maintaining other channels of communication to facilitate the secure and rapid exchange of information; and

(c) improve coordination in import-related matters.

10. The Parties agree to enter into mutual assistance agreements between the customs authorities of Mexico and each Central American Party.

11. The Parties agree to review and update, when necessary, the mutual assistance agreements between the customs authorities of Mexico and each Central American Party.

Article 6.7. Confidentiality

1. Where a Party provides information to the other Party pursuant to this Chapter and designates it as confidential, the other Party shall maintain the confidentiality of such information. The Party providing the information may require a written assurance from the requesting Party that such information will be kept confidential, that it will be used only for the purposes specified in the other Party's request for information, and that it will not be disclosed without specific permission from the Party providing the information.

2. A Party may refuse to provide the information requested by the other Party where the requesting Party does not provide the assurance provided for in paragraph 1, or where the information requested contravenes its domestic law.

3. Each Party shall adopt or maintain procedures to ensure that confidential information provided by a Party, including information the dissemination of which could prejudice the competitive position of the person providing it, is protected from unauthorized disclosure.

Article 6.8. Expedited Delivery Shipments

The Parties shall adopt or maintain expedited customs procedures for fast delivery shipments, maintaining appropriate screening and selection systems. These procedures shall:

(a) provide for the electronic transmission and processing of information necessary for the clearance of a fast delivery shipment prior to its arrival;

(b) to allow the electronic presentation of a single manifest covering all the goods contained in a shipment transported by an express delivery service;

(c) provide for the release of certain goods with a minimum of documentation, in accordance with its national legislation; and

(d) under normal circumstances, provide for the clearance of expedited shipments within 6 hours of presentation of the necessary customs documents, provided the shipment has arrived and no irregularities have been detected.

Article 6.9. Means of Challenge

Each Party shall ensure, with respect to its administrative acts on customs matters, access to:

(a) an administrative review body independent of the official or agency issuing the administrative acts, in accordance with its national legislation; and

(b) ajudicial review instance of the decision or of the decision taken at the last administrative review instance, in accordance with its national legislation.

Article 6.10. Sanctions

The Parties shall adopt or maintain a system that allows for the imposition of civil or administrative penalties and, where appropriate, criminal penalties for violations of their customs laws and regulations, including those governing tariff

classification, customs valuation, country of origin and claims for preferential tariff treatment under this Agreement.

Article 6.11. Authorized Economic Operators

1. Each Party shall promote the implementation of Authorized Economic Operators in accordance with the WCO Framework of Standards to Secure and Facilitate Global Trade (known as the SAFE Framework of Standards), with the objective of strengthening the security of the international trade supply chain and facilitating the clearance of its goods. The obligations, requirements, formalities and benefits of Authorized Economic Operators will be established in accordance with their national legislation.

2. The Parties may negotiate the mutual recognition of their Authorized Economic Operators, with the objective of avoiding the duplication of security controls and contributing significantly to the facilitation and control of goods circulating in the international trade logistics chain.

Article 6.12. Single Window for Foreign Trade

Each Party shall promote the creation of a foreign trade single window toexpedite and facilitate trade. To the extent possible, the Parties shall seek the interconnection between their respective windows.

Chapter VII. Trade Defense

Section A. Bilateral Safeguards Measures

Article 7.1. Definitions

For the purposes of this Section, the following definitions shall apply:

threat of serious harm: the clear imminence of serious harm based on facts and not merely on allegation, conjecture or remote possibility;

competent investigating authority:

(a) In the case of Costa Rica, the Trade Defense Directorate of the Ministry of Economy, Industry and Commerce;

(b) in the case of El Salvador, the Directorate for the Administration of Trade Agreements of the Ministry of Economy;

(c) In the case of Guatemala, the Direcci6n de AdministraciÃ©n del Comercio Exterior del Ministerio de Economia;

(d) in the case of Honduras, the General Directorate for Economic Integration and Trade Policy of the Secretariat of State in the Offices of Industry and Commerce;

(e) in the case of Mexico, the International Trade Practices Unit of the Ministry of Economy; and

(f) in the case of Nicaragua, the Directorate for the Implementation and Negotiation of Trade Agreements;

or their successors;

serious injury: a significant overall impairment of the condition of a domestic industry;

directly competing merchandise: that which, not being similar to the one being compared, is essentially equivalent for commercial purposes because it is dedicated to the same use and is interchangeable with it;

similar merchandise: that which, although not identical in all respects to the merchandise with which it is compared, has similar characteristics and composition, which allows it to fulfill the same functions and be commercially interchangeable with it;

transition period: the period of tariff relief applicable to each good under the Tariff Treatment Program, plus an additional period of 2 years after the tariff relief for the good in question ends; and

domestic industry: the group of producers of like or directly competitive goods operating in the territory of a Party, or those producers whose collective production of like or directly competitive goods constitutes a major proportion of the total domestic production of that good.

Article 7.2. Imposition of a Bilateral Safeguard Measure

1. A Party may apply a measure described in paragraph 2, only during the transition period, if it has determined that as a result of the reduction or elimination of a customs duty under this Agreement, an originating good is imported into the territory of the Party in such increased quantities in absolute terms or relative to domestic production and under such conditions as to constitute serious injury or threat thereof to the domestic industry producing a like or directly competitive good.

2. If the conditions set out in paragraph 1 are met, to the extent necessary to prevent or remedy serious injury or threat of serious injury and to facilitate adjustment, a Party may:

(a) suspend the future reduction of any customs duties provided for in this Agreement for the good; or

(b) increase the customs duty for the good to a level not to exceed the lesser of (1):

(i) the MFN customs tariff applied at the time the measure is applied, or

(ii) the MFN customs tariff applied on the day immediately preceding the entry into force of this Agreement.

3. No Party may adopt bilateral safeguard measures on goods that are subject to tariff-rate quotas provided for in this Agreement.

4. No Party may maintain a bilateral safeguard measure:

(a) for a period exceeding 2 years, including the duration of a provisional safeguard measure taken pursuant to Article 7.4, except that this period may be extended for an additional year, if the competent investigating authority determines, in accordance with the procedures set forth in Article 7.3, that the measure continues to be necessary to prevent or remedy serious injury and to facilitate adjustment, and that there is evidence that the domestic industry has been complying with the adjustment plan; and

(b) after the expiration of the transition period, except with the consent of the other Party.

5. In order to facilitate adjustment in a situation where the expected duration of a bilateral safeguard measure exceeds one year, the Party applying the measure shall progressively release it at regular intervals during the period of application.

6. The Parties may adopt a bilateral safeguard for a second time on the same good, provided that a period equal to the duration of the previous bilateral safeguard measure, including any extension, has elapsed, starting from the termination of the previous bilateral safeguard measure. The duration of this measure shall not exceed 18 months.

7. Upon termination of the application of the bilateral safeguard measure, the customs duty that shall apply to the good in question shall be the one that corresponds to that date according to the Tariff Treatment Program.

8. No Party may apply a bilateral safeguard measure before one year has elapsed from the date of entry into force of this Agreement.

(1) The Parties confirm that bilateral safeguards may only consist of customs duties and may not take the form of other quantitative restrictions.

Article 7.3. Investigation Procedures and Transparency Requirements

1. A Party may apply a safeguard measure only after an investigation conducted by its competent investigating authority, in accordance with Articles 3 and 4.2(c) of the Agreement on Safeguards. For these purposes, Articles 3 and 4.2(c) of the Agreement on Safeguards are incorporated into this Agreement and form an integral part thereof, mutatis mutandis.

2. In the investigation described in paragraph 1, the Party shall comply with the requirements of Article 4.2(a) and (b) of the Agreement on Safeguards. For these purposes, Article 4.2(a) and (b) of the Agreement on Safeguards are incorporated into this Agreement and form an integral part thereof, mutatis mutandis.

Article 7.4. Provisional Bilateral Safeguard Measures

1. In critical circumstances, where any delay would cause injury which would be difficult to repair, a Party may apply a provisional bilateral safeguard measure pursuant to a preliminary determination that there is clear evidence that increased

imports from the other Party have caused or are threatening to cause serious injury to the domestic industry.

2. The duration of the provisional bilateral safeguard shall not exceed 200 days and shall take any of the forms provided for in Article 7.2.2 during which the relevant requirements of Articles 7.2 and 7.3 must be met.

7.3. The guarantees or economic resources received for provisional measures shall be released or reimbursed promptly when it is determined that it is not appropriate to apply a definitive safeguard.

Article 7.5. Notification and Consultation

1. A Party shall promptly notify in writing the other Party that may be affected, when:

(a) initiate a bilateral safeguard procedure in accordance with this Section;

(6) adoptan interim bilateral safeguard measure; and (c) adopta definitive bilateral safeguard measure or decide to extend it.

2. In addition to the referred notification, the Party that carries out any of the actions referred to in paragraph 1, shall publish its determination in the corresponding official dissemination organs.

3. The Party conducting a bilateral safeguard proceeding shall provide to the Party whose good is subject to such proceeding a copy of the public version of the final report of its competent investigating authority required under Article 7.3.1.

4. Upon request of the Party whose good is subject to a bilateral safeguard proceeding under this Chapter, the Party conducting the proceeding shall enter into consultations with the requesting Party with a view to reviewing the notifications under paragraph 1 or any public notice or report issued by the competent investigating authority in connection with such proceeding.

Article 7.6. Compensation

1. The Party applying a bilateral safeguard measure shall, after consultation with the Party against whose good the measure is applied, provide to that Party mutually agreed trade liberalizing compensation in the form of concessions having substantially equivalent effect on trade or equivalent to the value of the additional customs duties applied as a result of the measure. The Party against whose good the bilateral safeguard measure is applied shall provide an opportunity for such consultations within 30 days of the application of the final bilateral safeguard measure.

2. If consultations under paragraph 1 do not result in a trade liberalization compensation agreement or are not completed within 30 days, the Party against whose good the bilateral safeguard measure is applied may suspend the granting of tariff concessions substantially equivalent to those of the bilateral safeguard measure.

3. A Party that decides to suspend tariff concessions pursuant to paragraph 2 shall notify the Party applying the bilateral safeguard measure in writing at least 30 days prior to suspending concessions.

4. The obligation to grant compensation pursuant to paragraph 1 and the right to suspend tariff concessions pursuant to paragraph 2 shall terminate on the date on which the bilateral safeguard measure is eliminated.

Section B. Global Safeguarding Measures

Article 7.7. Global Safeguarding Measures

1. Each Party retains its rights and obligations under Article XIX of the GATT 1994 and the Agreement on Safeguards.

2. This Section confers no additional rights or obligations on the Parties with respect to actions taken pursuant to Article XIX of the GATT 1994 and the Agreement on Safeguards, except the obligation that the Party imposing a global safeguard measure shall exclude imports of a good originating in the other Party, if such imports:

(a) donotrepresent a substantial part of total imports; and

(b) do not contribute significantly to the serious harm or threat of serious harm.

3. For the purposes of paragraph 2, the following criteria shall be taken into account:

(a) imports of a good from the other Party shall not normally be considered to account for a substantial part of total imports

if they are not among the top 5 suppliers of the good subject to the proceeding, based on their share of total imports of that good during the immediately preceding 3 years;

(b) imports from the other Party shall not normally be considered to contribute importantly to serious injury or threat of serious injury if their rate of growth during the period in which the injurious increase in imports is substantially less than the rate of growth of total imports of the like or directly competitive merchandise from all sources of supply during the same period; and

(c) changes in the Party's share of total imports and the volume of imports shall be taken into account in the determination of material contribution to serious injury or threat of serious injury.

4. No Party shall apply, with respect to the same good and during the same period:

(a) a bilateral safeguard measure; and

(b) a measure under Article XIX of GATT 1994 and the Agreement on Safeguards.

5. Except for the provisions set forth in paragraphs 2, 3 and 4, Chapter XVII (Dispute Settlement) shall not apply to this Section.

Section C. Antidumping and Countervailing Measures

Article 7.8. Antidumping and Countervailing Measures

1. Each Party retains its rights and obligations under Articles VI and XVI of the GATT 1994, the Antidumping Agreement and the Agreement on Subsidies and Countervailing Measures.

2. Nothing in this Agreement, including the provisions of Chapter XVII (Dispute Settlement), shall be construed to impose any rights or obligations on the Parties with respect to antidumping and countervailing duty measures.

Section D. Cooperation between the Parties

Article 7.9. Cooperation

The Parties agree to establish a mechanism for cooperation between their competent investigating authorities, which may include, among others, the exchange of non-confidential information from trade defense investigations with third parties and technical assistance.

Chapter VIII. Sanitary and Phytosanitary Measures

Article 8.1. Definitions

For the purposes of this Chapter, the following definitions shall apply: competent authority: those authorities legally responsible for ensuring compliance with the sanitary and phytosanitary requirements of this Chapter, and those responsible for developing and issuing sanitary and phytosanitary measures.

In addition, the definitions set forth in Annex A of the SPS Agreement shall be used, and for matters not provided for in that Annex, those established by:

(a) the World Organization for Animal Health (hereinafter "OIE");

(b) the International Plant Protection Convention (hereinafter "IPPC"); and

(c) the Codex Alimentarius Commission.

Article 8.2. Objectives

The objectives of this Chapter are to protect human, animal and plant life and health in the territories of the Parties, as well as to facilitate and increase trade in goods by identifying, preventing and eliminating unnecessary barriers to trade between the Parties that may arise as a result of the preparation, adoption and application of sanitary and phytosanitary measures within the terms of the SPS Agreement.

Article 8.3. Incorporation of Rights and Obligations

The rights and obligations established in the SPS Agreement are incorporated into and form part of this Agreement, without prejudice to the provisions of this Chapter.

Article 8.4. Scope of Application

This Chapter applies to all sanitary and phytosanitary measures that may directly or indirectly affect trade in goods between the Parties.

Article 8.5. Rights and Obligations

1. The Parties may adopt, maintain or apply sanitary or phytosanitary measures to achieve an appropriate level of sanitary or phytosanitary protection, provided they are based on scientific principles.

2. The Parties may adopt, maintain or apply sanitary or phytosanitary measures with a higher level of protection than that which would be achieved by the application of a measure based on an international standard, guideline or recommendation, provided that there is scientific justification for doing so.

3. No Party may adopt, maintain or apply sanitary or phytosanitary measures that have the purpose or the effect of creating a disguised restriction on trade or an unnecessary obstacle to trade.

Article 8.6. Equivalence

At the request of the exporting Party, the importing Party shall accept the equivalence of a sanitary or phytosanitary measure even if it differs from its own, provided that the exporting Party objectively demonstrates that such measure provides an adequate level of sanitary and phytosanitary protection. For these purposes, the Parties shall hold consultations for such recognition, based on international standards and guidelines or recommendations and the SPS Agreement.

Article 8.7. Risk Assessment and Appropriate Level of SPS Protection

1. In addition to the provisions of Article 5 of the SPS Agreement, when conducting a risk assessment on a commodity, including food additives and physical, chemical and biological contaminants, the Parties shall take into account the following factors:

(a) epidemiology of diseases and pests at risk;

(b) critical control points in the production, handling, packing, packaging, packing and transportation processes; and

(c) the applicable quarantine measures and treatments that satisfy the importing Party in terms of risk mitigation.

2. When the exporting Party requests access of its products and by-products to the market of the importing Party, the latter shall respond within a period not exceeding 30 days, informing whether:

(a) a risk assessment is necessary, as well as the procedures and information required for its preparation;

(b) once the exporting Party has submitted sufficient information to the importing Party to complete the risk assessment referred to in subparagraph (a), both Parties shall agree on a time period for completion of the risk assessment and, where appropriate, the importing Party shall immediately modify the provisional sanitary or phytosanitary measure; and

(c) upon completion of the risk analysis process, the resulting document and its supporting documentation shall be communicated to the exporting Party.

3. Where a Party is able to achieve its appropriate level of protection through the gradual application of a sanitary or phytosanitary measure, it may, at the request of the other Party and in accordance with this Chapter, allow such gradual application or grant specific exceptions for the measure, during established periods, taking into consideration the export interests of the requesting Party.

Article 8.8. Recognition of Pest or Disease Free Areas or Zones and Areas or Zones of Low Prevalence of Pests or Diseases

1. The Parties recognize the concept of pest- or disease-free areas or zones and areas or zones of low pest or disease prevalence, in accordance with the SPS Agreement, as well as the standards, guidelines, recommendations and recognitions of the OIE and IPPC.

2. For the purposes of paragraph 1, the Committee on Sanitary and Phytosanitary Measures shall develop a procedure.

Article 8.9. Control, Inspection and Approval Procedures

1. The Parties, through the Committee on Sanitary and Phytosanitary Measures, shall establish control, inspection and approval procedures, taking into consideration Article 8 and Annex C of the SPS Agreement.

2. The costs arising from the control, inspection and approval procedures shall be borne by the interested parties.

Article 8.10. Transparency

1. The Parties shall make their best efforts to make known their annual or semi- annual work program on sanitary and phytosanitary measures at the same time that it is made public to their nationals.

2. The Parties shall transmit, preferably electronically, to the notification and information services established in accordance with the SPS Agreement, the draft sanitary and phytosanitary regulations they intend to adopt. Each Party shall ensure that the draft sanitary and phytosanitary regulations it intends to adopt are subject to consultations for a period of 60 days, so that the Party concerned may be aware of their content, as well as to allow for comments from any Party or interested persons, and that these may be considered. Emergency situations shall be exempt from the aforementioned period, in accordance with Annex B of the SPS Agreement.

3. Where a Party considers that a sanitary or phytosanitary measure of the other Party adversely affects or may adversely affect its exports, and the measure is not based on relevant international standards, guidelines or recommendations, it may request that Party to inform it in writing, within a period not exceeding 30 days, of the reasons for the measure.

4. Additionally, the Parties shall notify each other:

(a) changes occurring in the field of animal health and food safety, such as the appearance of exotic diseases or sanitary alerts in food products within 24 hours of the diagnostic detection of the problem;

(b) changes in the phytosanitary field, such as the appearance of quarantine pests or the spread of pests under official control, within 72 hours of their verification;

(c) findings of epidemiological importance and significant changes in relation to diseases and pests not included in subparagraphs (a) and (b) that may affect trade between the Parties, within a maximum period of 10 days;

(d) disease outbreaks in which the consumption of imported processed or unprocessed foods is scientifically proven to be causal;

(e) the causes or reasons why a good of the exporting Party is rejected, within 7 days, with the exception of emergency situations, which shall be notified immediately; and/or

(f) the exchange of information on matters related to the development and application of sanitary and phytosanitary measures that affect or may affect trade between the Parties, with a view to minimizing their negative effects on trade.

Article 8.11. Emergency Measures

1. The importing Party may adopt, for reasons of high risk to human, animal or plant life or health, emergency measures necessary for their protection, in accordance with the provisions of paragraph 2 of Annex B of the SPS Agreement. For shipments in transit between the Parties, the importing Party shall consider the most appropriate and proportionate solution to avoid unnecessary disruptions to trade.

2. The importing Party that adopts the measures provided for in paragraph 1 shall inform the exporting Party at the latest within 3 days of their adoption. The exporting Party may request any information related to the sanitary and phytosanitary situation and the measures adopted by the importing Party, and the importing Party shall respond as soon as the requested information is available.

3. Any of the Parties involved may request consultations related to the situation within 15 days of the request. These consultations shall be carried out in order to avoid unnecessary interruptions to trade, considering options that facilitate the

implementation or even the substitution of the measures.

Article 8.12. Regulatory Cooperation

1. Regulatory cooperation between the Parties aims to strengthen mechanisms to increase transparency in the processes of sanitary and phytosanitary measures, as well as to simplify regulatory processes and promote the compatibility and harmonization of sanitary and phytosanitary measures.

2. The Parties, through the Committee on Sanitary and Phytosanitary Measures, shall create work programs at the bilateral or regional level on regulatory cooperation that include the regulatory authorities involved, the corresponding sectors and work schedules, in order to establish specific actions to facilitate trade between the Parties.

3. Regulatory cooperation activities may include, but are not limited to:

(a) exchange of information in order to learn about the regulatory systems of the other Parties;

(b) Promote the harmonization and compatibility of sanitary and phytosanitary measures, based on the standards, guidelines and recommendations of the competent international organizations;

(c) promote the recognition of equivalence of sanitary and phytosanitary measures;

(d) to the extent possible, to bring common positions, based on mutual interests, to the competent international organizations; and

(e) development of mechanisms for technical assistance and confidence building between the Parties.

Article 8.13. Technical Cooperation

1. The Parties shall:

(a) facilitate the provision of technical assistance, on mutually agreed terms and conditions, to strengthen their sanitary and phytosanitary measures and related activities, including research, process technology, and infrastructure, among others; and

(b) provide information on their technical assistance programs related to sanitary or phytosanitary measures in areas of particular interest.

2. Expenditures derived from technical assistance activities shall be subject to the availability of economic resources and priorities in this area for each Party.

Article 8.14. Committee on Sanitary and Phytosanitary Measures

1. The Parties establish the Committee on Sanitary and Phytosanitary Measures. The Committee shall be composed of representatives of each of the Parties, with responsibilities in sanitary, phytosanitary and food safety matters, and shall assist the Administrative Commission in the performance of its functions.

2. The Committee shall be formed by means of an exchange of communications in which its representatives shall be designated. The deadline for its installation shall be within 90 days from the entry into force of this Agreement.

3. The Committee shall establish, if it deems it appropriate, its rules of procedure. 4. The meetings of the Committee shall be held at the request of the Administrative Commission, the Free Trade Agreement Coordinators or at the request of any of the Parties, to deal with matters of interest to them.

5. The Committee's resolutions shall be adopted by consensus and reported to the appropriate bodies.

6. The Committee shall meet in ordinary session at least once a year, unless otherwise agreed by the Parties, and in extraordinary session as often as necessary, within 30 days from the date of the request made in accordance with paragraph 4. The meetings of the Committee may be held in person or through any technological means. When the meetings are held in person, they shall be held alternately in the territory of each Party, and it shall be the responsibility of the host Party to organize the meeting.

7. Notwithstanding the provisions of paragraph 1, the Committee may meet to discuss bilateral matters of interest to Mexico and one or more Central American Parties, provided that the other Parties are notified sufficiently in advance so that, if appropriate, they may participate in the meeting. Agreements arising from the meeting shall be adopted by

consensus among the Parties involved in the bilateral matter and shall have effect only with respect to them.

8. The functions of the Committee shall include:

(a) monitoring the implementation and administration of this Chapter;

(b) to make appropriate recommendations to the Administrative Commission on matters within its competence;

(c) facilitate technical consultations and issue expeditious recommendations on specific sanitary, phytosanitary and food safety matters, as well as serve as a forum for the discussion of problems arising from the application of specific sanitary or phytosanitary measures, with a view to reaching mutually acceptable alternatives;

(d) establish ad hoc technical working groups in the areas of animal health, plant health or food safety, and indicate their mandate and terms of reference, with the objective of addressing a matter mandated by the Committee;

(e) agree on actions, procedures and deadlines for the recognition of equivalencies; the streamlining of the risk assessment process; the recognition of pest- or disease-free areas or Zones and areas or zones of low pest or disease prevalence and control, inspection and approval procedures, recommending the adoption of these to the Administrative Commission;

(f) consult on issues, positions and agendas for meetings of the WTO Committee on Sanitary and Phytosanitary Measures, the various Codex Alimentarius Committees (including meetings of the Codex Alimentarius Commission); the IPPC; the OIE and other international and regional fora on food safety, human and animal health and plant health;

(g) create work programs on regulatory cooperation, taking into consideration the activities established in Article 8.12, for the facilitation of trade between the Parties;

(h) coordinate the exchange of information on sanitary and phytosanitary measures between the Parties;

(i) carry out the necessary actions for the training and specialization of technical personnel by promoting the exchange of technical experts, including cooperation in the development, application and enforcement of sanitary and phytosanitary measures;

(j) report annually to the Administrative Commission on the application of this Chapter; and

(k) any other matter in connection with this Chapter instructed by the Administrative Commission.

Article 8.15. Technical Consultations

1. The Parties may hold technical consultations on specific trade concerns involving Mexico and one or more Central American Parties. In this case, Mexico and the Party or Parties involved shall meet in the modality they agree upon (such as face-to-face meetings, videoconferences or others), in order to seek a solution.

2. The Party or Parties requested to hold technical consultations shall meet with the requesting Party or Parties (in the agreed modality) within 15 days of the request and, if necessary, may request additional time.

Chapter IX. Technical Barriers to Trade

Article 9.1. Definitions

For the purposes of this Chapter, the terms and definitions included in Annex 1 of the TBT Agreement, ISO/IEC Guide 2 "General Terms and their Definitions in Relation to Standardization and Related Activities", and ISO/IEC Standard 17000 "Vocabulary and General Principles - Conformity Assessment", in force, shall apply.

Article 9.2. Objective

The objective of this Chapter is to facilitate and increase trade in goods by identifying, preventing and eliminating unnecessary obstacles to trade between the Parties that may arise as a result of the preparation, adoption and application of standards, technical regulations and conformity assessment procedures.

Article 9.3. Incorporation of Rights and Obligations

The rights and obligations established in the TBT Agreement are incorporated into and form part of this Agreement, without prejudice to the provisions of this Chapter.

Article 9.4. Rights and Obligations

1. Each Party may set the level of protection it considers appropriate to achieve its legitimate objectives. Likewise, it may develop, adopt or maintain the necessary measures to ensure compliance with its standards, technical regulations and conformity assessment procedures, in accordance with the provisions of the TBT Agreement.

2. The Parties shall use as a basis for the elaboration, adoption and application of their standards, technical regulations and conformity assessment procedures, international standards, guidelines and recommendations or those of imminent formulation, except when these do not constitute an effective or adequate means to achieve their legitimate objectives, in accordance with the provisions of the TBT Agreement.

3. Standards, technical regulations and conformity assessment procedures shall be prepared, adopted and applied so as to accord to products imported from the other Party treatment no less favorable than that accorded to like products of national origin and to like products imported from another Party or non-Party.

4. To the extent possible, the Parties shall comply with the present and future recommendations issued by the WTO Committee on Technical Barriers to Trade, derived from the triennial reviews conducted within the Committee.

Article 9.5. Scope of Application

1. This Chapter applies to standards, technical regulations and conformity assessment procedures (1) developed, adopted and applied by the Parties, as defined in the TBT Agreement, that may directly or indirectly affect trade in goods between the Parties.

2. This Chapter does not apply to sanitary and phytosanitary measures, nor to purchase specifications established by governmental institutions for their production or consumption needs.

(1) For greater certainty, the Parties understand that any reference in this Chapter to standards, technical regulations, or conformity assessment procedures includes those relating to metrology.

Article 9.6. Standards

1. The Parties reiterate their obligation under Article 4.1 of the TBT Agreement to ensure that their standardizing bodies accept and comply with the Code of Good Practice for the Preparation, Adoption and Application of Standards set out in Annex 3 of the TBT Agreement.

2. To the extent possible, the Parties shall comply with the application of the principles set forth in the Decisions and Recommendations adopted by the WTO Committee on Technical Barriers to Trade since January 1, 1995 (Document G/TBT/1/Rev.9, published by the WTO on September 8, 2008).

3. The Parties shall promote the application of ISO/IEC Guides 21-1:2005, 21- 2:2005, or those that replace them, in the adoption of international standards.

Article 9.7. Technical Regulations

1. As regards technical regulations, the provisions of Article 2.7 of the TBT Agreement shall apply.

2. When a Party does not consider a technical regulation under the terms of Article 2.7 of the TBT Agreement, it shall provide reasons for its decision.

Article 9.8. Conformity Assessment

1. To the extent possible, a Party shall accept the results of conformity assessment procedures with respect to standards and technical regulations of the other Party, even if those procedures differ from its own, provided that it is satisfied that they provide a degree of conformity with the relevant technical regulations or standards equivalent to that provided by the procedures that the accepting Party carries out or the result of which it accepts.

2. If a Party does not accept the results of a conformity assessment procedure carried out in the territory of the other Party, it shall give reasons for its decision.

3. Without prejudice to the provisions of paragraphs 1 and 2, the Parties may enter into negotiations for the conclusion of mutual recognition agreements between competent bodies in areas of conformity assessment, following the principles of the TBT Agreement and the recommendations issued by its Committee.

4. If a Party rejects a request by the other Party to enter into or conclude negotiations to reach a mutual recognition agreement to facilitate the acceptance in its territory of the results of conformity assessment procedures carried out by bodies in the territory of the other Party, it shall give reasons for its decision.

5. The Parties shall encourage that the activities developed within the framework of technical cooperation and assistance serve as a reference in a process of recognition of conformity assessment.

6. Each Party shall accredit, approve or, in accordance with its national legislation, recognize conformity assessment bodies in the territory of the other Party, under terms no less favorable than those granted to conformity assessment bodies in its territory.

7. If a Party refuses to accredit, approve or, in accordance with its national legislation, recognize a conformity assessment body in the territory of the other Party, it shall give reasons for its decision.

Article 9.9. Transparency

1. The Parties shall transmit to each other, preferably electronically, through the contact point established by each Party under Article 10 of the TBT Agreement, the notifications of draft technical regulations and conformity assessment procedures referred to in Articles 2.9, 3.2, 5.6 and 7.2 of the TBT Agreement, at the same time that the Party notifies the WTO, under the terms of the TBT Agreement.

2. To the extent possible, the Parties shall communicate those draft technical regulations or conformity assessment procedures that are consistent with the technical content of relevant international standards, guidelines or recommendations.

3. The Parties shall, to the extent possible, publicize their annual or semi-annual work program on standards, technical regulations and conformity assessment procedures at the same time that it is made public to their nationals.

4. Each Party shall provide a period of at least 60 days for interested parties of the other Party to have the opportunity to provide comments and consultations on the notified draft technical regulation or conformity assessment procedure; and to take into consideration such comments and consultations. To the extent possible, a Party shall give favorable consideration to requests to extend the period established for comments.

5. In cases of urgency, when a Party makes a notification of a technical regulation or conformity assessment procedure adopted under Articles 2.10, 3.2, 5.7 and 7.2 of the TBT Agreement, it shall preferably transmit it electronically to the other Party, through the established contact point, at the same time that Party notifies the WTO under the terms of the TBT Agreement. To the extent possible, the Parties shall communicate those technical regulations or conformity assessment procedures that are consistent with the technical content of the relevant international standards, guidelines or recommendations.

6. Each Party shall publish or make available to the public its responses to comments received, if possible, before the date on which the final technical regulation or conformity assessment procedure is published.

7. Each Party shall, upon request of the other Party, provide information on the objective and justification of a technical regulation or conformity assessment procedure that the Party has adopted or proposes to adopt. To the extent possible, each Party shall promote technological mechanisms that favor the exchange of information at stages prior to the publication of draft technical regulations and/or conformity assessment procedures.

8. The Parties shall ensure the transparency of their technical regulations and conformity assessment procedures by publishing the drafts thereof, as well as those adopted, on official, free and publicly accessible websites, to the extent that they exist or are implemented.

9. The authorities of the Parties responsible for the notification referred to in this Article are listed in Annex 9.9.

Article 9.10. Regulatory Cooperation

1. Regulatory cooperation between the Parties has the following objectives, among others:

(a) strengthen mechanisms to increase transparency in the technical regulation, standardization and conformity assessment

processes;

(b) simplifying compliance with the requirements established in technical regulations and conformity assessment procedures; and

(c) promote the compatibility and harmonization of technical regulations, standards and conformity assessment procedures.

2. The Parties, through the Committee on Technical Barriers to Trade, shall create work programs on regulatory cooperation at the bilateral or regional level. Such programs shall establish the regulatory authorities involved, the corresponding sectors and work schedules, in order to establish specific actions to facilitate trade between the Parties.

3. Regulatory cooperation activities may include, but are not limited to:

(a) in the field of standardization and technical regulations:

(i) exchange of information in order to learn about the regulatory systems of the Parties;

(ii) harmonization and compatibility of standards and technical regulations, based on international standards, guides and guidelines;

(iii) to the extent possible, bring common positions to international standardization forums, based on mutual interests;

(iv) development of mechanisms for technical assistance and confidence building between the Parties; and

(v) each Party shall allow nationals of the other Party to participate in the development of its standards, technical regulations and conformity assessment procedures;

(b) in the area of conformity assessment:

(i) promote the compatibility and harmonization of conformity assessment procedures;

(ii) encourage the conclusion of mutual recognition agreements to recognize the conformity assessment results of the other Party and thereby simplify testing, inspection, certification and accreditation procedures, under the principles of mutual and satisfactory benefits; and

(iii) to encourage private bodies, which carry out conformity assessment activities in the territories of the Parties, to enter into mutual recognition agreements with each other.

Article 9.11. Technical Cooperation

The Parties agree to provide technical cooperation and assistance to each other, under mutually agreed terms and conditions, for the purpose of, among others:

(a) to promote the application of this Chapter;

(b) to promote the implementation of the TBT Agreement;

(c) strengthen the capacities of their respective standardization, technical regulation, conformity assessment, metrology, and information and notification systems in the area of the TBT Agreement;

(d) collaborate in the formation and training of human resources;

(e) collaborate in the development and implementation of international standards, guidelines or recommendations;

(f) collaborate in the strengthening of good regulatory practices; and

(g) share information of a non-confidential nature that has served as a basis for a Party in the development of a technical regulation.

Article 9.12. Committee on Technical Barriers to Trade

1. The Parties establish the Committee on Technical Barriers to Trade. The Committee shall be composed of representatives of each Party, in accordance with Annex 9.12, and shall assist the Administrative Commission in the performance of its functions.

2. The Committee shall establish, if it deems it appropriate, its rules of procedure.

3. The meetings of the Committee shall be held at the request of the Administrative Commission, the Free Trade Agreement Coordinators or at the request of any of the Parties to deal with matters of interest to them.

4. The Committee's resolutions shall be adopted by consensus and reported to the appropriate bodies.

5. The Committee shall meet in ordinary session at least once a year, unless otherwise agreed by the Parties, and in extraordinary session as often as necessary within 30 days from the date of the request made in accordance with paragraph 3. The meetings of the Committee may be held in person or through any technological means. When the meetings are in person, they shall be held alternately in the territory of each Party, and it shall be the responsibility of the host Party to organize the meeting.

6. Notwithstanding the provisions of paragraph 1, the Committee may meet to discuss bilateral matters of interest to Mexico and one or more Central American Parties, provided that the other Parties are notified sufficiently in advance so that, if appropriate, they may participate in the meeting. Agreements arising from the meeting shall be adopted by consensus among the Parties involved in the bilateral matter and shall have effect only with respect to them.

7. The functions of the Committee shall include: (a) monitoring the implementation and administration of this Chapter;

(b) to make appropriate recommendations to the Administrative Commission on matters within its competence;

(c) facilitate technical consultations and issue expeditious recommendations on specific issues related to technical barriers to trade, as well as serve as a forum for the discussion of problems arising from the application of specific standards, technical regulations and conformity assessment procedures, with a view to reaching mutually acceptable alternatives;

(d) establish ad hoc technical working groups on technical barriers to trade and indicate their mandate and terms of reference, with the objective of addressing a matter mandated by the Committee;

(e) consult on issues, positions and agendas for meetings of the TBT Agreement Committee, the various international standardization bodies and other international and regional fora on technical barriers to trade;

(f) create work programs on regulatory cooperation, taking into account the activities established in Article 9.10, for the facilitation of trade between the Parties;

(g) carry out the necessary actions for the training and specialization of technical personnel by promoting the exchange of technical experts, including cooperation in the development, implementation and enforcement of technical regulations, standards and conformity assessment procedures;

(h) report annually to the Administrative Commission on the application of this Chapter; and

(i) any other matter instructed by the Administrative Commission.

Article 9.13. Technical Consultation

1. The Parties may hold technical consultations on specific trade concerns involving Mexico and one or more Central American Parties. In this case, Mexico and the Party or Parties involved shall meet in the modality they agree upon (such as face-to-face meetings, videoconferences or others) in order to seek a solution.

2. The Party or Parties requested to hold technical consultations shall meet with the requesting Party or Parties (in the agreed modality) within 15 days of the request and, if necessary, may request additional time.

Article 9.14. Exchange of Information

In accordance with the provisions of this Chapter, any information or explanation requested by a Party shall be provided by the other Party in printed or electronic form within a reasonable period. The Party shall endeavor to respond to each request within 30 days of the submission of such request and, if necessary, may request additional time.

Chapter X. Public Procurement

Article 10.1. Definitions

For the purposes of this Chapter, the following definitions shall apply:

special compensatory conditions: conditions or commitments imposed or considered by a contracting entity to promote

local development or improve a Party's balance of payments accounts through local content requirements, licensing for the use of technology, investment, compensatory trade or similar requirements;

procuring entity: an entity listed in Annex 10.2;

written or in writing: any expression in words or numbers that can be read, reproduced and subsequently communicated and includes information transmitted and stored electronically;

technical specification: a specification that establishes the characteristics of the goods to be procured or their related processes and production methods, or the characteristics of services to be procured or their related methods of operation, including applicable administrative provisions and requirements related to evaluation procedures that a procuring entity fixes. A technical specification may also include or refer exclusively to matters relating to terminology, symbols, packaging, or marking or labeling requirements applicable to a good, process, service, or method of production or operation;

conformity assessment procedure: any procedure used, directly or indirectly, to determine that the relevant requirements of technical regulations or standards are fulfilled;

open tendering procedures: any type of procurement method of a Party, except direct procurement methods as set forth in Article 10.13, provided that such methods are consistent with this Chapter;

supplier: a person who has provided, provides or may provide goods or services to a contracting entity;

publish: to disseminate information through an electronic or paper medium that is widely distributed and readily available to the general public; and

services: includes construction services, unless otherwise specified.

Article 10.2. Scope of Application and Coverage

1. This Chapter applies to any measure of a Party relating to covered procurement.

2. For the purposes of this Chapter, covered procurement means a procurement of goods, services, or both:

(a) made through any contractual means, including purchase, rental or lease, with or without an option to buy;

(b) listed and subject to the conditions set forth in Annex 10.2; and

(c) by a procuring entity listed in Annex 10.2.

3. This Chapter does not apply to:

(a) non-contractual arrangements or any form of assistance that a Party or a state enterprise provides, including grants, loans, capital transfers, tax incentives, subsidies, guarantees, cooperative agreements, government provision of goods and services to persons or state, regional or local governments, and purchases for the direct purpose of providing foreign assistance;

(b) acquisitions financed by grants, loans or other forms of international assistance, where the delivery of such aid is subject to conditions incompatible with the provisions of this Chapter;

(c) the contracting of tax agency or depository services, settlement and administration services for regulated financial institutions, and sales and distribution services for public debt;

(d) hiring of public employees and employment-related measures;

(e) purchases made under exceptionally favorable conditions that only occur for a very short period of time, such as extraordinary disposals made by companies that are not normally suppliers or the disposal of assets of companies in liquidation or under judicial administration, provided that this subsection is not used as a means to prevent competition;

(f) the acquisition or lease of land, existing real estate or other real property or rights thereon;

(g) procurement by a procuring entity or state enterprise from another governmental entity or enterprise of that Party; and

(h) financial services.

4. Where a procuring entity awards a procurement contract in a procurement not covered by this Chapter, nothing in this Chapter shall be construed to cover the goods or services that are the subject matter of that procurement contract.

5. No procuring entity may prepare, design, structure or divide a covered procurement for the purpose of evading the obligations of this Chapter.

6. Nothing in this Chapter shall prevent a Party from developing new procurement policies, procedures or contractual modalities, provided that they are not inconsistent with this Chapter.

7. Nothing in this Chapter shall prevent a Party from adopting or maintaining measures:

(a) related to goods or services of disabled persons, minorities, philanthropic institutions or prison labor; or

(b) necessary to protect public morals, public safety or public order, human, animal or plant life or health, including environmental measures and measures relating to the conservation of living or non- living exhaustible natural resources, and intellectual property,

provided that such measures are not applied in a discriminatory manner or constitute a disguised restriction on trade.

Article 10.3. National Treatment

1. With respect to any measure covered by this Chapter, each Party shall accord to goods and services of the other Party, and to suppliers of the other Party of such goods and services, treatment no less favorable than that accorded by that Party, or their respective contracting entities, to their own goods, services and suppliers.

2. With respect to any measure covered by this Chapter, no Party may:

(a) to accord a locally established supplier less favorable treatment than that accorded to another locally established supplier because of the degree of association or foreign ownership; or

(b) discriminate against a locally established supplier on the basis that the goods or services offered by that supplier for a particular covered procurement are goods or services of the other Party.

3. Paragraphs 1 and 2 do not apply to measures relating to customs duties or other charges of any kind imposed on or in connection with importation, to the method of levying such duties or charges, to other import regulations, including restrictions and formalities, or to measures affecting trade in services other than measures specifically regulating government procurement covered by this Chapter.

Article 10.4. Rules of Origin

For purposes of the application of Article 10.3, in government procurement covered by this Chapter, neither Party shall apply rules of origin different from or inconsistent with the rules of origin that the Party applies in the ordinary course of trade to goods imported from the other Party.

Article 10.5. Denial of Benefits

A Party may deny benefits under this Chapter to a service supplier of the other Party, after notification and consultations in accordance with Article 17.6 (Consultations), where the Party demonstrates that the service is being supplied by an enterprise that does not carry out substantive business activities (1) in the territory of the Parties and is owned or controlled by persons of a non-Party. (2) The Party may deny benefits under this Chapter to a service supplier of the other Party, after notification and consultations in accordance with Article 17.6 (Consultations).

(1) A Party may request cooperation from the other Party through the competent authority to provide, subject to Article 20.4 (Disclosure of Information), specific information relating to the enterprise's business operations in that Party.

(2) For the purposes of this Chapter, the definitions of ownership and control shall be interpreted as follows mutatis mutandis by the provisions of Article XXVIII(n) of the GATS.

Article 10.6. Special Compensatory Conditions

With respect to covered procurement, a procuring entity shall refrain from taking into account, requesting or imposing special countervailing conditions at any stage of a procurement.

Article 10.7. Valuation of Contracts

1. When calculating the value of a procurement for the purposes of implementing this Chapter, procuring entities shall base their valuation on the maximum total estimated value of the procurement covered for the entire duration of the procurement. For clarity, the maximum total estimated value of the procurement shall take into account all optional procurements indicated in the procurement documents, and other forms of remuneration, such as bonuses, fees, commissions, and interest.

2. In addition to the provisions of Article 10.2.5, a procuring entity may not choose a method of valuation or split procurements into separate contracts for the purpose of evading the obligations contained in this Chapter.

Article 10.8. Publication of Notices of Future Procurement

1. Notwithstanding Article 10.13, a procuring entity shall publish in advance in the media listed in Annex 10.8, a notice inviting interested suppliers to submit tenders for each covered procurement.

2. The information in each notice shall include, at a minimum:

(a) an indication that the procurement is covered by this Chapter;

(b) adescription of the engagement; and

(c) any conditions required of suppliers to participate, the name of the procuring entity, the address where any documentation related to the procurement may be obtained, if applicable, any amounts to be paid for procurement documents, deadlines and address for submission of bids.

3. Each Party shall encourage its procuring entities to publish information regarding plans for future covered procurement as early as possible in each year.

Article 10.9. Deadlines for Bid Submission and Delivery

1. A procuring entity shall provide suppliers with sufficient time to prepare and submit tenders, taking into account the nature and complexity of the procurement covered. In no case shall a procuring entity allow a period of less than 40 days from the date of publication of the notice of procurement to the deadline for submission of tenders.

2. A procuring entity may establish a procurement period of less than 40 days, but in no case less than 10 days, in the following circumstances:

(a) in the case of a second recruitment notice;

(b) where a procuring entity, subject to Article 10.13.3, contracts for commercial goods and services that are regularly sold or offered for sale to non-governmental purchasers for non-governmental purposes; or

(c) when an unforeseen emergency situation, duly justified by the contracting agency, makes it impossible to meet the deadline set forth in paragraph 1.

3. In establishing the date of delivery of goods or services, and in accordance with its reasonable needs, a procuring entity shall take into account the nature and complexity of the procurement.

Article 10.10. Procurement Documents

1. A procuring entity shall provide interested suppliers with bidding documents that include all necessary information to enable them to prepare and submit responsive bids. The information shall include the elements listed in Annex 10.10.

2. A procuring entity may comply with paragraph 1 by means of an electronic publication accessible to all interested suppliers. Where a procuring entity does not publish the tender documents by electronic means accessible to all interested suppliers, it shall, at the request of any supplier, promptly make the documents available in written form to that supplier.

3. If a procuring entity modifies the criteria referred to in paragraph 1 in the course of a bidding process, it shall transmit such modifications in writing:

(a) to all suppliers participating in the procurement at the time of the criteria modification, if the identities of those suppliers are known, and in cases where the identity of the participating suppliers is unknown, the same dissemination shall be given

as to the original information; and

(b) with sufficient time to allow suppliers to modify and resubmit their bids, as appropriate.

Article 10.11. Technical Specifications

1. A contracting entity shall not prepare, adopt or apply any technical specification or require any conformity assessment procedure that has the purpose or effect of creating unnecessary obstacles to trade between the Parties.

2. Where appropriate, a procuring entity shall establish any technical specifications:

(a) in terms of performance rather than in terms of design or descriptive characteristics; and

(b) based on international standards where applicable, national technical regulations, recognized national standards or building codes.

3. A procuring entity shall not establish technical specifications that require or refer to specific trademarks or trade names, patents, designs or types, or specific origins, producers or suppliers, unless there is no other sufficiently precise or comprehensible way of describing the requirements of the covered procurement and provided that, in such cases, expressions such as "or equivalent" are included in the procurement documents.

4. A procuring entity shall not solicit or accept, in a manner that may have the effect of precluding competition, advice that could be used in preparing or adopting any technical specification for a specific covered procurement from a person that may have a commercial interest in that procurement.

5. For greater certainty, this Article is not intended to prevent a Party from preparing, adopting or applying technical specifications that promote the conservation of living or non-living exhaustible natural resources that protect the environment, provided that such specifications are not applied in a discriminatory manner or constitute a disguised restriction on trade and are consistent with this Article.

Article 10.12. Requirements and Conditions for Participation In Procurements

1. Where a procuring entity requires suppliers to meet registration, qualification or any other requirement or condition for participation in a covered procurement "conditions for participation", the procuring entity shall publish a notice inviting suppliers to apply for such registration or qualification, or to satisfy any other requirement for participation. The procuring entity shall publish the notice sufficiently in advance to allow interested suppliers sufficient time to prepare and submit their applications and for the procuring entity to evaluate and make its determinations on the basis of such applications.

2. Each procuring entity shall:

(a) limit the conditions for participation to those that are essential to guarantee that the supplier has the legal, technical and financial capacity to fulfill the corresponding contract, if awarded;

(b) recognize as a qualified supplier any supplier of the other Party that has fulfilled the necessary conditions for participation; and

(c) base qualification decisions solely on conditions for participation that have been established in advance, in notices or in the procurement documents.

3. Procuring entities may make publicly available lists of suppliers qualified to participate in covered procurement. Where a procuring entity requires suppliers to qualify for such a list as a condition of participation and an unqualified supplier requests qualification for inclusion on the list, the procuring entity shall promptly initiate qualification procedures and allow the supplier to submit a tender if it is determined that the supplier is a qualified supplier. This is provided that there is sufficient time to comply with the conditions for participation within the established deadline for submitting bids.

4. No procuring entity shall make it a condition of participation in a covered procurement that a supplier has previously been awarded one or more contracts by a procuring entity, or that the supplier has previous work experience in the territory of the Party. A procuring entity shall evaluate the financial and technical capability of a supplier in accordance with the supplier's business activity outside the territory of the Party of the procuring entity, as well as its activity, if any, in the territory of the Party of the procuring entity.

5. A procuring entity shall communicate in a timely manner to any supplier that has applied for qualification its decision thereon. In the event that a procuring entity rejects a request for qualification, or ceases to recognize a supplier as qualified,

the procuring entity shall, upon request of the supplier, provide in writing the reasons for its decision.

6. Nothing in this Article shall prevent a procuring entity from prohibiting a supplier from participating in a covered procurement on grounds such as bankruptcy or misrepresentation.

Article 10.13. Contracting Procedures

1. A procuring entity shall award contracts through open tendering procedures, without prejudice to the provisions of paragraph 2.

2. Provided that procurement procedures are not used as a means to avoid competition or to protect domestic suppliers, a procuring entity may award contracts by means other than open tendering procedures in the following circumstances:

(a) in the absence of bids or if the bids submitted do not comply with the essential requirements set forth in the procurement documents, including any conditions for participation, provided that the requirements have not been substantially modified;

(b) in the case of works of art or for reasons related to the protection of exclusive intellectual property rights, such as patents or copyrights, or proprietary information, or when for technical reasons there is no competition, the goods or services can only be supplied by a particular supplier and there is no reasonable alternative or substitute;

(c) in the case of additional deliveries from the original supplier intended to be used as spare parts, upgrades or ongoing services for existing equipment, software, services or facilities, wnere a change of supplier would oblige the procuring entity to purchase goods or services that do not meet the requirements of compatibility with existing equipment, software, services or facilities;

(d) in the case of goods purchased in a commodities market;

(e) when a procuring entity acquires prototypes or a first product or service to be developed at its request in the course of, and for the performance of, a specific contract for research, experimentation, study or original development. Once such contracts have been executed, subsequent acquisitions of products or services shall be in accordance with the provisions of this Chapter;

(f) in the case of additional construction services, which were not included in the original contract, but which are included within the scope of the original procurement documentation and which due to unforeseen circumstances become necessary to complete the construction services described above. However, the total value of contracts awarded for such additional construction services will not exceed 50 percent of the original contract amount;

(g) to the extent strictly necessary, when, for reasons of urgency occasioned by events unforeseeable by the procuring entity, it is impossible to obtain the goods or services in time through open tendering procedures and the use of such procedures would cause serious prejudice to the procuring entity, its responsibilities with respect to its program or the Party; and

(h) in the case of contracts to be awarded to the winner of an architectural design competition, provided that the competition has been organized in a manner consistent with the principles of this Chapter and has been decided by an independent jury or body.

3. A procuring entity shall maintain records or prepare written reports setting out the specific justification for any procurement awarded pursuant to paragraph 2, ina manner consistent with Article 10.15.3.

Article 10.14. Award of Contracts

1. A procuring entity shall require that, in order for a tender to be considered for award, it must be submitted in writing and comply with the essential requirements of the procurement documents supplied in advance by the procuring entity to all participating suppliers, and be from a supplier that complies with the conditions for participation that the procuring entity has communicated in advance to all participating suppliers.

2. Unless a procuring entity decides not to award a procurement contract for reasons of public interest, the contract shall be awarded to the supplier that submits, as established in accordance with the specific objective evaluation criteria contained in the procurement documents:

(a) the bid determined to be the most advantageous; or

(b) the lowest price offer.

3. No procuring entity may cancel a procurement, or terminate or modify a contract it has awarded for the purpose of evading the obligations of this Chapter.

Article 10.15. Information on the Award of Contracts

1. A procuring entity shall promptly inform participating suppliers of contract award decisions. The procuring entity shall, at the specific request of the supplier whose tender was not selected, provide relevant information to that supplier of the reasons why its tender was not selected and the relative advantages of the successful tender.

2. Immediately following the award of a contract in a covered procurement, the procuring entity shall publish, in a medium listed in Exhibit 10.8, a notice that includes at least the following information:

(a) the name of the contracting entity;

(b) a description of the goods or services included in the contract;

(c) the name of the supplier to whom the contract was awarded;

(d) the value of the award; and

(e) the type of contracting used. 3. A procuring entity shall maintain records and reports relating to procurement and contract award procedures in procurement covered by this Chapter, including the records or reports set forth in Article 10.13.3, for at least 3 years after the date of award of a contract.

Article 10.16. Assurance of Integrity In Contracting Practices

Each Party shall adopt or maintain procedures to declare ineligible to participate in its covered procurement, either indefinitely or for a prescribed period, suppliers that it determines to have engaged in illegal, fraudulent or evasive procurement-related activities.

Article 10.17. National Review of Supplier Challenges

1. Each Party shall establish or designate at least one authority, impartial and independent of its procuring entities, to receive and review challenges by suppliers with respect to the obligations of the Party and its procuring entities under this Chapter and to issue relevant determinations and recommendations.

2. Where an authority other than such impartial authority initially reviews a challenge filed by a supplier, the Party shall ensure that suppliers may appeal the initial decision to an impartial administrative or judicial body, independent of the procuring entity that is the subject of the challenge.

3. Each Party shall provide that the authority established or designated in paragraph 1 may take appropriate precautionary measures, pending the resolution of a challenge, to preserve the opportunity to correct a potential non-compliance with this Chapter, including suspending the award of a contract or the performance of a contract that has been awarded.

4. Each Party shall ensure that its review procedures are publicly available in written form and that they are timely, transparent, effective and consistent with the principle of due process.

5. Each Party shall ensure that all documents relating to a challenge to a covered procurement are available to any impartial authority established or designated in accordance with paragraph 1.

6. A procuring entity shall reply in writing to any supplier's complaint.

7. Each Party shall ensure that the impartial authority to be established or designated in accordance with paragraph 1 provides the following to suppliers:

(a) asufficienttime period to prepare and submit written challenges, which shall not be less than 10 days from the time when the basis of the claim became known to the supplier or reasonably should have become known to the supplier;

(b) an opportunity to review relevant documents and be heard by the authority in a timely manner;

(c) an opportunity to reply to the procuring entity's response to the supplier's complaint; and

(d) the delivery in writing of its findings and recommendations with respect to the challenge, together with an explanation of the basis for each decision.

8. Each Party shall ensure that the filing of a challenge by a supplier shall not prejudice the supplier's participation in current or future tenders.

Article 10.18. Provision of Information

1. Each Party in a timely manner shall:

(a) publish all laws and regulations, and amendments thereto, relating to covered procurement in the media listed in Annex 10.8; and

(b) make available to the public any administrative ruling of general application related to covered public procurements.

2. At the request of a Party, the other Party shall provide, on a reciprocal basis, available statistical information with respect to the procurements provided for in this Chapter.

Article 10.19. Confidentiality of Information

1. A Party, its procuring entities and its review authorities shall not disclose confidential information, without formal consent of the person providing it, where such disclosure would prejudice the legitimate commercial interests of a particular person or might prejudice fair competition between suppliers.

2. Nothing in this Chapter shall prevent a Party or its contracting entities from refraining from disclosing information if such disclosure could:

(a) constitute an obstacle to law enforcement;

(b) harm fair competition among suppliers;

(c) prejudice the legitimate business interests of certain suppliers or entities, including the protection of intellectual property; or

(d) otherwise go against the public interest.

Article 10.20. Modifications and Amendments to Coverage

1. A Party may make technical rectifications of a purely formal nature with respect to the coverage of this Chapter or minor modifications to its lists of contracting entities, provided that it notifies the other Party in writing and that the other Party does not object in writing within 30 days of the notification. A Party making such rectification or minor modification shall not be required to provide compensatory adjustments to the other Party.

2. A Party may modify its coverage under this Chapter provided that:

(a) notifies the other Party in writing, and the other Party does not object in writing within 30 days after the notification; and

(b) except as provided for in paragraph 3, offers to the other Party within a period of 30 days after notifying the other Party, acceptable compensatory adjustments to maintain a level of coverage comparable to that which existed prior to the modification.

3. A Party shall not be required to provide compensatory adjustments in cases where the proposed modification covers one or more contracting entities where the Parties agree that governmental control or influence has been effectively eliminated. In the event that the Parties do not agree that such control or governmental influence has been effectively eliminated, the objecting Party may request further information or consultations, with a view to clarifying the nature of any such control or governmental influence and reaching agreement with respect to the continued coverage of the contracting entity under this Chapter.

4. The Administrative Commission shall adopt decisions, with respect to the corresponding modifications to Annex 10.2 in a manner that reflects any agreed modification, technical rectification or minor modification.

Chapter XI. Investment

Section A. Definitions and Scope of Application

Article 11.1. Definitions

For the purposes of this Chapter, the following definitions shall apply:

ICSID: the International Centre for Settlement of Investment Disputes established by the ICSID Convention;

Inter-American Convention: the Inter-American Convention on International Commercial Arbitration, concluded in Panama on January 30, 1975;

ICSID Convention: the Convention on the Settlement of Investment Disputes between States and Nationals of Other States, done at Washington, D.C., on March 18, 1965;

New York Convention: the United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards, concluded in New York, June 10, 1958;

claim: a claim brought by a disputing investor against a Party, the basis of which is an alleged violation of the provisions contained in this Chapter;

Respondent: the Party that is a party to an investment dispute;

claimant: the investor of a Party that is a party to an investment dispute with the other Party;

company: a company, as defined in Article 2.1 (Definitions of General Application), and the branch of a company;

enterprise of a Party: an enterprise incorporated or organized under the domestic law of that Party and having its domicile in the territory of that Party or a branch office located in the territory of a Party, which carries out substantive business activities in the territory of that Party;

protected information: confidential business information or information that is privileged or otherwise protected from disclosure under the Party's domestic law;

investment: any asset owned or controlled, directly or indirectly, by an investor of a Party, established or acquired in accordance with the domestic laws and regulations of the other Party in whose territory the investment is made, that has the characteristics of an investment, including such characteristics as the commitment of capital or other resources, the expectation of gain or profit, or the assumption of risk. The forms that an investment may take include:

(a) a company;

(b) shares, equity and other forms of participation in the capital or equity of a company;

(c) debt instruments of a company:

(i) when the company is a subsidiary of the investor; or

(ii) when the original maturity date of the debt instrument is at least 3 years;

but does not include a debt instrument of a Party or a State enterprise, regardless of the original maturity date;

(d) a loan to a company:

(i) when the company is a subsidiary of the investor; or

(ii) when the original maturity date of the loan is at least 3 years;

but does not include a loan to a Party or a State enterprise, regardless of the original maturity date (1);

(e) other tangible or intangible, movable or immovable property rights and rights related to property, such as leases, mortgages and pledges, acquired or used for the purpose of economic benefit or other business purposes;

(f) the participation resulting from the capital or other resources destined for the development of an economic activity in the territory of the other Party, such as:

(i) contracts involving the presence of an investor's property in the territory of the other Party, including concessions, construction contracts and turnkey contracts; or

(ii) contracts where remuneration depends substantially on a company's production, revenues or profits;

(g) futures, options and other derivatives;

(h) intellectual property rights;

(i) licenses, authorizations, permits and similar instruments to the extent that they generate rights in accordance with national legislation;

but investment does not include:

(j) pecuniary claims arising exclusively from:

(i) commercial contracts for the sale of goods or services by a national or enterprise in the territory of a Party to an enterprise in the territory of the other Party; or

(ii) the extension of credit in connection with a commercial transaction, such as trade financing, other than a loan covered by the provisions of subsection (d); or

(l) any other pecuniary claim, which does not involve the interest rates set forth in paragraphs (a) through (i); and

(m) an order or judgment in a judicial or administrative proceeding.

A modification in the manner in which assets have been invested or reinvested does not affect their investment status under this Agreement, provided that such modification falls within the definitions of this Article and is made in accordance with the domestic law of the Party into whose territory the investment has been admitted;

investor of a Party: a Party or a State enterprise, or a national or an enterprise of such Party, who intends (2) to make, is making or has made an investment in the territory of the other Party; provided, however, that a natural person who has dual nationality shall be considered exclusively a national of the State of his dominant and effective nationality;

investor of a non-Party: an investor that is not an investor of a Party that intends (3) to make, is making, or has made an investment in the territory of a Party;

freely usable currency: the freely usable currency as determined in accordance with the Articles of Agreement of the International Monetary Fund;

disputing party: the plaintiff or the defendant; disputing parties: the plaintiff and the defendant;

Non-disputing Party: the Party that is not a party to a dispute relating to an investment under Section C;

UNCITRAL Arbitration Rules: the Arbitration Rules of the United Nations Commission on International Trade Law (UNCITRAL), adopted by the United Nations General Assembly on December 15, 1976;

ICSID Additional Facility Rules: the Additional Facility Rules for the Administration of Proceedings by the Secretariat of the International Centre for Settlement of Investment Disputes;

Secretary-General: the Secretary-General of ICSID; and

tribunal: an arbitral tribunal established in accordance with article 11.20, 11.23 or 11.29.

(1) For greater certainty, investment does not include loans granted by one Party to the other Party.

(2) It is understood that an investor "intends" to make an investment when it has carried out the specific, essential and necessary actions to make the investment, such as the provision of resources to constitute the capital of the company, the obtaining of permits and licenses, among others.

(3) It is understood that an investor "intends" to make an investment when it has carried out the specific, essential and necessary actions to make the investment, such as the provision of resources to constitute the capital of the company, the obtaining of permits and licenses, among others. See footnote 2.

Article 11.2. Scope of Application

1. This Chapter applies to measures adopted or maintained by a Party relating to:

(a) investors of the other Party in all matters relating to their investment;

(b) investments of investors of the other Party made in the territory of the Party; and

(c) with respect to Articles 11.7 and 11.16, to all investments in the territory of the Party.

2. This Chapter covers both investments existing at the date of entry into force of this Agreement and investments made or acquired thereafter.

3. This Chapter does not apply to:

(a) measures adopted or maintained by a Party with respect to financial services;

(b) measures adopted by a Party to restrict the participation of investments of investors of the other Party in its territory, for reasons of national security or public order;

(c) disputes or claims initiated prior to the entry into force of this Agreement relating to acts or events occurring prior to its entry into force, even if their effects remain after the entry into force of this Agreement;

(d) services supplied in the exercise of governmental authority within the territory of the respective Party, such as, but not limited to, the enforcement of laws relating to social rehabilitation services, income security or insurance, social security or insurance, social welfare, public education, public training, health and child care; and

(e) to the economic activities reserved to each Party, as indicated in Annex II.

4. In the event of any inconsistency between this Chapter and another Chapter, the other Chapter shall prevail to the extent of the inconsistency.

5. A Party's requirement that a service supplier of the other Party post a bond or other form of financial security as a condition for the cross-border supply of a service in its territory does not, by itself, make this Chapter applicable to that cross-border supply of a service. This Chapter applies to measures adopted or maintained by the Party relating to the posted bond or financial security, to the extent that such bond or financial security is an investment of an investor of the other Party.

Section B. Investment

Article 11.3. Minimum Standard of Treatment

1. Each Party shall accord to investments of investors of the other Party treatment in accordance with customary international law, including fair and equitable treatment and full protection and security within its territory.

2. For greater certainty, paragraph 1 prescribes that the customary international law minimum standard of treatment of aliens is the minimum standard of treatment to be accorded to investments of investors of the other Party. The concepts of "fair and equitable treatment" and "full protection and security" do not require treatment in addition to or beyond that required by that standard, and do not create additional substantive rights. The obligation in paragraph 1 to provide:

(a) "fair and equitable treatment" includes, but is not limited to, the obligation not to deny justice in criminal, civil or administrative proceedings, in accordance with the principle of due process embodied in the principal legal systems of the world; and

(b) The term "full protection and security" requires a Party to provide the level of police protection that is required by customary international law.

3. A determination that another provision of this Agreement or of another international agreement has been violated does not establish that this Article has been violated.

4. With respect to this Article, the customary international law minimum standard of treatment of aliens refers to all principles of customary international law that protect the rights and economic interests of aliens.

Article 11.4. National Treatment

1. Each Party shall accord to an investor of the other Party and to an investment of an investor of the other Party treatment

no less favorable than that it accords, in like circumstances, to its own investors and to investments of such investors with respect to the establishment, acquisition, expansion, management, conduct, operation, sale or other disposition of investments in its territory.

2. A Party may comply with paragraph 1 by granting to investments and investors of the other Party formally identical treatment or formally different treatment to that it accords to its own like investments and investors.

3. Formally identical treatment or formally different treatment shall be considered less favorable if it modifies the conditions of competition in favor of investments or investors of the Party, as compared to like investments or investors of the other Party.

4. Treatment accorded by a Party under paragraph 1 means, with respect to a regional level government, treatment no less favorable than the most favorable treatment accorded, in like circumstances, by that regional level government to investors and investments of investors of the Party of which it is a Party.

Article 11.5. Most-Favored-Nation Treatment

1. Each Party shall accord to an investor of the other Party and to an investment of an investor of the other Party treatment no less favorable than that it accords, in like circumstances, to an investor and to an investment of an investor of any non-Party with respect to the establishment, acquisition, expansion, management, conduct, operation, sale or other disposition of investments in its territory.

2. The most-favored-nation treatment to be accorded in similar circumstances does not extend to dispute settlement mechanisms, such as those contained in Section C, that are provided for in other international investment treaties or agreements.

3. If a Party has granted special treatment to investors or their investments from a non-Party under existing or future bilateral investment treaties, tax treaties, or agreements establishing free trade areas, customs unions, common markets, economic or monetary unions or other similar institutions of economic integration, that Party shall not be obliged to grant the treatment in question to investors or investments of investors of the other Party.

Article 11.6. Treatment In the Event of Loss

1. Each Party shall accord to the investor of the other Party, and to the investment of an investor of the other Party, non-discriminatory treatment with respect to measures it adopts or maintains with respect to losses suffered by investments in its territory due to armed conflict or civil strife.

2. Paragraph 1 does not apply to existing measures relating to grants or donations that would be inconsistent with Article 11.4, except for Article 11.9.4(b).

Article 11.7. Performance Requirements

1. No Party may impose or compel compliance with the following requirements or commitments, in connection with the establishment, acquisition, expansion, management, conduct, operation, sale or other disposition of an investment of an investor of the other Party or of a non-Party in its territory for:

(a) export a certain type, level or percentage of goods or services;

(b) to reach a certain degree or percentage of domestic content;

(c) to purchase, use or grant preference to goods produced in its territory, or to purchase goods from producers or services from service providers in its territory;

(d) relate in any way the volume or value of imports to the volume or value of exports, or to the amount of foreign exchange inflows associated with such investment;

(e) restrict sales in its territory of the goods or services that such investment produces or renders, by relating such sales in any way to the volume or value of its exports or to foreign exchange earnings it generates;

(f) transfer to a person in its territory, technology, productive process or other reserved knowledge, except:

(i) where the requirement is imposed by a judicial or administrative tribunal or competent authority to remedy an alleged violation of national competition law or to act in a manner not inconsistent with other provisions of this Agreement; (4) or

(ii) where a Party authorizes the use of an intellectual property right in accordance with Article 31 of the TRIPS Agreement or measures requiring the disclosure of proprietary information that is within the scope of application, and consistent with Article 39 of the TRIPS Agreement (5);

(g) act as the exclusive supplier of the goods it produces or services it provides for a specific regional or global market.

2. A measure that requires an investment to employ a technology to meet generally applicable health, environmental or safety requirements shall not be considered inconsistent with paragraph 1(f). For greater certainty, Articles 11.4 and 11.5 apply to such a measure.

3. No Party may condition the receipt or continued receipt of an advantage, in connection with the establishment, acquisition, expansion, management, conduct, operation, sale or other disposition of an investment in its territory by an investor of the other Party or of a non-Party, on compliance with any of the following requirements:

(a) to purchase, use or grant preference to goods produced in its territory or to purchase goods from producers in its territory;

(b) toreach a certain degree or percentage of domestic content;

(c) relate in any way the volume or value of imports to the volume or value of exports, or to the amount of foreign exchange inflows associated with such investment; or

(d) restrict sales in its territory of the goods or services that such investment produces or renders, by relating such sales in any way to the volume or value of its exports or to foreign exchange earnings it generates.

4. Nothing in paragraph 3 shall be construed to prevent a Party, in its territory, from imposing, in connection with an investment of an investor of the other Party or of a non-Party, legally established requirements of geographic location of production units, provision of a service, generation of employment or training of labor, construction or expansion of particular facilities, or conduct of research and development activities in its territory.

5. Provided that such measures are not applied in an arbitrary or unjustified manner, or do not constitute a disguised restriction on international trade or investment, nothing in paragraphs 1(b), (c) and (f) and 3(a) and (b) shall be construed to prevent a Party from adopting or maintaining measures, including those of an environmental nature, necessary to:

(a) ensure compliance with laws and regulations that are not inconsistent with the provisions of this Agreement;

(b) protect human, animal or plant life or health; or

(c) preservation of natural resources, living or non-living.

6. Paragraphs 1(a), (b) and (c), and 3(a) and (b), shall not apply to requirements for qualification of goods or services with respect to export promotion and foreign aid programs.

7. Paragraphs 1(b), (c), (f) and (g), and 3(a) and (b), shall not apply to procurement.

8. Paragraphs 3(a) and (b) shall not apply to requirements imposed by an importing Party with respect to the content of goods necessary to qualify for preferential duties or quotas.

9. This Article does not preclude the application of any commitment, obligation or requirement between private parties, where a Party did not impose or require the commitment, obligation or requirement.

10. For greater certainty, paragraphs 1 and 3 do not apply to any requirements other than those set forth in those paragraphs.

(4) The Parties recognize that a patent does not necessarily confer market power.

(5) For greater certainty, the reference to the TRIPS Agreement in this paragraph includes the provisions of the Protocol amending the TRIPS Agreement, signed in Geneva on December 6, 2005.

Article 11.8. Senior Management and Boards of Directors

1. No Party may require an enterprise of that Party, which is an investment of an investor of the other Party, to appoint

natural persons of any particular nationality to senior management positions.

2. A Party may require that a majority of the members of the management bodies or of any committee of such bodies of an enterprise of that Party that is an investment of an investor of the other Party be of a particular nationality, or be resident in the territory of the Party, provided that the requirement does not significantly impair the ability of the investor to exercise control over its investment.

Article 11.9. Reservations and Exceptions

1. Articles 11.4, 11.5, 11.7 and 11.8 do not apply to:

(a) any existing non-conforming measure maintained by a Party in:

(i) government at the central level, as established by that Party in its Schedule to Annex I;

(ii) a government at the regional level, as established by that Party in its Schedule to Annex I; or

(iii) government at the local level;

(b) the continuation or prompt renewal of any nonconforming measure referred to in subsection (a); or

(c) the modification of any nonconforming measure referred to in subparagraph (a) provided that such modification does not diminish the conformity of the measure, as in effect immediately before the modification, with Articles 11.4, 11.5, 11.7, or 11.8.

2. Articles 11.4, 11.5, 11.7 and 11.8 do not apply to any measures that a Party adopts or maintains, in relation to sectors, subsectors or activities, as indicated in its Schedule to Annex II.

3. No Party may require, pursuant to any measure adopted after the date of entry into force of this Agreement and included in its Schedule to Annex II, an investor of the other Party, by reason of its nationality, to sell or otherwise dispose of an investment existing at the time the measure becomes effective. 4. Articles 11.4, 11.5 and 11.8 do not apply to:

(a) public procurement; or

(b) subsidies or grants provided by a Party, including government- supported loans, guarantees and insurance.

5. Parties are not required to list governance measures at the local level.

Article 11.10. Transfers

1. Each Party shall permit all transfers related to the investment of an investor of the other Party in its territory to be made freely and without delay to and from its territory. Such transfers include:

(a) earnings, dividends, interest, capital gains, royalty payments, management fees, technical assistance and other charges, earnings in kind and other amounts derived from the investment;

(b) proceeds from the sale or liquidation, in whole or in part, of the investment;

(c) payments made pursuant to a contract to which an investor or its investment is a party, including payments made pursuant to a loan agreement;

(d) payments made pursuant to Article 11.11; and

(e) payments arising from the application of the provisions relating to the dispute resolution mechanism contained in Section C.

2. For the purposes of this Chapter, a transfer is considered to have been made without delay when it has been made within the time normally required for the completion of the transfer formalities.

3. Neither Party may require its investors to make transfers of their income, profits, or earnings or other amounts derived from, or attributable to, investments made in the territory of the other Party, nor shall it penalize them for failure to make such transfers.

4. Each Party shall allow transfers to be made in freely usable currency, at the prevailing market exchange rate on the date of transfer.

5. Notwithstanding the provisions of paragraphs 1 and 4, each Party may prevent the implementation of transfers, through the equitable, non-discriminatory and good faith application of measures relating to:

(a) bankruptcy, insolvency or protection of creditorsâ rights;

(b) issuance, trading or operations of securities, futures, options or derivatives;

(c) financial reporting or record keeping of transfers when necessary to cooperate with law enforcement or financial regulatory authorities;

(d) criminal, administrative or judicial infractions;

(e) guarantee of compliance with orders or rulings in judicial or administrative proceedings;

(f) establishment of the necessary instruments or mechanisms to ensure the payment of income taxes, such as the withholding of the amount related to dividends or other concepts, in accordance with national legislation; or

(g) social security, public pensions or mandatory savings programs.

Article 11.11. Expropriation and Compensation

1. Neither Party may nationalize or expropriate, directly or indirectly, an investment of an investor of the other Party in its territory, or take any action tantamount to expropriation or nationalization of such investment, unless: it is:

(a) for a public purpose in accordance with the provisions of Annex 11.11;

(6) on a non-discriminatory basis;

(c) in accordance with the principle of legality and Article 11.3; and

(d) by way of compensation in accordance with paragraphs 2 to 4.

2. Compensation will be equal to the fair market value of the expropriated investment immediately before the expropriation took place ("date of expropriation"), and will not reflect any change in value due to the fact that the intention to expropriate was known prior to the date of expropriation. The valuation criteria will include the declared tax value of tangible assets, as well as other criteria that are appropriate to determine fair market value.

3. The payment of compensation shall be made without delay, shall be fully payable and freely transferable.

4. The amount paid shall not be less than the equivalent amount of compensation that would have been paid in a currency of free use in the international financial market on the date of expropriation, and this currency would have been converted at the market rate in effect on the valuation date, plus the interest it would have generated at a bank or commercial rate up to the date of the payment date.

5. This Article does not apply to the issuance of compulsory licenses granted in connection with intellectual property rights, or to the revocation, limitation or creation of intellectual property rights; to the extent that such issuance, revocation, limitation or creation is consistent with Chapter XVI (Intellectual Property).

6. This Article shall be interpreted in accordance with Annex 11.11.

Article 11.12. Special Formalities and Information Requirements

1. Nothing in Article 11.4 shall be construed to prevent a Party from adopting or maintaining a measure prescribing special formalities in connection with the establishment of investments by investors of the other Party, such as that the investments be constituted in accordance with the domestic law of the Party, provided that such formalities do not substantially impair the protection afforded by that Party under this Chapter.

2. Notwithstanding Articles 11.4 and 11.5, each Party may require, in its territory, an investor of the other Party to provide routine non-confidential information concerning its investment solely for information or statistical purposes. A Party may only request confidential information if its domestic law so permits and shall protect such information from any disclosure that could adversely affect the competitive position of the investment or the investor.

Article 11.13. Denial of Benefits

Subject to prior notification and consultations, a Party may deny the benefits of this Chapter to:

(a) an investor of the other Party and its investments, if the investor is an enterprise owned or controlled by persons of a non-Party and such enterprise does not maintain substantive business operations in the territory of the other Party; or

(b) an investor of the other Party and its investments, if the investor is an enterprise owned or controlled by persons of the denying Party and such enterprise does not maintain substantive business operations in the territory of the other Party.

Article 11.14. Subrogation

1. If a Party or a designated agency of a Party makes a payment to any of its investors under a guarantee, insurance contract or other form of indemnification it has provided with respect to an investment of an investor of that Party, the other Party shall recognize the subrogation or transfer of any right or title with respect to such investment. The subrogated or transferred right or claim shall not be greater than the original right or claim of the investor.

2. Where a Party or a designated agency of a Party has made a payment to an investor of that Party and has acquired the investor's rights and claims, that investor shall not exercise such rights and claims against the other Party unless it has been authorized to act on behalf of the Party or the designated agency of the Party that has made the payment.

Article 11.15. Extraterritorial Inapplicability of a Party's Law

1. The Parties, in relation to investments of their investors constituted and organized under the domestic law of the other Party, may not exercise jurisdiction or take any action that has the effect of extraterritorially applying their domestic law or hindering trade between the Parties, or between a Party and a non-Party.

2. If any of the Parties fails to comply with the provisions of paragraph 1, the Party where the investment has been constituted may, at its discretion, adopt such measures and take such actions as it deems necessary to terminate the legislation or measure in question and the obstacles to trade resulting therefrom.

Article 11.16. Environmental Measures

1. Nothing in this Chapter shall be construed to prevent a Party from adopting, maintaining or enforcing any measure, otherwise consistent with this Chapter, that it considers appropriate to ensure that investment activities in its territory are carried out taking into account environmental concerns.

2. The Parties recognize that it is inappropriate to encourage investment through the mitigation of domestic health, safety or environmental measures. Accordingly, neither Party shall eliminate or undertake to waive the application of such measures to an investor's investment as a means of inducing the establishment, acquisition, expansion or retention of the investment in its territory. If a Party considers that the other Party has so encouraged an investment, it may request consultations with that Party.

Article 11.17. Investment Promotion and Information Exchange

1. With the intention of significantly increasing the reciprocal participation of investments, the Parties may promote and support the elaboration of documents promoting investment opportunities and the design of mechanisms for their dissemination. Likewise, the Parties may create, maintain and improve financial mechanisms that make viable investments of one Party in the territory of the other Party.

2. The Parties shall make available information on opportunities for:

(a) investment in its territory, which may be developed by investors of the other Party;

(b) strategic alliances between investors of the Parties, by investigating and matching interests and partnership opportunities; and

(c) investment in specific economic sectors of interest to the other Party and its investors, in accordance with the express request made by this Party.

3. In order to keep each other informed and up to date : the Parties shall shall exchange information with respect to:

(a) national legislation that directly or indirectly affects foreign investment, including, among others, foreign exchange and tax regimes;

(b) the performance of foreign investment in their respective territories; and

(c) investment opportunities referred to in paragraph 2, including the dissemination of available financial instruments that assist in increasing investment in the territory of the Parties.

Section C. Dispute Settlement between a Party and an Investor of the other Party

Article 11.18. Objective

This Section establishes a mechanism for the settlement of disputes arising between a Party and an investor of the other Party arising out of an alleged breach of an obligation set forth in Section B.

Article 11.19. Consultation and Negotiation

In the event of an investment dispute, the claimant and respondent should first seek to resolve the dispute through consultation and negotiation, which may include the use of non-binding third-party procedures such as conciliation and mediation.

Article 11.20. Submission of a Claim to Arbitration

1. In the event that a disputing party considers that an investment dispute cannot be resolved through consultation and negotiation: (6)

(a) the claimant, at its own expense, may submit to arbitration a claim, in accordance with this Section, alleging that the defendant has breached an obligation under Section B and that the plaintiff has suffered loss or damage by reason of or as a result of such breach; and

(b) the claimant, on behalf of an enterprise organized under the national law of the respondent that is a legal person owned or controlled directly or indirectly by the claimant, may, in accordance with this Section, submit to arbitration a claim alleging that the respondent has breached an obligation under Section B and that the enterprise has suffered loss or damage by reason of, or as a result of, such breach.

2. At least 90 days before a claim is submitted to arbitration under this Section, the claimant shall deliver to the respondent a written notice of its intent to submit the claim to arbitration ("notice of intent"). The notice shall specify:

(a) the name and address of the claimant and, if the claim is submitted on behalf of a company, the name, address and place of incorporation of the company;

(b) for each claim, the provision of this Agreement alleged to have been breached and any other applicable provision;

(c) the issues of fact and law on which each claim is based; and

(d) the relief sought and the approximate amount of damages claimed.

3. Provided that 6 months have elapsed since the events giving rise to the claim took place, the claimant may submit the claim referred to in paragraph 1 in accordance with:

(a) the ICSID Convention and the ICSID Rules of Procedure for Arbitral Proceedings, provided that both the respondent and the Party of the claimant are parties to the ICSID Convention;

(b) the ICSID Additional Facility Rules, provided that either the respondent or the Party of the claimant, but not both, is a party to the ICSID Convention; or

(c) the UNCITRAL Arbitration Rules.

4. If a disputing investor elects to submit a dispute of the type described in this Article to the courts or judicial or administrative tribunals of the disputing Party or to any other domestic or international dispute settlement procedures, that election shall be final, and the disputing investor may not thereafter submit the dispute to conciliation or arbitration under this Article.

5. A claim shall be deemed submitted to arbitration pursuant to this Section when the claimant's notice or request for arbitration ("notice of arbitration"):

(a) referred to in Article 36(1) of the ICSID Convention is received by the Secretary-General;

(b) referred to in Article 2 of Annex C of the ICSID Additional Facility Rules is received by the Secretary-General; or

(c) The statement of claim referred to in Article 3 of the UNCITRAL Arbitration Rules, together with the statement of claim referred to in Article 18 of the UNCITRAL Arbitration Rules, is received by the respondent. A claim first raised after such notice of arbitration has been submitted shall be deemed submitted to arbitration under this Section on the date of its receipt under the applicable arbitration rules.

6. The arbitration rules applicable pursuant to paragraph 3, and in effect on the date of the claim or claims submitted to arbitration pursuant to this Section, shall govern the arbitration except to the extent modified by this Agreement.

7. The claimant shall deliver together with the notice of arbitration:

(a) the name of the arbitrator appointed by the claimant; or

(b) the written consent of the claimant to the appointment of such arbitrator by the Secretary General.

(6) For greater certainty, a claim may only be brought under this paragraph in respect of loss or damage incurred by the claimant as an investor in the territory of the Party complained against.

Article 11.21. Consent of Each Party to Arbitration

1. Each Party consents to submit a claim to arbitration in accordance with the procedures set forth in this Agreement.

2. The consent referred to in paragraph 1 and the submission of the claim to arbitration under this Section shall comply with the requirements set forth in:

(a) Chapter II of the ICSID Convention (Jurisdiction of the Centre) and the ICSID Additional Facility Rules requiring the written consent of the parties to the dispute;

(b) Article II of the New York Convention requiring a "written agreement"; and

(c) Article I of the Inter-American Convention which requires an "agreement".

Article 11.22. Conditions and Limitations on the Consent of the Parties

1. No claim may be submitted to arbitration under this Section if more than 3 years have elapsed from the date on which the claimant first had or should have had knowledge of the alleged breach under Article 11.20.1 and knowledge that the claimant (for claims brought under Article 11.20.1(a)) or the enterprise (for claims brought under Article 11.20.1(b)) suffered loss or damage.

2. No claim may be submitted to arbitration pursuant to this Section unless:

(a) the claimant consents in writing to arbitration in accordance with the procedures provided for in this Agreement; and

(b) the notice of arbitration shall be accompanied:

(i) of the claimant's written waiver of claims submitted to arbitration under Article 11.20.1(a); and

(ii) of the claimant's and the enterprise's written waivers of claims submitted to arbitration under Article 11.20.1(b);

of any right to initiate before any judicial or administrative tribunal in accordance with the domestic law of any Party, or other dispute settlement procedures, national and international, any action with respect to any measure alleged to constitute a breach referred to in Article 11.20.

3. Notwithstanding paragraph 2(b), the claimant (for claims brought under Article 11.20.1(a)) and the claimant or the enterprise (for claims brought under Article 11.20.1(b)) may initiate or continue an action requesting the application of precautionary measures of a suspensive, declaratory or extraordinary nature, and which does not involve the payment of monetary damages before a judicial or administrative court of the respondent, provided that the action is brought for the sole purpose of preserving the rights and interests of the claimant or the company during the pendency of the arbitration.

Article 11.23. Selection of Arbitrators

1. Unless otherwise agreed by the disputing parties, the tribunal shall be composed of 3 arbitrators, one arbitrator appointed by each of the disputing parties and the third, who shall be the presiding arbitrator, shall be appointed by agreement of the said parties.

2. The Secretary General shall appoint arbitrators in arbitration proceedings in accordance with this Section.

3. Where a tribunal is not constituted within 90 days from the date on which the claim is submitted to arbitration pursuant to this Section, the Secretary General shall, at the request of a disputing party, appoint, in his discretion, the arbitrator or arbitrators not yet appointed.

4. For the purposes of Article 39 of the ICSID Convention and Article 7 of Part C of the ICSID Additional Facility Rules, and without prejudice to objecting to an arbitrator on grounds other than nationality:

(a) the respondent accepts the appointment of each of the members of the tribunal established in accordance with the ICSID Convention or the ICSID Additional Facility Rules;

(b) the claimant referred to in Article 11.20.1(a) may submit a claim to arbitration under this Section, or continue a claim under the ICSID Convention or the ICSID Additional Facility Rules, only on condition that the claimant consents in writing to the appointment of each member of the tribunal; and

(c) the claimant referred to in Article 11.20.1(b) may submit a claim to arbitration under this Section, or pursue a claim under the ICSID Convention or the ICSID Additional Facility Rules, only on condition that the claimant and the enterprise consent in writing to the appointment of each of the members of the tribunal.

Article 11.24. Conduct of Arbitration

1. The disputing parties may agree on the legal place where any arbitration is to be held in accordance with the applicable arbitral rules pursuant to Article 11.20.3. In the absence of agreement between the disputing parties, the tribunal shall determine such place in accordance with the applicable arbitral rules, provided that the place is in the territory of a State that is a party to the New York Convention.

2. A non-disputing Party may make oral or written submissions to the tribunal regarding the interpretation of this Agreement. For this purpose, the disputing parties and the tribunal may include in the procedural calendar a time limit for the submission of such submissions.

3. The tribunal shall have the authority to accept and consider amicus curiae briefs from a person or entity that is not a disputing party.

4. Without prejudice to the tribunal's power to hear other objections as preliminary questions, a tribunal shall hear and decide as a preliminary question any objection by the respondent that, as a matter of law, the claim submitted is not a claim in respect of which an award in favor of the claimant may be made under Article 11.30.

(a) Such objection shall be submitted to the tribunal as soon as possible after the constitution of the tribunal and in no event later than the date the tribunal fixes for the respondent to file its statement of defense (or in the case of an amendment to the notice of arbitration, the date the tribunal fixes for the respondent to file its answer to the amendment).

(b) Upon receipt of an objection under this paragraph, the tribunal shall suspend any action on the merits of the dispute, establish a timetable for consideration of the objection that is consistent with any timetable that has been established for consideration of any other preliminary issue, and issue a decision or award on the objection, setting forth the grounds therefor.

(c) In deciding an objection under this paragraph, the tribunal shall take as true the factual allegations submitted by the claimant in support of any claim contained in the notice of arbitration (or any amendment thereto) and, in disputes brought under the UNCITRAL Arbitration Rules, the statement of claim referred to in Article 18 of the UNCITRAL Arbitration Rules. The tribunal may also consider any other relevant facts that are not in dispute.

(d) The respondent does not waive any objection with respect to jurisdiction or any substantive argument, merely because it has or has not made an objection under this paragraph, or avails itself of the expedited procedure set forth in paragraph 5.

5. If the respondent so requests, the tribunal shall, within 45 days after the constitution of the tribunal, decide, in an expeditious manner, an objection under paragraph 4 and any other objection that the dispute is not within the tribunal's jurisdiction. The tribunal shall suspend any action on the merits of the dispute and shall, not later than 150 days after the date of the request, issue a decision or award on such objection, stating the basis therefor. However, if a disputing party

requests a hearing, the tribunal may take an additional 30 days to issue the decision or award. Regardless of whether a hearing has been requested, the tribunal may, upon a showing of extraordinary cause, delay rendering its decision or award for an additional brief period, which may not exceed 30 days.

6. When the tribunal decides a respondent's objection under paragraph 4 or 5, it may, if warranted, award to the prevailing disputing party reasonable costs and attorney's fees incurred in raising or opposing the objection. In determining whether such an award is warranted, the tribunal shall consider whether the claimant's claim or the respondent's objection was frivolous, and shall give the disputing parties a reasonable opportunity to comment.

7. The tribunal may order an interim measure of protection to preserve the rights of a disputing party, or for the purpose of ensuring the full exercise of the tribunal's jurisdiction, including an order to preserve evidence in the possession or under the control of a disputing party or to protect the tribunal's jurisdiction. The tribunal may not order the attachment or prevent the enforcement of a measure that is considered a violation referred to in Article 11.20. For the purposes of this paragraph, an order includes a recommendation.

Article 11.25. Transparency of Arbitral Proceedings

1. Subject to paragraphs 2 and 4, the Respondent shall, after receiving the following documents, deliver them as soon as possible to the non-disputing Parties and make them available to the public:

(a) the notice of intent;

(b) the notice of arbitration;

(c) pleadings, statements of claim and explanatory notes submitted to the tribunal by a disputing party and any written communications submitted pursuant to articles 11.24.2, 11.24.3 and 11.29;

(d) minutes or transcripts of court hearings, when available; and (e) orders, awards and decisions of the court.

2. The tribunal shall conduct hearings open to the public and shall determine, in consultation with the disputing parties, the appropriate logistical arrangements. However, any disputing party that intends to use information classified as protected information in a hearing shall so inform the tribunal. The tribunal shall make appropriate arrangements to protect the information from disclosure.

3. Nothing in this Section requires the Respondent to make available protected information or to provide or permit access to information that it may withhold pursuant to Article 20.3 (National Security) or Article 20.4 (Disclosure of Information).

4. Any protected information that is submitted to the court shall be protected from disclosure in accordance with the following procedures:

(a) subject to subparagraph (d), neither the disputing parties nor the tribunal shall disclose to any non-disputing Party or to the public any protected information when the disputing party providing the information clearly designates it as such in accordance with subparagraph (b);

(b) any disputing party claiming that certain information constitutes protected information shall clearly designate it at the time it is submitted to the tribunal;

(c) a disputing party shall, at the same time that it submits a document containing information claimed to be protected information, submit a redacted version of the document that does not contain the information. Only the redacted version shall be provided to the non- disputing Parties and shall be made public in accordance with paragraph 1; and

(d) the tribunal shall decide any objection to the designation of information claimed to be protected information. If the tribunal determines that such information was not properly designated, the disputing party that submitted the information may:

(i) remove all or part of the presentation containing such information; or

(ii) agree to resubmit complete and redacted documents with corrected designations in accordance with the court's determination and with subsection (c).

In any case, the other disputing party shall, when necessary, resubmit complete and redacted documents, which omit the information withdrawn pursuant to subparagraph (i) by the disputing party that first submitted the information or to redesignate the information in a manner consistent with the designation made pursuant to subparagraph (ii) of the disputing party that first submitted the information.

5. Nothing in this Section requires a respondent to deny the public access to information that, in accordance with its national law, must be disclosed.

Article 11.26. Applicable Law

1. Subject to paragraph 2, a tribunal established under this Section shall decide disputes submitted to it in accordance with this Agreement and applicable provisions of international law.

2. A decision of the Administrative Commission declaring the interpretation of a provision of this Agreement in accordance with Article 19.1.3(c) (Administrative Commission) shall be binding on a tribunal established under this Section, and any decision or award rendered by the tribunal shall be consistent with that decision.

Article 11.27. Interpretation of Annexes

1. Where the respondent raises as a defense that the measure alleged to be in breach is within the scope of Annex | or Annex II, the tribunal shall, at the request of the respondent, request the Administrative Commission for an interpretation of the matter. Within 60 days after delivery of the request, the Administrative Commission shall submit in writing to the court any decision stating its interpretation in accordance with Article 19.1.3(c) (Administrative Commission).

2. The decision rendered by the Administrative Commission pursuant to paragraph 1 shall be binding on the court and any decision or award rendered by the Administrative Commission pursuant to paragraph 1 shall be binding on the court.

the court shall be consistent with that decision. If the Administrative Commission does not issue such a decision within 60 days, the court shall decide on the matter.

Article 11.28. Expert Reports

Without prejudice to the appointment of other types of experts where authorized by the applicable arbitration rules, the tribunal, at the request of a disputing party or on its own initiative unless the disputing parties do not agree, may appoint one or more experts to report in writing on any factual issue concerning environmental, health, safety or other scientific matters raised by a disputing party in a proceeding, in accordance with such terms and conditions as the disputing parties may agree.

Article 11.29. Accumulation of Proceedings

1. In cases where 2 or more separate claims have been submitted to arbitration pursuant to Article 11.20.1, and the claims contain a common question of law or fact and arise out of the same facts or circumstances, any disputing party may seek a consolidation order pursuant to the agreement of all disputing parties in respect of which the consolidation order is sought or pursuant to the terms of paragraphs 2 through 10.

2. A disputing party seeking a joinder order pursuant to this Article shall deliver, in writing, a request to the Secretary-General and to all disputing parties in respect of which the joinder order is sought and shall specify in the request the following:

(a) the name and address of all disputing parties in respect of whom the joinder order is sought;

(b) the nature of the requested consolidation order; and

(c) the basis on which the request is supported. 3. Unless the Secretary-General determines, within 45 days after receipt of an application under paragraph 2, that the application is manifestly unfounded, a tribunal shall be established under this Article. 4. Unless otherwise agreed by all the disputing parties in respect of which the consolidation order is sought, the tribunal to be established pursuant to this Article shall consist of 3 arbitrators:

(a) an arbitrator appointed by agreement of the claimants;

(b) an arbitrator appointed by the respondent; and

(c) the presiding arbitrator appointed by the Secretary General, who shall not be a national of either Party.

5. If, within 60 days after receipt by the Secretary-General of the request made pursuant to paragraph 2, the respondent or the claimants fail to appoint an arbitrator in accordance with paragraph 4, the Secretary-General shall, upon the request of any disputing party in respect of which the order for consolidation is sought, appoint the arbitrator or arbitrators not yet

appointed. If the respondent fails to appoint an arbitrator, the Secretary-General shall appoint a national of the disputing Party and, if the claimants fail to appoint an arbitrator, the Secretary-General shall appoint a national of a Party of the claimants.

6. In the event that the tribunal established under this Article has found that 2 or more claims have been submitted to arbitration pursuant to Article 11.20.1, raising a common question of law or fact, and arising out of the same facts or circumstances, the tribunal may, in the interest of reaching a fair and efficient resolution of the claims and after hearing the disputing parties, by order:

(a) assume jurisdiction, hear and determine jointly all or part of the claims;

(b) assume jurisdiction over, hear and determine one or more claims, the determination of which it believes would contribute to the resolution of the other claims; or

(c) instruct a court previously established pursuant to Article 11.23 to assume jurisdiction over, hear and determine jointly, all or part of the claims, provided that:

(i) that tribunal, at the request of any claimant who was not previously a disputing party before that tribunal, be reinstated with its original members, except that the arbitrator for the claimant parties shall be appointed in accordance with paragraphs 4(a) and 5; and

(ii) that court decides whether to repeat any previous hearing.

7. Where a tribunal has been established under this Article, a claimant who has submitted a claim to arbitration under Article 11.20.1, and whose name is not mentioned in a request made under paragraph 2, may make a written request to the tribunal to the effect that such claimant be included in any order made under paragraph 6, and shall specify in the request:

(a) the name and address of the plaintiff;

(b) the nature of the requested consolidation order; and

(c) the grounds on which the request is based.

8. The claimant shall deliver a copy of its application to the Secretary General.

9. A court established under Article 11.23 shall not have jurisdiction to decide a claim, or any part of a claim, over which a court established or instructed under this Article has assumed jurisdiction.

10. On the request of a disputing party, a tribunal established under this Article may, pending its decision under paragraph 6, order that the proceedings of a tribunal established under Article 11.23 be adjourned, unless the latter tribunal has suspended its proceedings.

11. A tribunal established under this Article shall conduct the proceedings in accordance with the UNCITRAL Arbitration Rules, except as modified by this Section.

Article 11.30. Awards

1. Where a court makes a final award against the respondent, the court may award, separately or in combination, only:

(a) pecuniary damages and interest;

(b) restitution of the property, in which case the award shall provide that the respondent may pay monetary damages, plus interest in lieu of restitution.

A tribunal may also award costs and attorney's fees in accordance with this Section and the applicable arbitration rules.

2. Subject to paragraph 1, where a claim is submitted to arbitration under Article 11.20.1(b):

(a) the award providing for restitution of the property shall provide that restitution shall be granted to the enterprise;

(b) the award of monetary damages and interest shall provide that the sum of money shall be paid to the company; and

(c) the award shall provide that the award is without prejudice to any right of any person to relief under applicable national law.

3. A court is not authorized to order the payment of punitive damages.

4. The award rendered by a tribunal shall be binding only on the disputing parties and only in respect of the particular case.

5. Subject to paragraph 6 and the review procedure applicable to an interim award, the disputing party shall comply with and carry out the award without delay.

6. A disputing party may not request enforcement of the final award until:

(a) in the case ofa final award rendered under the ICSID Convention:

(i) 120 days have elapsed from the date on which the award was rendered and no disputing party has requested revision or annulment of the award; or

(ii) the review or annulment proceedings have been concluded; and

(b) in the case of a final award rendered under the ICSID Additional Facility Rules or the UNCITRAL Arbitration Rules:

(i) 90 days have elapsed since the date on which the award was rendered and no proceeding to revise, set aside or annul the award has been instituted by any disputing party; or

(ii) a court has dismissed or allowed an application for revision, setting aside or annulment of the award and this decision cannot be appealed.

7. Each Party shall provide for the proper enforcement of an award in its territory.

8. Where the respondent fails to comply with or comply with a final award, upon delivery of a request by the Party of the claimant, the establishment of an Arbitral Panel shall be requested in accordance with Article 17.8 (Request for Establishment of Arbitral Panel).

9. The requesting Party may invoke such procedures for a determination that non-compliance or disregard of the terms of the final award is contrary to the obligations of this Agreement and a recommendation in accordance with the procedures set out in Article 17.15 (Preliminary Report), to the effect that the Party shall comply with and abide by the final award.

10. Adisputing party may seek enforcement of an arbitral award under the ICSID Convention, the New York Convention or the Inter-American Convention, whether or not the mechanism referred to in paragraphs 8 and 9 has been applied.

11. For the purposes of Article | of the New York Convention and Article | of the Inter-American Convention, a claim submitted to arbitration under this Section shall be deemed to arise out of a commercial relationship or transaction.

Article 11.31. Delivery of Documents

Delivery of the notification and other documents to a Party shall be made at the place designated by it in Annex 11.31.

Annex 11.11. Expropriation and Compensation

For the purposes of Article 11.11.1(a), the following shall be understood to be included in the term "public purpose term "public purpose" means:

(a) for the case of Costa Rica: public utility or public interest;

(b) in the case of El Salvador: public utility or social interest;

(c) for the case of Guatemala: collective utility, social benefit or public interest; and public interest;

(d) for the case of Honduras: necessity or public interest;

(e) for the case of Mexico: public utility; and

(f) for the case of Nicaragua: public utility or social interest.

2. The term "public purpose" refers to a concept of customary international law. international law concept.

3. For the purposes of Article 11.11, the Parties confirm their common understanding that:

(a) Article 11.11.1 is intended to reflect customary international law concerning the obligation of States with respect to expropriation;

(b) an act or series of acts of a Party cannot constitute an expropriation unless it interferes with a tangible or intangible property right or with the essential attributes or powers of ownership of an investment;

(c) Article 11.11.1 addresses 2 situations. The first is direct expropriation, where an investment is nationalized or otherwise directly expropriated through the formal transfer of title or right of ownership. The second situation addressed by Article 11.11.1 is indirect expropriation, where an act or series of acts by a Party has an effect equivalent to that of a direct expropriation without the formal transfer of title or right of ownership;

(i) the determination of whether an act or series of acts of a Party, in a specific factual situation, has an effect equivalent to a direct expropriation without the formal transfer of title or right of ownership (i) the determination of whether or not an act or series of acts of a Party, in a specific factual situation, constitutes an indirect expropriation. indirect expropriation, requires a factual, case-by-case inquiry that case-by-case factual inquiry that considers among other factors:

(1) the economic impact of the governmental act, although (2) the fact that an act or series of acts of a Party has an adverse effect on the value of a Party's adverse effect on the economic value of an investment, by itself, does not investment, standing alone, does not establish that an indirect expropriation has indirect expropriation has occurred;

(2) the extent to which the government action interferes with unambiguous and reasonable expectations. with unambiguous and reasonable expectations in the investment; and investment; and

(3) the character of the government action;

(ii) except in exceptional circumstances, acts of indirect expropriation do not constitute indirect expropriations. indirect expropriations do not constitute non-discriminatory regulatory non-discriminatory regulatory acts of a Party that are designed and applied to protect legitimate public welfare objectives, such as public health, safety, security and such as public health, safety and the environment.

Annex 11.31. Delivery of Documents

For purposes of Article 11.31, the place for delivery of notices and other documents under Section C shall be:

(a) for the case of Costa Rica, the Dirección General de Comercio Exterior, Ministerio de Comercio Exterior, Avenidas 1 y 3, Calle 40, San José, Costa Rica;

(b) in the case of El Salvador, the Dirección de Administración de Tratados Comerciales, Ministerio de Economía, Alameda Juan Pablo II y Calle Guadalupe, Plan Maestro, Edificio "C-2", San Salvador, El Salvador;

(c) in the case of Guatemala, the Dirección de Administración del Comercio Exterior, Ministerio de Economía, 8ª Avenida 10-43 zona 1, Guatemala, Guatemala;

(d) for Honduras, the Dirección General de Integración Económica y Política Comercial, Secretaría de Estado en los Despachos de Industria y Comercio, Boulevard José Cecilio del Valle, Edificio San José, Tegucigalpa, Honduras;

(e) for Mexico: Dirección General de Consultoría Jurídica de Negociaciones, Secretaría de Economía, Alfonso Reyes número 30 Hipódromo Condesa, Cuauhtémoc, México, D.F.; and

(f) in the case of Nicaragua, the Dirección General de Comercio Exterior, Ministerio de Fomento Industria y Comercio, Km. 6, Carretera a Masaya, Managua, Nicaragua,

or its successors.

2. For the modification of the information contained in paragraph 1, the written notification of the modifying Party to the other Party(ies) at the place designated by such other Party(ies) shall be sufficient.

Chapter XII. Cross-Border Trade In Services

Article 12.1. Definitions

For the purposes of this Chapter, the following definitions shall apply:

Cross-border trade in services: the supply of a service:

(a) from the territory of one Party to the territory of the other Party;

(b) in the territory of a Party, by a person of that Party, to a person of the other Party; or

(c) by a national of a Party in the territory of the other Party;

but does not include the supply of a service in the territory of a Party by an investor of the other Party, as defined in Article 11.1 (Definitions) or an investment by an investor of the other Party;

company: a company, as defined in Article 2.1 (Definitions of General Application), and the branch of a company;

enterprise of a Party: an enterprise incorporated or organized under the domestic law of that Party and domiciled in the territory of that Party; and a branch located in the territory of a Party and carrying on substantive business activities therein;

measures adopted or maintained by a Party: measures adopted or maintained by:

(a) central, regional or local governments or authorities; and

(b) non-governmental institutions or agencies in the exercise of powers delegated to them, in accordance with national legislation, by the governments or authorities indicated in the preceding paragraph;

national: a natural person who is a national of a Party in accordance with Article 2.1 (Definitions of General Application), or a permanent resident of a Party;

person: a national or a company;

service supplier of a Party: a person of a Party who intends to supply or does supply a service; (1)

services: includes any service, except services provided in the exercise of governmental authority;

service supplied in the exercise of governmental authority: any service that is supplied neither on a commercial basis nor in competition with one or more service suppliers;

specialized air services: any air service other than transportation, such as aerial mapping, aerial surveying, aerial photography, forest fire control, fire suppression, aerial advertising, glider towing, parachuting services, construction air services, log air transport, scenic flights, training flights, aerial inspection and surveillance and aerial spraying, and other air services related to agriculture, industry and inspection;

professional services: services, the supply of which requires specialized higher education or equivalent training or experience and the exercise of which is authorized or restricted by a Party, but does not include services supplied by persons engaged in a trade or to crew members of merchant ships and aircraft; and transfers: international remittances and payments.

(1) The Parties understand that for the purposes of this Chapter, "service supplier" has the same meaning as "services" and "service suppliers" as used in the GATS.

Article 12.2. Scope of Application

1. This Chapter applies to measures that a Party adopts or maintains on cross-border trade in services by service suppliers of the other Party, including those relating to:

(a) the production, distribution, marketing, sale and provision of a service;

(b) the purchase or use of, or payment for, a service;

(c) access to and use of distribution systems, transport or telecommunication networks and services related to the supply of a service;

(d) the presence in its territory of a service supplier of the other Party; and

(e) the provision of a bond or other form of financial guarantee as a condition for the provision of a service.

2. This Chapter does not apply to:

(a) air services, including domestic and international air transport, both scheduled and non-scheduled, as well as ancillary activities in support of air services, except:

(i) aircraft repair and maintenance services during the period in which an aircraft is removed from service;

(ii) specialized air services; and

(iii) computerized reservation systems;

(b) financial services;

(c) subsidies or grants provided by a Party or a state enterprise, including government-supported loans, guarantees and insurance;

(d) services provided in the exercise of governmental authority such as, but not limited to, the enforcement of laws relating to social rehabilitation services, income security or insurance, social security or insurance, social welfare, public education, public training, health and child care; and

(e) public procurement.

3. This Chapter does not impose any obligation on a Party with respect to a national of the other Party who seeks to enter its labor market or who has permanent employment in its territory, or to confer any rights on that national, with respect to such access or employment, nor shall it apply to measures relating to citizenship or residence on a permanent basis.

4. Nothing in this Chapter shall prevent a Party from applying measures to regulate the entry or temporary stay of persons of the other Party in its territory, including those measures necessary to protect the integrity of its borders and to ensure the orderly movement of persons across its borders. (2)

5. Articles 12.6 and 12.9 shall apply to measures of a Party affecting the supply of a service in its territory by an investment as defined in Article 11.1 (Definitions). (3)

6. For the purposes of this Agreement, the extraction of natural resources, the generation of electricity, the refining of crude oil and its derivatives, hunting and fishing shall not be considered services.

(2) The mere fact of requiring a visa from persons of the other Party shall not be considered as nullification or impairment of benefits under this Agreement.

(3) The Parties understand that nothing in this Chapter, including this paragraph, is subject to Section C (Dispute Settlement between a Party and an Investor of the other Party) of Chapter 11 (Investment).

Article 12.3. Most-Favored-Nation Treatment

1. Each Party shall accord to services and service suppliers of the other Party treatment no less favorable than that it accords, in like circumstances, to services and service suppliers of any non-Party.

2. Nothing in this Chapter shall be construed to prevent a Party from conferring advantages on adjacent States for the purpose of facilitating trade, limited to contiguous border areas, in services that are produced or consumed locally.

Article 12.4. National Treatment

1. Each Party shall accord to services and service suppliers of the other Party treatment no less favorable than that it accords, in like circumstances, to its own services and service suppliers.

2. A Party may comply with paragraph 1 by granting to services and service suppliers of the other Party formally identical treatment or formally different treatment to that it accords to its like services and service suppliers.

3. Formally identical treatment or formally different treatment shall be considered less favorable if it modifies the conditions of competition in favor of services or service suppliers of the Party, as compared to like services or service suppliers of the other Party.

4. Nothing in this Article shall be construed to require either Party to compensate for any inherent competitive disadvantages resulting from the foreign character of the relevant services or service suppliers.

5. Treatment accorded by a Party under paragraph 1 means, with respect to a regional level government, treatment no less favourable than the most favourable treatment accorded by that regional level government to like services and service

suppliers of the Party to which they belong.

Article 12.5. Local Presence

No Party shall require a service supplier of the other Party to establish or maintain a representative office or other business or to reside in its territory as a condition for the cross-border supply of a service.

Article 12.6. Market Access

No Party shall adopt or maintain, on the basis of a regional subdivision or its entire territory, measures that:

(a) impose limitations on:

(i) the number of service providers, either in the form of numerical quotas, monopolies or exclusive service providers, or by requiring an economic needs test;

(ii) the total value of assets or service transactions in the form of numerical quotas or by requiring an economic needs test;

(iii) the total number of service operations or the total amount of service output, expressed in designated numerical units, in the form of quotas or through the requirement of an economic needs test; (4)

(iv) the total number of persons who may be employed in a given service sector or who may be employed by a service provider and who are necessary for and directly related to the provision of a specific service, in the form of numerical quotas or by requiring an economic needs test; or

(b) restrict or prescribe the specific types of legal entity or joint venture through which a service provider may supply a service.

(4) This clause does not cover measures of a Party that limit inputs for the supply of services.

Article 12.7. Reservations and Exceptions

1. Articles 12.3, 12.4, 12.5 and 12.6 do not apply to:

(a) any existing non-conforming measure maintained by a Party in:

(i) central level government, as established by that Party in its Schedule to Annex I;

(ii) a regional level government, as established by that Party in its Schedule to Annex I; or

(iii) government at the local level;

(b) the continuation or prompt renewal of any nonconforming measure referred to in subsection (a); or

(c) the modification of any nonconforming measure referred to in subparagraph (a), provided that such modification does not diminish the conformity of the measure, as in effect immediately before the modification, with Articles 12.3, 12.4, 12.5, and 12.6.

2. Articles 12.3, 12.4, 12.5 and 12.6 do not apply to any measures that a Party adopts or maintains, in relation to sectors, subsectors or activities, as indicated in its Schedule to Annex II.

3. Parties are not required to list governance measures at the local level.

Article 12.8. Transparency In the Development and Application of the Regulations

In addition to the provisions of Chapter XVIII (Transparency):

(a) the Parties shall establish or maintain appropriate mechanisms to respond to inquiries from interested persons concerning their regulations relating to matters covered by this Chapter;

(b) at the time of adopting final regulations relating to the subject matter of this Chapter, a Party shall, to the extent practicable, afford the other Party and interested persons of the other Party reasonable opportunity to comment on the proposed regulations. In addition, that Party shall, to the extent practicable, including upon request, respond in writing to

substantive comments received; and

(c) to the extent possible, the Parties shall allow a reasonable period of time between the publication of final regulations and the date on which they enter into force.

Article 12.9. National Regulations

1. Where a Party requires authorization for the supply of a service, the competent authorities of that Party shall, within a reasonable time after the submission of an application considered complete under its laws and regulations, inform the applicant of the decision regarding the application. At the request of such applicant, the competent authorities of the Party shall, without undue delay, provide information concerning the status of the application. This obligation shall not apply to authorization requirements that fall within the scope of Article 12.7.2.

2. In order to ensure that measures relating to qualification requirements and procedures, technical standards and licensing requirements do not constitute unnecessary barriers to trade in services, each Party shall endeavor to ensure, as appropriate to each specific sector, that any such measures it adopts or maintains:

(a) based on objective and transparent criteria, such as competence and capacity to provide the service;

(b) are not more burdensome than necessary to ensure quality of service; and

(c) in the case of licensing procedures, do not in themselves constitute a restriction on the provision of the service.

3. If the results of negotiations related to Article VI:4 of the GATS (or the result of any similar negotiations conducted in another multilateral forum in which the Parties participate) enter into force for each Party, this Article shall be modified, as appropriate, after consultations between the Parties, so that those results are in force in accordance with this Agreement. The Parties shall use their best efforts to coordinate among themselves in such negotiations.

Article 12.10. Mutual Recognition

1. For the purposes of complying, in whole or in part, with its standards or criteria for the authorization or certification of service suppliers or the licensing of service suppliers, and subject to the requirements of paragraph 4, a Party may recognize education or experience obtained, requirements met, or licenses or certificates granted in a particular State, including the other Party or a non-Party. Such recognition, which may be effected through harmonization or otherwise, may be based on an agreement with the State in question or may be granted autonomously.

2. Where a Party recognizes, autonomously or by means of an agreement or arrangement, education or experience obtained, qualifications completed or licenses or certificates granted in the territory of the other Party or of a non-Party, nothing in Article 12.3 shall be construed to require the Party to grant such recognition to education or experience obtained, qualifications completed or licenses or certificates granted in the territory of the other Party.

3. A Party that is a party to an existing or future agreement or arrangement of the type referred to in paragraph 1 shall provide adequate opportunities for the other Party, if that other Party is interested, to negotiate its accession to that agreement or arrangement or to negotiate with it a comparable one. Where a Party grants recognition autonomously, it shall provide adequate opportunities for the other Party to demonstrate that education, experience, licenses or certificates obtained or requirements fulfilled in the territory of that other Party should be subject to recognition.

4. No Party shall grant recognition in a manner that would constitute a means of discrimination between States in the application of its standards or criteria for the authorization or certification of service suppliers or the granting of licenses to them, or a disguised restriction on trade in services.

5. Each Party shall, within one year of the date of entry into force of this Agreement, consider eliminating any nationality or permanent residence requirement indicated in its Schedule to Annex | that it maintains for the recognition of qualifications of professional service suppliers of the other Party. Where a Party is unable to eliminate such requirements with respect to a particular sector, the other Party may, in the same sector and for as long as the non-complying Party maintains its requirement, maintain, as a sole remedy, an equivalent requirement.

6. Annex 12.10 establishes procedures for the recognition of education, experience, standards and requirements governing professional service providers.

Article 12.11. Transfers and Payments

1. Each Party shall allow all transfers and payments related to the cross-border supply of services to be made freely and without delay to and from its territory.

2. Each Party shall allow such transfers and payments related to the cross- border supply of services to be made in a freely usable currency at the market rate of exchange prevailing at the time of transfer.

3. Notwithstanding paragraphs 1 and 2, a Party may prevent the making of a transfer or payment, through the equitable, non-discriminatory and good faith application of its laws relating to:

(a) bankruptcy, insolvency or protection of creditors' rights;

(b) issuance, trading or operations of securities, futures, options or derivatives;

(c) financial reporting or record keeping of transfers when necessary to cooperate with law enforcement or financial regulatory authorities;

(d) criminal offenses;

(e) guaranteeing compliance with orders or rulings in judicial or administrative proceedings; or

(f) social security, public pensions or mandatory savings programs.

Article 12.12. Denial of Benefits

Subject to prior notification and consultations, a Party may deny the benefits of this Chapter to:

(a) a service supplier of the other Party, if the service supplier is an enterprise owned or controlled by persons of a non-Party and such enterprise does not maintain substantive business operations in the territory of the other Party; or

(b) a service supplier of the other Party, if the service supplier is an enterprise owned or controlled by persons of the denying Party and such enterprise does not maintain substantive business operations in the territory of the other Party.

Article 12.13. Technical Cooperation

The Parties shall establish, no later than one year after the entry into force of this Agreement, a system to provide service suppliers with information concerning their markets in relation to:

(a) commercial and technical aspects of service provision;

(b) the possibility of obtaining service technology; and

(c) all those aspects that the Administrative Commission may agree upon regarding services.

Chapter XIII. Telecommunications Services (1)

(1) For greater certainty, this Chapter does not create market access rights or obligations.

Article 13.1. Definitions

For the purposes of this Chapter, the following definitions shall apply:

regulatory authority: the body or bodies, in the telecommunications services sector, entrusted with any of the regulatory tasks assigned in accordance with the national legislation of each Party;

essential telecommunications facilities: the facilities of a network or of a publicly available telecommunications service that:

(a) are supplied exclusively or predominantly by a single supplier or by a limited number of suppliers; and

(b) whose substitution for the provision of a service is not economically or technically feasible;

interconnection: the connection between public telecommunications networks of suppliers providing publicly available telecommunications services, for the purpose of enabling users of one supplier to communicate with users of another supplier and to access publicly available telecommunications services provided by another supplier;

major supplier (2) in the telecommunications sector: a supplier of publicly available telecommunications services that has the ability to materially affect the terms of participation (with respect to price and supply/supply) in a relevant market for publicly available telecommunications services as a result of control of essential facilities or use of its market position;

public telecommunications network: the telecommunications network over which publicly available telecommunications services are commercially operated. The network does not include users' telecommunications terminal equipment or private telecommunications networks beyond the terminal connection point;

telecommunications services: all services consisting of the transmission and reception of signals through telecommunications networks, not including the economic activity consisting of the supply of content requiring telecommunications networks or services for its transport; and

publicly available telecommunications services: any telecommunications service that a Party authorizes to be offered to the general public, in accordance with its domestic law.

(2) In accordance with the applicable national legislation and when so required, a major supplier must be declared to have substantial power in the relevant market by a final decision of the competent authority.

Article 13.2. Scope

1. This Chapter establishes the regulatory principles applicable to publicly available telecommunications services committed pursuant to Chapters XI (Investment) and XII (Cross-Border Trade in Services).

2. Except to ensure that persons operating broadcasting stations (3) and cablecasting have continuous access to and use of telecommunications services directed to the public in accordance with domestic law, this Chapter does not apply to any measure that a Party adopts or maintains relating to the broadcasting or cablecasting of radio or television programming.

3. In the event of any inconsistency between this Chapter and another Chapter, this Chapter shall prevail to the extent of the inconsistency.

(3) Broadcasting is defined as the uninterrupted chain of transmission necessary for the distribution of television and radio program signals to the general public, excluding contribution links between operators.

Article 13.3. Regulatory Authority

1. The regulatory authority will be legally distinct and functionally independent from any telecommunications service provider.

2. Each Party shall endeavor to ensure that its regulatory authority has adequate resources to carry out its functions.

3. The decisions and procedures applied by a regulatory authority shall be impartial with respect to all market participants.

4. A supplier authorized to supply publicly available telecommunications services affected by a decision of a regulatory authority of a Party shall have the right, in accordance with the respective national legislation, to appeal such decision to that regulatory authority or to another competent body independent of the suppliers authorized to supply publicly available telecommunications services involved. Where the competent body is not of a judicial nature, it shall provide written reasons and justification for the decisions appealed against. Such decisions shall also be subject to review by an impartial and independent judicial authority.

5. Decisions taken by such competent bodies shall be enforced in accordance with the applicable legal procedures. Pending the outcome of such legal proceedings, the decision of the regulatory authority shall stand, unless the competent body or the applicable national legislation determines otherwise.

Article 13.4. Authorization to Provide Publicly Available Telecommunication Services (4)

1. The supply of publicly available telecommunications services shall be authorized in accordance with the procedures established by the national legislation of the authorizing Party.

2. A specific authorization may be required to deal with number and frequency assignment matters, in accordance with the

national legislation of the authorizing Party. The terms and conditions for such specific authorizations shall be made publicly available.

3. Where a Party requires an authorization from a supplier of publicly available telecommunications services, the Party shall make it available to the public:

(a) the applicable criteria, terms and conditions of authorization; and

(b) the period of time, which in accordance with its national legislation is required to take a decision on the application for an authorization.

4. In accordance with applicable national legislation, each Party shall ensure that, upon request, an applicant is provided with the reasons for the denial of an authorization.

5. The applicant for an authorization may appeal to the regulatory authority or other competent body, in accordance with the respective national legislation, in the event that an authorization is refused.

(4) For the purposes of this Chapter, the term authorization shall be understood to include licenses, concessions, permits, registrations or other types of authorizations that a Party may require to supply telecommunications services.

Article 13.5. Competitive Safeguards on Major Suppliers

The Parties shall introduce or maintain appropriate measures in order to prevent those suppliers authorized to provide services from publicly available telecommunications that, individually or in the aggregate, are a major supplier, employ or continue to employ anticompetitive practices. These anticompetitive practices could include, in particular:

(a) anti-competitive cross-subsidies;

(b) using information obtained from competitors with anticompetitive results; and

(c) failure to make available in a timely manner to other providers of publicly available telecommunications services, technical information on essential facilities and commercially relevant information necessary for them to supply these services (5).

(5) Such information shall be made available in accordance with applicable national legislation.

Article 13.6. Interconnection (6)

1. Any supplier authorized to supply publicly available telecommunications services shall have the right to negotiate interconnection with other suppliers of publicly available telecommunications networks and services. In principle, interconnection should be agreed on the basis of commercial negotiation between the suppliers of publicly available telecommunications services involved, without prejudice to the powers of the regulatory authority to intervene in accordance with the respective national legislation.

2. Suppliers of publicly available telecommunications services that acquire information from other suppliers of publicly available telecommunications services during the process of negotiating interconnection agreements shall be obliged to use such information only for the purpose for which it was provided and shall at all times respect the confidentiality of the information transmitted or stored.

3. Suppliers of publicly available telecommunications services shall register with the regulatory authority all interconnection agreements they have negotiated, as and when required by national legislation.

4. Interconnection with major providers of publicly available telecommunication services will be ensured at the points of the public telecommunications network where technically feasible and in accordance with the respective national legislation. Such interconnection shall be facilitated:

(a) under non-discriminatory terms, conditions (including technical standards and specifications) and tariffs, and shall be provided in a timely manner, under terms, conditions (including technical standards and specifications) and cost-based tariffs (7) that are transparent, reasonable, take into account economic feasibility and are sufficiently unbundled so that the provider of publicly available telecommunications services does not have to pay for components or facilities of the public telecommunications network that it does not require for the supply of telecommunications services;

(b) of a quality not less than that provided for its own similar telecommunications services or for similar telecommunications services of non-affiliated suppliers of publicly available telecommunications services or for its affiliates, subsidiaries or other affiliated companies; and

(c) in accordance with the national legislation of each Party, upon request at points in addition to the public telecommunications network termination points offered to the majority of users, subject to charges reflecting the cost of construction of the necessary additional facilities.

5. The procedures applicable to interconnection with major suppliers of telecommunications services shall be made available to the public in accordance with applicable national legislation.

6. Major suppliers of telecommunications services shall make their existing interconnection agreements or reference interconnection offers, or both, available to the public in accordance with the respective national legislation.

(6) Paragraphs 4, 5 and 6 do not apply with respect to commercial mobile suppliers and rural suppliers of telecommunications services. For greater certainty, nothing in this Article shall be construed to prevent a Party from imposing the requirements set out in this Article on commercial mobile service suppliers.

(7) For Costa Rica and Guatemala, the term to be used will be "cost-oriented".

Article 13.7. Scarce Resources

1. Procedures for the allocation and use of scarce resources, including frequencies, numbers and rights of way, shall be administered in an objective, timely, transparent and non-discriminatory manner, in accordance with national legislation.

2. The current status of the assigned frequency bands will be made available to the public, but it is not necessary to identify in detail the frequencies assigned to specific official uses.

Article 13.8. Universal Service

1. Each Party, in accordance with its national legislation, has the right to define the type of universal service obligations it wishes to maintain or establish.

2. Such obligations shall not be considered anti-competitive per se, provided that they are administered in a transparent, objective and non-discriminatory manner. Furthermore, the administration of such obligations shall be competitively neutral and no more burdensome than necessary for the type of universal service defined by the Party.

3. Providers of publicly available telecommunications services may be eligible to ensure universal service. The designation shall be made through efficient, transparent and non-discriminatory mechanisms, in accordance with the respective national legislation.

Article 13.9. Transparency

In addition to Article 13.4.3 and in accordance with its domestic law, each Party shall ensure that measures relating to publicly available telecommunications services are made available to the public, including measures relating to:

(a) the bodies responsible for the development, modification and adoption of standardization measures affecting access and use; and

(b) conditions for the connection of terminal or other equipment to public telecommunications networks.

Article 13.10. Confidentiality of Information

Each Party shall, in accordance with its domestic law, ensure the confidentiality of telecommunications and associated traffic data, including their content, carried over a public telecommunications network and publicly available telecommunications services, subject to the requirement that the measures are not applied in a manner that would constitute a means of arbitrary or unjustifiable discrimination or disguised discrimination in trade in telecommunications services.

Article 13.11. Supplier Disputes

In the event of a dispute arising between providers of public telecommunications networks or publicly available telecommunications services in relation to the rights and obligations arising under Articles 13.5 and 13.6, the national regulatory authority concerned or another national regulatory authority shall, in the event of a dispute between providers of public telecommunications networks or publicly available telecommunications services in relation to the rights and obligations arising under Articles 13.5 and 13.6, provide the national regulatory authority concerned or other competent authority shall, at the request of any supplier and in accordance with the procedures established under national law, issue a binding decision to resolve the dispute in the shortest possible time.

Chapter XIV. Temporary Entry of Business Persons

Article 14.1. Definitions

For the purposes of this Chapter, the following definitions shall apply:

business activities: those legitimate activities of a commercial nature created and operated for the purpose of obtaining profits in the marketplace. It does not include the possibility of obtaining employment, nor salary or remuneration from a labor source in the territory of a Party;

labor certification: the procedure carried out by the competent administrative authority to determine whether a foreign individual from one Party who intends to temporarily enter the territory of the other Party displaces national labor in the same branch of work or significantly impairs labor conditions in the same branch of work;

temporary entry: the entry, sojourn and stay of a business person of one Party into the territory of the other Party, without the intention of establishing permanent residence, in accordance with the national legislation of the latter;

immigration measure: any measure on immigration matters, whether in the form of a law, regulation, rule, procedure, decision or administrative provision or requirement;

business person: a national of a Party engaged in trade in goods or services, or in investment activities; and

recurrent practice: a practice carried out by the immigration authorities of a Party on a repetitive basis, during a representative period prior to and immediately following the implementation of the practice.

Article 14.2. General Principles

The provisions of this Chapter reflect the preferential commercial relationship between the Parties, the convenience of facilitating the temporary entry of business persons in accordance with their national laws, regulations and provisions, and the need to establish transparent criteria and procedures to that effect. They also reflect the need to ensure border security, to protect the labor of their nationals and permanent employment in their respective territories.

Article 14.3. Scope of Application

1. This Chapter applies to measures affecting the temporary entry of nationals of a Party into the territory of the other Party for business purposes.

2. This Chapter does not apply to measures affecting nationals seeking access to the labor market of the Parties, nor to measures relating to nationality, citizenship or residence, or employment on a permanent basis.

3. This Chapter shall not prevent a Party from applying measures to regulate the entry of nationals of the other Party into its territory, including those measures necessary to protect the integrity and ensure the orderly movement of persons across its borders, provided that such measures are not applied in such a manner as to nullify or impair the benefits received from the other Party under the terms of the categories of business persons in Annex 14.The mere fact of requiring a visa for persons shall not be deemed to nullify or impair the provisions set out in Chapters XI (Investment) and XII (Cross-Border Trade in Services) pursuant to this Agreement.

Article 14.4. Temporary Entry Authorization

1. In accordance with the provisions of this Chapter, including those contained in Annex 14.3, each Party shall authorize the temporary entry of business persons who comply with the immigration measures applicable to temporary entry and with other applicable measures, as well as those relating to public health and safety and national security.

2. A Party may deny the issuance of a migration document authorizing activity or employment to a business person, in accordance with its national legislation, when his temporary entry would adversely affect:

(a) the settlement of any labor dispute at the place where she is or will be employed; or

(b) employment of any person involved in such a conflict.

3. When a Party denies the issuance of a migration document authorizing activity or employment, in accordance with paragraph 2, that Party:

(a) inform the business person concerned in writing of the reasons for the refusal; and

(b) at the request of the Party whose national is refused entry, shall notify the Party in writing and within a reasonable period of time, the reasons for the refusal.

4. Each Party shall limit the amount of fees for processing requests for temporary entry to the approximate cost of services rendered.

5. The temporary entry of a business person does not authorize the practice of a profession, nor does it replace the requirements for the practice of a profession or activity, in accordance with the specific national legislation in force in the territory of the Party authorizing the temporary entry.

Article 14.5. Availability of Information

1. In addition to the provisions of Article 18.3 (Publication), each Party shall:

(a) provide the other Party with such information as will enable it to become acquainted with the measures relating to this Chapter; and

(b) not later than one year after the date of entry into force of this Agreement, prepare, publish and make publicly available, in physical or electronic form, explanatory material in a consolidated document relating to the requirements for temporary entry in accordance with this Chapter.

2. Each Party shall collect, maintain and make available to the other Party, upon request and in accordance with its national legislation, information regarding the granting of temporary entry authorizations, in accordance with this Chapter, to persons of the other Party to whom immigration documentation has been issued. This collection shall include information for each authorized category referred to in Annex 14.3.

Article 14.6. Committee on Temporary Entry of Business Persons

1. The Parties establish the Committee on Temporary Entry of Business Persons. The Committee shall be composed of representatives of each of the Parties, in accordance with the provisions of Annex 14.6, and shall assist the Administrative Commission in the performance of its functions.

2. The Committee shall establish, if it deems it appropriate, its rules of procedure.

3. The meetings of the Committee shall be held at the request of the Administrative Commission, the Free Trade Agreement Coordinators or at the request of any of the Parties to deal with matters of interest to them.

4. The Committee's resolutions shall be adopted by consensus and reported to the appropriate bodies.

5. The Committee shall initially meet no later than 6 months after the date of entry into force of this Agreement. The meetings of the Committee may be held in person or through any technological means. When the meetings are face-to-face, they shall be held alternately in the territory of each Party, and it shall be the responsibility of the host Party to organize the meeting.

6. Notwithstanding the provisions of paragraph 1, the Committee may meet to discuss bilateral matters of interest to one or more Central American and Mexican Parties, provided that the other Parties are notified sufficiently in advance so that, if appropriate, they may participate in the meeting. Agreements arising from the meeting shall be adopted by consensus among the Parties involved in the bilateral matter and shall have effect only with respect to them.

7. The functions of the Committee shall include:

(a) monitoring the implementation and administration of this Chapter;

(b) to make appropriate recommendations to the Administrative Commission on matters within its competence;

(c) consider the development of measures to further facilitate the temporary entry of business persons, in accordance with the provisions of this Chapter;

(d) examine the establishment of procedures for the exchange of information on measures affecting the temporary entry of business persons in accordance with this Chapter;

(e) to consider proposed amendments or additions to this Chapter; and

(f) any other matter instructed by the Administrative Commission.

Article 14.7. Settlement of Disputes

1. The Parties may not request a meeting of the Administrative Commission pursuant to Article 17.7 (Intervention by the Administrative Commission - Good Offices, Conciliation and Mediation), with respect to a denial of temporary entry authorization pursuant to this Chapter, unless:

(a) the matter concerns a recurring practice; and

(b) the business person concerned has exhausted, in accordance with applicable national laws, regulations and provisions, the administrative remedies available to it with respect to that particular matter.

2. The remedies referred to in paragraph 1(b) shall be deemed exhausted when the competent authority has not issued a final decision within 12 months from the initiation of the administrative procedure and the decision has not been delayed for reasons attributable to the business person concerned.

Chapter XV. Electronic Commerce

Article 15.1. Definitions

For the purposes of this Chapter, the following definitions shall apply:

carrier medium: any physical device or object capable of storing digital codes that form a digital product by any method now known or later developed, and from which a digital product can be perceived, reproduced or communicated, directly or indirectly, and includes optical media, floppy disks and magnetic tapes;

electronic means: the use of computerized processing;

digital products: computer programs, text, video, images, sound recordings and other products that are digitally encoded (1); and

electronic transmission or electronically transmitted: the transfer of digital products using any electromagnetic or photonic means.

(1) For greater certainty, digital products do not include digitized representations of financial instruments.

Article 15.2. General Provisions

1. The Parties recognize the economic growth and opportunity that electronic commerce generates, the importance of avoiding obstacles to its use and development, and the applicability of WTO provisions to measures affecting electronic commerce.

2. For greater certainty, nothing in this Chapter shall be construed to prevent a Party from imposing internal taxes, directly or indirectly, on digital products, provided that such taxes are imposed in a manner consistent with this Agreement.

Article 15.3. Electronic Provision of Services

For greater certainty, the Parties affirm that measures affecting the supply of a service using electronic means are within the scope of the obligations contained in the relevant provisions of Chapters XI (Investment) and XII (Cross-Border Trade in Services), subject to any exceptions or non-conforming measures set out in this Agreement that are applicable to such

obligations.

Article 15.4. Digital Products

1. No Party shall impose customs duties in connection with the import or export of digital products by electronic transmission.

2. For purposes of determining the applicable customs duties, each Party shall determine the customs value of an imported carrier medium incorporating a digital good based solely on the cost or value of the carrier medium, regardless of the cost or value of the digital good stored on the carrier medium.

3. No Party shall accord less favorable treatment to digital products transmitted electronically:

(a) that are created, produced, published, published, stored, transmitted, transmitted, contracted, commissioned, or made available for the first time on commercial terms in the territory of the other Party, than it grants to the same or similar electronically transmitted digital products that are created, produced, published, stored, transmitted, transmitted, contracted, commissioned, or made available for the first time on commercial terms in its territory (2); or

(b) | whose author, performer, producer, manager, or distributor is a person of the other Party than the treatment it accords to the same or similar electronically transmitted digital products whose author, performer, producer, manager, or distributor is a person of its territory. (3)

4. No Party shall accord less favorable treatment to digital products transmitted electronically:

(a) that are created, produced, published, published, stored, transmitted, contracted, commissioned, or otherwise made available for the first time on commercial terms in the territory of the other Party, than that granted to the same or similar electronically transmitted digital products that are created, produced, published, stored, transmitted, contracted, commissioned, or otherwise made available for the first time on commercial terms in the territory of a non-Party; or

(b) whose author, performer, producer, manager, or distributor is a person of the other Party than that which it grants to the same or similar electronically transmitted digital products whose author, performer, producer, manager, or distributor is a person of a non-Party.

5. Paragraphs 3 and 4 do not apply to any non-conforming measure referred to in Articles 11.9 (Reservations and Exceptions) or 12.7 (Reservations and Exceptions).

(2) For greater certainty, this paragraph does not confer any rights on a non-Party State.

(3) For greater certainty, this paragraph does not confer any rights on a person from a non-Party.

Article 15.5. Cooperation

The Parties recognize the importance of implementing cooperation programs that promote electronic commerce, which will focus mainly on the following activities:

(a) working together to overcome the obstacles faced by small and medium-sized companies when using e-commerce;

(b) share information and experiences on e-commerce laws, regulations and programs, including those related to data privacy, consumer confidence in e-commerce, cybersecurity, e-signatures, intellectual property rights and e-government;

(c) make their best efforts to work together to establish mechanisms and requirements for digital certificates issued by certification service providers authorized or accredited by one Party to be accepted in the other Party, in accordance with its national legislation;

(d) working to maintain cross-border information flows as an essential element in promoting a dynamic environment for electronic commerce; and

(e) actively participate in hemispheric and multilateral forums to promote the development of electronic commerce.

Article 15.6. Transparency

Each Party shall publish or otherwise make publicly available its laws, regulations and other measures of general application that relate to electronic commerce.

Chapter XVI. Intellectual Property

Section A. General Provisions and Basic Principles

Article 16.1. Definitions

For the purposes of this Chapter, the following definitions shall apply:

Lisbon Agreement: the Lisbon Agreement for the Protection of Appellations of Origin and their International Registration (1979);

Rome Convention: the International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations (1961);

Berne Convention: the Berne Convention for the Protection of Literary and Artistic Works (1971);

Brussels Convention: the Convention Relating to the Distribution of Programme- carrying Signals Transmitted by Satellite (1974);

Geneva Convention: the Convention for the Protection of Producers of Phonograms Against Unauthorized Duplication of their Phonograms (1971);

Paris Convention: the Paris Convention for the Protection of Industrial Property (1967);

Intellectual property rights: includes all categories of intellectual property that are subject to protection under this Chapter, under the terms indicated therein;

Trademark: any sign or combination of signs that allow distinguishing the goods or services of one person from those of another, since they are considered sufficiently distinctive or capable of identifying the goods or services to which they are applied, as opposed to those of the same kind or class. Trademarks shall include collective marks;

nationals of the other Party: with respect to the relevant intellectual property right, persons who would meet the eligibility criteria for protection under the TRIPS Agreement; and

encrypted program-carrying satellite signal: one that is transmitted in a form whereby the auditory or visual characteristics, or both, are modified or altered so as to prevent reception of the program carried on that signal by persons lacking equipment that is designed to eliminate the effects of such modification or alteration.

Article 16.2. Protection of Intellectual Property Rights

1. Each Party shall grant in its territory to nationals of the other Party adequate and effective protection and enforcement of intellectual property rights and shall ensure that measures designed to enforce such rights do not, in turn, become barriers to legitimate trade.

2. Each Party may grant in its national legislation, a broader protection to intellectual property rights than that required in this Chapter, provided that such protection does not contravene the provisions of this Chapter.

3. The Parties shall be free to establish the appropriate method for implementing the provisions of this Chapter, within the framework of their own legal system and practice.

Article 16.3. Provisions on the Subject Matter

In order to provide adequate and effective protection and enforcement of intellectual property rights, the Parties incorporate their rights and obligations set forth in the following international agreements, without prejudice to the provisions of this Chapter:

(a) TRIPS Agreement;

(b) Lisbon Agreement; (1)

(c) Rome Convention;

(d) Berne Convention;

(e) Brussels Convention;

(f) Geneva Convention;

(g) Paris Convention;

(h) Patent Cooperation Treaty (2001);

(i) WIPO Copyright Treaty (1996); and

(j) WIPO Performances and Phonograms Treaty (1996).

(1) Costa Rica, Nicaragua and Mexico will maintain their rights and obligations established in the Lisbon Agreement.

Article 16.4. National Treatment and Most Favored Nation

Subject to the exceptions and exemptions provided for in Articles 3, 4 and 5 of the TRIPS Agreement, each Party shall grant to nationals of the other Party:

(a) treatment no less favorable than that accorded to its own nationals with respect to the protection (2) of intellectual property; and

(b) any advantage, favor, privilege or immunity granted to nationals of any other State with respect to the protection of intellectual property.

(2) For the purposes of this Article, "protection" shall include aspects relating to the existence, acquisition, scope, maintenance and enforcement of intellectual property rights as well as aspects relating to the exercise of the intellectual property rights specifically addressed in this Chapter.

Article 16.5. Control of Abusive or Anti-Competitive Terms and Conditions and Practices

Provided that they are consistent with the provisions of this Chapter, each Party may apply appropriate measures to prevent the abuse of intellectual property rights by right holders or the use of practices that unreasonably restrain trade or adversely affect the international transfer of technology.

Article 16.6. Technical Cooperation and Technology Transfer

1. The Parties recognize the importance of technical cooperation to facilitate the implementation of the provisions of this Chapter and to ensure effective and adequate protection of intellectual property rights, for which purpose the Parties shall cooperate on a basis of equity and mutual benefit, on such terms and conditions as their competent authorities may mutually agree. Such cooperation may include the following:

(a) development of activities to raise public awareness of the importance of intellectual property protection;

(b) seminars, workshops, meetings, visits and exchanges of experts; and

(c) implementation of joint projects and programs.

2. The implementation of this Article shall be subject to the availability of financial resources and the applicable laws and regulations of each Party.

3. The costs of cooperative activities pursuant to this Article shall be borne in such manner as the Parties may mutually agree.

4. The competent intellectual property authorities shall be responsible for establishing the details and procedures for cooperative activities in accordance with this Article.

5. The Parties shall cooperate with a view to eliminating trade in goods that infringe intellectual property rights. To this end, the Parties shall establish and publicize points of contact within their governments for the exchange of information relating to trade in such goods.

Section B. Copyrights and Related Rights

Article 16.7. Protection of Copyrights and Related Rights

1. Each Party shall protect the moral and economic rights of authors of works covered by Article 2 of the Berne Convention, including any other work embodying an original expression within the meaning of that Convention, such as computer programs, or compilations of data which by reason of their selection, arrangement, compendium, arrangement or arrangement of their contents constitute intellectual creations.

2. The protection conferred on compilations of data shall not extend to the data or materials themselves, nor shall it be granted to the prejudice of any copyright existing in such data or materials.

3. Each Party shall provide that for copyright and related rights:

(a) any person acquiring or holding economic rights may freely and separately transfer them by contract for the purpose of exploitation and enjoyment by the transferee; and

(b) any person who acquires and holds such economic rights by virtue of a contract, including contracts of employment involving the creation of any kind of work and production of phonograms, has the capacity to exercise such rights in his own name and to enjoy fully the benefits derived from such rights.

Article 16.8. Performers

The rights that have not been expressly transferred by the performer shall be understood to be reserved in favor of him, except in the cases provided for in the national legislation of each Party.

Article 16.9. Broadcasting Organizations

Each Party shall grant broadcasting organizations the right to authorize or prohibit the reception of their broadcasts in connection with commercial activities.

Article 16.10. Protection of Encrypted Program-carrying Satellite Signals

Each Party shall establish as a cause of civil liability, whether or not in conjunction with criminal liability, in accordance with its national law, the reception in connection with commercial activities, or the further distribution of an encrypted program-carrying satellite signal, which has been received without the authorization of the lawful distributor of the signal.

Section C. Trademarks

Article 16.11. Well-Known Trademarks

1. It shall be understood that a trademark is well known when a determined sector of the public or of the commercial circles of the Party in which the notoriety is claimed, knows the trademark as a consequence of the commercial or promotional activities developed by a person who uses that trademark in relation to its products or services. For the purpose of proving the notoriety of the trademark, all the means of proof admitted in the Party in question may be used.

2. The Parties shall not register as a trademark those signs equal or similar to a well-known trademark that, in order to be applied to any merchandise or service, its use could indicate a connection with the owner of the well-known trademark, or harm the interests of the owner of the well-known trademark.

Article 16.12. Duration of Protection

The initial registration of a trademark shall have a duration of 10 years from the date of filing of the application or from the date of its registration, according to the national legislation of each Party, and may be renewed indefinitely for successive periods of 10 years, provided that the conditions for renewal are satisfied.

Article 16.13. Use Requirement

1. The registration of a trademark may be declared lapsed or cancelled for non- use only after the lapse of, at least, an uninterrupted period of non-use of 3 years, unless the owner of the trademark demonstrates valid reasons supported by the existence of obstacles to use. Circumstances arising independently of the will of the trademark owner that constitute an obstacle to the use of the trademark, such as import restrictions or other governmental requirements applicable to goods or services protected by the trademark, shall be recognized as valid reasons for non- use.

2. A trademark shall be understood to be in use when the goods or services that it distinguishes have been placed in commerce or are available on the market, in the quantity and in the manner that normally corresponds, taking into account the nature of the goods or services and the modalities under which they are marketed.

Section D. Patents

Article 16.14. Patentable Subject Matter

In relation to Article 27.3(b) of the TRIPS Agreement, the Parties shall provide for the protection of plant varieties by patents, an effective sui generis system or a combination thereof, in accordance with the provisions of their national legislation. To the extent consistent with its national law, without implying any commitment of adherence, each Party shall consider meeting the existing substantive provisions of the International Convention for the Protection of New Varieties of Plants (UPOV 1991).

Section E. Utility Models

Article 16.15. Utility Model Protection

Each Party shall protect utility models in accordance with its national legislation.

Section F. Industrial Designs

Article 16.16. Conditions and Duration of Protection

1. Each Party shall grant protection to independently created industrial designs that are new or original. Each Party may provide that designs shall not be considered new or original if they do not differ to a significant degree from known designs or combinations of features of known designs. Each Party may provide that such protection shall not extend to designs based essentially on functional or technical considerations.

2. Each Party shall ensure that the requirements for obtaining industrial design protection, particularly as regards any cost, examination or publication, do not unreasonably hamper the opportunity of a person to apply for and obtain such protection. Parties shall be free to implement this obligation through their industrial design law or through their copyright law.

3. Each Party shall grant a period of protection equivalent to at least 10 years, which may be counted from the date of filing of the application.

Article 16.17. Rights Conferred

1. The owner of a protected industrial design shall have the right to prevent third parties without his consent from manufacturing, selling or importing articles bearing or incorporating a protected design or essentially a copy thereof, when such acts are carried out for commercial purposes.

2. The Parties may provide for limited exceptions to the protection of industrial designs, provided that such exceptions do not unreasonably conflict with the normal exploitation of the protected industrial designs, nor unreasonably prejudice the legitimate interests of the owner of the protected design, taking into account the legitimate interests of third parties.

Section G. Undisclosed Information

Article 16.18. Protection of Undisclosed Information

1. In order to grant protection, each Party may require that a trade secret be contained in documents, electronic or magnetic media, optical discs, microfilms, films or other similar instruments.

2. No Party may limit the duration of protection for industrial or trade secrets as long as the conditions described in Article 39.2 of the TRIPS Agreement exist.

3. No Party shall discourage or prevent the voluntary licensing of trade secrets by imposing excessive or discriminatory conditions on such licenses, or conditions that dilute the value of trade secrets.

Section H. Geographical Indications and Appellations of Origin

Article 16.19. Protection of Geographical Indications and Appellations of Origin

1. In accordance with Article 22.1 of the TRIPS Agreement, the names listed in Annex 16.19(a) are geographical indications and appellations of origin that are protected in Costa Rica, El Salvador, Guatemala, Honduras or Nicaragua; and the names listed in Annex 16.19(b) are geographical indications and appellations of origin that are protected in Mexico.

2. Any Party that grants protection to geographical indications and appellations of origin in Annexes 16.19(a) and 16.19(b) through the Lisbon Agreement shall maintain such protection. Such geographical indications and appellations of origin shall, in addition, enjoy the protection provided for in Article 16.20.(3) The protection granted under this paragraph shall extend to geographical indications and appellations of origin that, after the entry into force of this Agreement, are protected through the Lisbon Agreement by the Parties or in accordance with the national legislation and procedures of the other Party.

3. Without prejudice to the provisions of paragraph 4 and Article 16.20.6, any Party that does not grant protection to geographical indications and appellations of origin through the Lisbon Agreement shall protect such names as geographical indications or appellations of origin in its territory, subject to the requirements and procedures provided for in its national legislation. Once such procedures are concluded, the geographical indications or appellations of origin shall enjoy the protection granted in Article 16.20.

4. Pending the completion of the procedures referred to in paragraph 3, the Parties shall take the necessary measures to prevent the registration of distinctive signs that may cause confusion as to their origin and any other act that may be considered unfair competition, which may prejudice the rights of the owners of the geographical indications and appellations of origin contained in Annex 16.19(b), in the territory of the Party concerned.

5. Mexico shall grant to the geographical indications and appellations of origin of Annex 16.19(a), the protection provided for in Article 16.20.

6. Pending the entry into force of its national legislation on the subject of protection of foreign geographical indications, Mexico shall grant the protection established in Article 16.20 to new geographical indications, provided that it is demonstrated that they are protected in accordance with the national legislation of the Party concerned and there are no precedents of conflicting marks in its databases. Once such procedures are concluded, Mexico shall notify the Party concerned.

(3) For the purposes of this paragraph, a Party is considered to grant protection to geographical indications and appellations of origin through the Lisbon Agreement when all the procedures provided for in the Regulations under the Lisbon Agreement for the Protection of Appellations of Origin and their International Registration (January 1, 2010) have been satisfied in respect thereof and, consequently, protection has been granted in the Party concerned.

Article 16.20. Content of the Protection of Geographical Indications and Appellations of Origin

1. Each Party shall protect geographical indications and appellations of origin, under the terms of its national legislation.

2. In relation to geographical indications and appellations of origin, each Party shall establish the legal means for interested persons to prevent:

(a) the use of any means in the designation or presentation of the product that indicates or suggests that the product in question comes from a territory, region or locality other than the true place of origin, in such a way as to mislead the public as to the geographical origin of the product; and

(b) any other use that constitutes an act of unfair competition within the meaning of Article 10 bis of the Paris Convention.

3. The Parties shall, ex officio, if their national legislation so permits, or at the request of an interested party, refuse or invalidate the registration of a trademark containing or consisting of a geographical indication or appellation of origin in respect of goods not originating in the territory indicated, if the use of such indication in the trademark for such goods in that Party is of such a nature as to mislead the public as to the true place of origin.

4. Paragraphs 2 and 3 shall apply to any geographical indication or appellation of origin which, although correctly indicating the territory, region or locality in which the goods originate, gives the public a false idea that the goods originate in another territory, region or locality.

5. With respect to geographical indications and appellations of origin, each Party shall establish the means to prevent the importation (4), manufacture or sale of a good that uses a geographical indication or appellation of origin protected in the other Party, unless it has been produced and certified in that Party, in accordance with the laws, regulations and standards applicable to such goods.

6. Parties that do not grant protection to geographical indications and appellations of origin through the Lisbon Agreement recognize Tequila and Mezcal as distinctive products of Mexico for standards and labeling purposes. Consequently, those Parties shall not permit the sale of any product as Tequila or Mezcal unless it has been produced in Mexico in accordance with their laws and regulations relating to the production of Tequila and Mezcal. The protection referred to in this paragraph shall commence with the entry into force of this Agreement and shall remain in force until protection is obtained in accordance with the domestic legal procedures referred to in Article 16.19.3.

(4) For greater certainty, the Parties shall apply these measures in accordance with their national legislation.

Chapter XVII. Dispute Resolution

Article 17.1. Definitions

For the purposes of this Chapter, the following definitions shall apply:

Code of Conduct: the Code of Conduct established by the Administrative Committee pursuant to Article 19.1.3(b)(iv) (Administrative Committee);

Dispute Settlement Understanding: the Understanding on Rules and Procedures Governing the Settlement of Disputes, which is part of the WTO Agreement;

perishable goods: perishable agricultural and fishery goods classified in Chapters 1 to 24 of the Harmonized System;

designated office: the office referred to in Article 19.3 (Administration of Dispute Settlement Procedures);

Arbitral Panel: the Arbitral Panel established pursuant to Article 17.8 and, if applicable, pursuant to Article 17.19;

Consulting Parties: the Party consulted and the consulting Party;

Disputing Party: the complaining Party or the Party complained against;

Party complained against: the Party against which a claim is made, which may be composed of one or more Parties; in no case may Mexico be a Party complained against jointly with any other Party;

Complaining Party: the party making a claim, which may be composed of one or more Parties:

(a) in no case may Mexico make the claim jointly with any other Party; and

(b) Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua, individually or jointly, may only use this dispute settlement procedure to formulate claims against Mexico; and

third Party: a Central American State that has a substantial interest in the dispute and is not a disputing Party to the dispute.

Article 17.2. Cooperation

1. The Parties shall at all times endeavor to reach agreement on the interpretation and application of this Agreement through cooperation and consultation, and shall endeavor to reach a mutually satisfactory resolution of any matter that may affect its operation.

2. All solutions of matters arising under the provisions of this Chapter shall be consistent with this Agreement and shall not nullify or impair the benefits accruing to the Parties under this Agreement, nor shall they impede the attainment of its objectives.

3. The solutions referred to in paragraph 2 shall be notified to the Administrative Commission within 15 days of the agreement of the Parties.

Article 17.3. Scope of Application

Except as otherwise provided in this Agreement, the provisions of this Chapter shall apply:

(a) to the prevention or settlement of all disputes between the Parties concerning the application or interpretation of this Agreement; or

(b) where a Party considers that an existing or proposed measure of another Party is or may be inconsistent with the obligations of this Agreement; or

(c) cases in which a Party considers that an existing or proposed measure of another Party causes or may cause nullification or impairment within the meaning of Annex 17.3.

Article 17.4. Election of Forum

1. Disputes arising in connection with the provisions of this Agreement and the WTO Agreement may be settled in the forum of the complaining Party's choice.

2. Once the complaining Party has requested the establishment of an Arbitral Panel pursuant to Article 17.8 or a panel pursuant to Article 6 of the Dispute Settlement Understanding, the forum selected shall be exclusive of any other forum in relation to the same matter.

Article 17.5. Perishable Goods

In disputes relating to perishable goods, the time limits established in this Chapter shall be reduced by half, notwithstanding that the disputing Parties by mutual agreement may decide to modify them.

Article 17.6. Consultations

1. Any Party may request in writing to the other Party or Parties that consultations be held with respect to any existing or proposed measure or any other matter that it considers may affect the operation of this Agreement under the terms of Article 17.3.

2. The request shall be delivered by the consulting Party to the Party consulted, through the designated office, with a copy to the other Parties. The request shall state the reasons for the request and shall include identification of the measure in force or proposed measure or other matter at issue and an indication of the legal basis for the complaint. Where appropriate, the other Central American Parties may participate in the consultations as consulting Parties, provided that they express their substantial commercial interest in the matter in writing within 5 days of the submission of the request for consultations.

3. A Party that considers that it has a substantial commercial interest in the matter may participate in the consultations in its capacity as a third Party, if it notifies the other Parties in writing through the designated offices within 5 days from the date on which the request for consultations was delivered.

4. Through consultations under this Article or in accordance with any other advisory provision of the Treaty, the consulting Parties shall make every effort to reach a mutually satisfactory resolution of any matter. For these purposes, the consulting Parties:

(a) shall examine with due diligence the inquiries made to them;

(b) provide sufficient information to examine how the adopted or proposed measure, or any other matter, could affect the operation of this Agreement; and

(c) shall treat confidential information exchanged during consultations in the same manner as the Party that provided it.

5. In consultations under this Article, a consulting Party may request another consulting Party to make available, to the

extent possible, personnel of its governmental agencies or other regulatory bodies having competence in the subject matter of the consultations.

6. Consultations may be held in person or by technological means, at the place agreed upon by the consulting Parties, or in case of disagreement, in the capital of the consulted Party.

7. The consultation period shall not exceed 30 days from the date of receipt of the request for consultations, unless the consulting Parties agree to extend this period.

8. The consultations shall be confidential and without prejudice to the rights of any Party in any other possible proceedings.

9. Consultations held pursuant to Articles 8.15 (Technical Consultations) and 9.13 (Technical Consultations), or under any other Chapter, shall not replace the consultations referred to in this Article.

Article 17.7. Intervention of the Administrative Commission - Good Offices, Conciliation and Mediation

1. Any consulting Party may request in writing, through the designated office, that the Administrative Commission (1) be convened whenever a matter is not resolved in accordance with Article 17.6 within:

(a) within 30 days of receipt of the request for consultation; or

(b) any other period agreed upon by the consulting Parties.

2. A consulting Party may also request in writing, through the designated office, that the Administrative Commission be convened when technical consultations have been conducted in accordance with other provisions provided for in the Treaty.

3. The requesting Party shall deliver the request to the other Parties through the designated offices. The request shall state the reasons, include identification of the measure in force or proposed measure or other matter at issue and an indication of the legal basis of the complaint.

4. The Administrative Commission shall meet within 10 days of receipt of the request and may, with the objective of reaching a mutually satisfactory resolution of the dispute:

(a) convene technical advisors or set up such working groups or expert groups as it deems necessary;

(b) use of good offices, conciliation, mediation or other alternative means of dispute resolution; or

(c) formulate recommendations.

5. Unless it decides otherwise, the Administrative Commission may join 2 or more proceedings before it pursuant to this Article, relating to the same measure in force or proposed measure or matter in question. Likewise, the Administrative Commission may join 2 or more proceedings relating to other matters before it pursuant to this Article, when it considers it appropriate to examine them jointly.

(1) For the purposes of this paragraph, the Administrative Commission shall consist only of the officers of the consulting Parties referred to in Annex 19.1 (Officers of the Administrative Commission), or such other persons as they may designate.

Article 17.8. Request for Establishment of Arbitration Panel

1. Any consulting Party may request in writing the establishment of an Arbitral Panel when the matter has not been resolved within:

(a) 10 days following receipt of the request for action by the Administrative Committee, if the Administrative Committee has not met in accordance with Article 17.7.1;

(b) 30 days after the meeting of the Administrative Commission, in accordance with the provisions of Article 17.7.4;

(c) 30 days after the Administrative Commission has met to deal with the most recent matter submitted for its consideration, when several proceedings have been joined in accordance with Article 17.7.5; or

(d) anyother period agreed upon by the consulting Parties.

2. The complaining Party shall deliver the request through the designated office to the other Parties. The request shall state the reasons and include identification of the measure or matter at issue and an indication of the legal basis of the complaint.

3. With the submission of the request, it shall be understood that the Arbitration Panel has been established by the Administrative Commission (2).

4. A Party that is entitled under paragraph 1 to request the establishment of an Arbitral Panel may participate in the proceeding as a complaining Party by delivering its request in writing to the other Parties through the designated offices. The request shall be delivered as soon as possible, but in no case later than 5 days from the date on which a Party has delivered the request for the establishment of the Arbitral Panel.

5. lf a Party decides not to intervene as a complaining Party in accordance with paragraph 4, it shall thereafter refrain from initiating with respect to the same matter, absent a significant change in economic or commercial circumstances:

(a) adispute settlement procedure in accordance with this Chapter; or

(b) a dispute settlement procedure in accordance with the Dispute Settlement Understanding, invoking grounds substantially equivalent to those that such Party could invoke under this Agreement.

6. Unless otherwise agreed by the disputing Parties, the Arbitration Panel shall be composed and perform its functions in accordance with the provisions of this Chapter, the Model Rules of Procedure and the Code of Conduct.

(2) The establishment of the Arbitration Panel does not imply the holding of a meeting or the adoption of a decision by the Administrative Commission.

Article 17.9. List and Qualifications of Panelists

1. Upon entry into force of this Agreement, the Parties shall adopt and maintain a Tentative List of up to 36 individuals. For this purpose, each Party shall select up to 6 individuals who are nationals of that Party to serve on the "Tentative List". Each Party may modify the panelists on its roster as it deems necessary, subject to prior notification to the other Parties.

2. In addition, the Parties shall adopt by agreement among themselves upon entry into force of the Agreement an "Indicative List of Non-Party State Panelists" in which they shall designate up to 6 panelists to serve as Panel Chairpersons in an eventual case. At the request of any Party, the Administrative Commission may modify the "Indicative List of Non-Party State Panelists" at any time.

3. The lists provided for in this Article shall be adopted by decisions of the Administrative Commission.

4. The members of the lists:

(a) have expertise or experience in law, international trade, other matters related to this Agreement, or the settlement of disputes arising under international trade agreements;

(b) shall be selected strictly on the basis of their objectivity, reliability and sound judgment;

(c) shall be independent of, not bound by, and not receive instructions from, the Parties; and

(d) comply with the Code of Conduct to be adopted by the Administrative Commission no later than 90 days following the entry into force of this Agreement.

5. The Parties may use the indicative lists even if they have not been completed with the number of members established in paragraphs 1 and 2.

6. All panelists must meet the requirements set forth in paragraph 4.

7. Persons who have intervened in a dispute under the terms of Article 17.7 may not be panelists for the same dispute.

Article 17.10. Integration of the Arbitration Panel

1. The Arbitration Panel shall be composed as follows:

(a) the Arbitration Panel shall be composed of 3 members;

(b) within 10 days of receipt of the request for the establishment of the Arbitral Panel pursuant to Article 17.8, each Party shall appoint a panelist, preferably from the "Tentative List";

(c) by mutual agreement, the Parties shall appoint a third panelist preferably from the "Indicative List of Non-Party State Panelists" within 10 days of the date on which the last of the 2 panelists referred to in subparagraph (b) was appointed. The third panelist shall chair the Arbitral Panel and may not be a national of the Parties;

(d) if a Party has not designated its panelist within the 10-day period set out in subparagraph (b), such designation shall be made by the other disputing Party or Parties from among the panelists on the "Tentative List". The Party or Parties appointing the panelist pursuant to this subparagraph shall ensure that the panelist to be appointed is a national of the Party that failed to appoint its panelist in a timely manner;

(e) if within 10 days after the deadline set forth in subsection (c) there is no agreement between the Parties to designate the third panelist, the panelist shall be selected by the disputing Parties by drawing lots among the members of the "Indicative List of Non-Party Panelists" or, if this is not feasible, from the WTO Indicative List. The non-attendance of a disputing Party at such a drawing of lots shall not preclude the holding of the drawing of lots;

(f) each Party may appoint a panelist who is not on the "Tentative List", provided that he or she meets the requirements set out in Article 17.9; and

(g) the Parties may by mutual agreement appoint a panelist who is not on the "Indicative List of Non-Party State Panelists", provided that he or she meets the requirements set forth in Article 17.9.

2. In cases where two or more Parties act jointly as claimant or respondent, and there is no agreement among them as to the appointments, one of them, chosen by lot, shall assume the representation of the others with respect to the procedure set forth in paragraph 1.

3. When an Arbitral Panel is constituted pursuant to paragraph 1, the designated office shall notify the panelists of their appointment. The date of the establishment of the arbitration panel shall be the date on which the last of the panelists has notified the disputing Parties and the designated office of the acceptance of his or her selection.

4. Where a disputing Party considers that a panelist has committed a violation of the Code of Conduct, the disputing Parties shall consult and, if agreed, remove that panelist and select a new panelist in accordance with the provisions of this Article.

5. When there is a need to appoint a new panelist, the proceedings before the Arbitration Panel shall be suspended until the new panelist has accepted his or her appointment.

Article 17.11. Participation of the Third Party

1. A Party that considers it has a substantial interest in the matter may become a third party to the proceedings before the Arbitration Panel, upon written notice to the disputing Parties, through the designated office, within 5 days after the establishment of the Arbitration Panel.

2. A third Party shall have the right to attend the hearings, to make written and oral submissions to the Arbitration Panel, and to receive written submissions from the disputing Parties, in accordance with the provisions of the Model Rules of Procedure. Such submissions shall be reflected in the final report of the Arbitration Panel.

Article 17.12. Model Rules of Procedure

1. The Administrative Commission shall adopt no later than 90 days following the entry into force of this Agreement, the Model Rules of Procedure that shall ensure:

(a) the right of the disputing Parties to at least one hearing before the Arbitration Panel;

(b) an opportunity for each disputing Party to submit initial and rebuttal written submissions;

(c) the possibility of using technological means to conduct the proceedings, provided that compliance with the principle of due process and the rules of this Chapter is guaranteed; and

(d) protection of confidential information.

2. Unless otherwise agreed by the disputing Parties, arbitration panel proceedings shall be governed by the Model Rules of Procedure.

3. The Administrative Commission may modify the Model Rules of Procedure.

4. Unless the disputing Parties agree otherwise, within 20 days from the date of delivery of the request for the establishment of the Arbitral Panel, the terms of reference of the Arbitral Panel shall be:

"To examine, in the light of the applicable provisions of the Treaty, the dispute submitted to it under the terms of the request for the establishment of the Arbitral Panel and to issue findings, determinations and recommendations, as set forth in Articles 17.15 and 17.16."

5. If the disputing Parties have agreed on different terms of reference, they shall notify the Arbitration Panel within 2 days of their establishment.

6. If the complaining Party alleges in the request for the establishment of the Arbitration Panel that a matter has given rise to nullification or impairment within the meaning of Annex 17.3, the terms of reference shall so state.

7. Where a disputing Party requests that the Arbitration Panel make findings on the extent of the adverse trade effects on any Party of the measure found to be inconsistent with this Agreement or to have caused nullification or impairment within the meaning of Annex 17.3, the terms of reference shall so state.

Article 17.13. Information and Technical Assistance

On its own motion or at the request of a disputing Party, the Arbitration Panel may seek information and technical advice from such persons or institutions as it deems appropriate, provided that the disputing Parties so agree, and in accordance with such terms and conditions as those Parties may agree pursuant to the provisions of the Model Rules of Procedure.

Article 17.14. Suspension or Termination of Proceedings

1. If the period of 12 months of inactivity has elapsed since the date of the last consultation meeting, and no further steps have been taken, and in the event that the situation that gave rise to the consultations persists and the consulting Party wishes to continue, it shall request new consultations.

2. In the event that the proceeding is at the arbitration stage, at the request of the complaining Party, the Arbitration Panel may suspend such proceeding for a period not to exceed 12 months from the date on which the request for suspension is filed.

3. If the proceedings before the Arbitration Panel have been suspended for more than 12 months, the terms of reference of the Arbitration Panel shall expire. This is without prejudice to the right of the complaining Party to request further consultations on the same matter.

4. At any time prior to the notification of the preliminary report of the Arbitration Panel, the disputing Parties may agree to terminate the proceedings by a mutually satisfactory resolution of the dispute, and shall jointly notify this agreement to the Arbitration Panel, thereby terminating the proceedings before the Arbitration Panel.

Article 17.15. Preliminary Report

1. The Arbitral Panel shall issue a preliminary report based on the applicable provisions of this Agreement, the arguments and submissions made by the disputing Parties, and any information it has received pursuant to Article 17.13.

2. Unless the disputing Parties decide otherwise, the Arbitration Panel shall notify the disputing Parties, within 90 days after the establishment of the Panel, of a preliminary report containing:

(a) findings of fact, including any arising from a request pursuant to Article 17.12;

(b) a determination as to whether the measure in question is inconsistent with the obligations under this Agreement, or is a cause for annulment or impairment within the meaning of Annex 17.3 or any other determination requested in the mandate; and

(c) the draft final report and its recommendations, if any, for the resolution of the dispute.

3. The Arbitration Panel shall not disclose any confidential information in its report, but may state conclusions derived from such information.

4. Where the Arbitration Panel considers that it cannot issue its preliminary report within 90 days, it shall inform the

disputing Parties in writing of the reasons for the delay and shall provide at the same time and at the earliest possible stage of the proceedings, an estimate of the time within which it will issue its report. In this case and unless exceptional circumstances apply, the time limit for issuing the report shall not exceed 120 days from the date of establishment of the Arbitration Panel.

5. The Arbitration Panel shall strive to make all decisions by consensus. However, when a decision cannot be made by consensus, the matter shall be decided by majority vote.

6. The disputing Parties may make written comments to the Arbitration Panel on the preliminary report within 15 days of its submission or within such other period of time as the disputing Parties may agree.

7. In this case, and after examining the written observations, the Arbitration Panel may, on its own motion or at the request of any disputing Party:

(a) request the observations of any disputing Party;

(b) conduct any due diligence it deems appropriate; or

(c) reconsider the preliminary report. Article 17.16: Final Report 1. The Arbitration Panel shall notify the disputing Parties of its final report and, where appropriate, written opinions on the issues on which there is no unanimity, within 30 days of the submission of the preliminary report. 2. The panelists may issue written opinions on matters on which there is no unanimity. However, neither the preliminary nor the final report shall disclose the identity of the panelists who voted with the majority or minority.

3. The disputing Parties shall communicate the final report to the Administrative Commission within 5 days following the date on which it was notified to them and shall make it available to the public within 15 days following its communication to the Administrative Commission, subject to the protection of the confidential information contained in the report.

Article 17.17. Compliance with the Final Report

1. The final report shall be binding on the disputing parties.

2. Upon receipt of the final report of the Arbitration Panel, the disputing Parties shall agree on the resolution of the dispute, which shall normally be in accordance with the findings of the Arbitration Panel and its recommendations, if any.

3. If in its final report the Arbitration Panel determines that the Party complained against has failed to comply with its obligations under this Agreement, or that the measure causes nullification or impairment within the meaning of Annex 17.3, the remedy shall, where possible, be non-enforcement or termination of the measure that does not comply with this Agreement or that causes nullification or impairment within the meaning of Annex 17.In the absence of a remedy, the Party complained against may submit offers of compensation, which shall be considered by the complaining Party and, unless otherwise agreed, shall be equivalent to the benefits foregone.

Article 17.18. Noncompliance and Suspension of Benefits

1. Where the Arbitral Panel determines that a measure is inconsistent with the obligations of this Agreement or is a cause for nullification or impairment within the meaning of Annex 17.3, and the disputing Parties:

(a) do not reach a compensation in terms of Article 17.17.3 or a mutually satisfactory settlement of the dispute within 30 days after receipt of the final report; or

(b) have reached an agreement on the settlement of the dispute or on compensation in accordance with Article 17.17.3, and the complaining Party considers that the Party complained against has not complied with the terms of the agreement,

the complaining Party may, upon notice to the Party complained against, suspend the application to that Party of benefits under this Agreement that are equivalent in effect to the benefits foregone.

2. The suspension of benefits shall last until the Party complained against complies with the final report or until the disputing Parties reach a mutually satisfactory agreement on the dispute, as the case may be. However, if the Party complained against is made up of 2 or more Parties, and any of them complies with the final report, or reaches a mutually satisfactory agreement with the complaining Party, the complaining Party shall lift the suspension of benefits.

3. In considering the benefits to be suspended pursuant to this Article:

(a) the complaining Party shall first seek to suspend benefits within the same sector or sectors that are affected by the

measure, or by another matter that the Arbitration Panel has found to be inconsistent with the obligations under this Agreement, or that would have caused nullification or impairment within the meaning of Annex 17.3; and

(b) if the complaining Party considers that it is not feasible or effective to suspend benefits in the same sector or sectors, it may suspend benefits in other sectors.

Article 17.19. Review of Suspension of Benefits or of Enforcement

1. A disputing Party may, by written notice to the other disputing Party, request that the original Arbitral Panel established pursuant to Article 17.8 be reconvened to determine:

(a) if the level of suspension of benefits applied by the complaining Party pursuant to Article 17.18.1 is manifestly excessive; or

(b) on any disagreement between the disputing Parties as to compliance with the final report of the Arbitration Panel, or with an agreement reached between them, or as to the compatibility of any measures taken to comply.

2. If the Arbitration Panel hearing a matter under paragraph 1(a) decides that the level of benefits suspended is manifestly excessive, it shall set the level of benefits applied that it considers to be of equivalent effect. In this case, the complaining Party shall adjust the suspension it is applying to that level. If the Arbitration Panel hearing a matter pursuant to paragraph 1(b) decides that the Party complained against has complied, the complaining Party shall immediately terminate the suspension of benefits. If the Party complained against consists of 2 or more Parties and the Arbitration Panel decides that one of them has complied, the complaining Party shall immediately terminate the suspension of benefits with respect to that Party.

3. The proceedings before the arbitration panel constituted for the purposes of paragraph 1 shall be conducted in accordance with the Model Rules of Procedure. The Arbitration Panel shall render its final decision within 60 days of the election of the last panelist, or such other period of time as the disputing Parties may agree.

4. The provisions of Article 17.10 shall apply when the original Arbitral Panel or any of its members cannot be reintegrated to hear the matters provided for in this Article.

Article 17.20. Judicial and Administrative Instances

1. The Administrative Commission shall endeavor to agree, as soon as possible, on an appropriate interpretation or response when:

(a) a Party considers that a question of interpretation or application of this Agreement arising or arising in a judicial or administrative proceeding of another Party warrants interpretation by the Administrative Commission; or

(b) a Party receives a request for an opinion on a question of interpretation or application of this Agreement from a court or administrative body of that Party.

The Party in whose territory the court or administrative body is located shall submit to it the appropriate response or any interpretation agreed upon by the Administrative Commission, in accordance with the procedures of that forum.

2. When the Administrative Commission is unable to agree on an appropriate response or interpretation, the Party in whose territory the court or administrative body is located may submit its own opinion to the court or administrative body, in accordance with the procedures of that forum.

Article 17.21. Rights of Individuals

Neither Party may grant a right of action under its domestic law against the other Party on the ground that a measure of the other Party is inconsistent with this Agreement.

Article 17.22. Alternative Means of Dispute Resolution

1. Each Party shall, in accordance with its national legislation, promote and facilitate recourse to arbitration and other alternative means for the settlement of international commercial disputes between private parties.

2. To this end, each Party shall provide for appropriate procedures to ensure the enforcement of arbitration agreements and the recognition and enforcement of arbitral awards rendered in such disputes.

3. Parties shall be deemed to be in compliance with paragraph 2 if they are party to and comply with the provisions of the 1958 United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards or the 1975 Inter-American Convention on International Commercial Arbitration.

4. The Administrative Commission may establish an Advisory Committee on Private Commercial Disputes composed of persons having expertise or experience in the resolution of private international commercial disputes. The Committee shall submit reports and recommendations of a general nature to the Administrative Commission on the existence, use and effectiveness of arbitration and other procedures for the settlement of such disputes.

Chapter XVIII. Transparency

Article 18.1. Definition

For the purposes of this Chapter, the following definitions shall apply: administrative ruling of general application: an administrative ruling or interpretation that applies to all persons and factual situations that generally fall within its scope, and that establishes a rule of conduct, but does not include:

(a) rulings or decisions in an administrative or quasi-judicial proceeding that applies to a particular person, good or service of the other Party in a specific case; or

(b) a ruling that resolves with respect to a particular act or practice.

Article 18.2. Points of Contact

1. Each Party shall notify, within 60 days after the date of entry into force of this Agreement, the designation of a contact point to facilitate communications between the Parties on any matter covered by this Agreement.

2. When requested by a Party, the contact point of the other Party shall indicate the unit or official responsible for the matter and provide such support as may be required to facilitate communication with the requesting Party.

Article 18.3. Publication

1. Each Party shall ensure that its laws, regulations, procedures and administrative rulings of general application that relate to any matter covered by this Agreement are promptly published or made available for the information of the Parties and any interested party.

2. To the extent possible, each Party:

(a) publish in advance any measures it intends to adopt; and

(b) provide interested persons and Parties with a reasonable opportunity to comment on the proposed measures.

Article 18.4. Notification and Provision of Information

1. To the extent possible, each Party shall notify the other Party(ies) of any existing or proposed measure that the Party considers may substantially affect or affect the operation of this Agreement or the interests of another Party under the terms of this Agreement.

2. Each Party shall, at the request of the other Party, provide information and promptly respond to its questions concerning any measure in force or proposed, whether or not that other Party has been previously notified of such measure.

3. The notification or provision of information referred to in this Article shall be made without prejudice to whether or not the measure is compatible with this Agreement.

4. Notwithstanding any other provision of this Agreement, the Parties shall treat confidential information provided by a Party as confidential.

Article 18.5. Administrative Procedures

In order to administer in a consistent, impartial and reasonable manner all measures of general application affecting matters covered by this Agreement, each Party shall ensure that, in its administrative procedures applying the measures referred to in Article 18.3 with respect to particular persons, goods or services of the other Party in specific cases:

(a) whenever possible, persons of the other Party who are directly affected by a proceeding are given, in accordance with domestic law, reasonable notice of the commencement of the proceeding, including a description of its nature, a statement of the competent authority legally responsible for initiating the proceeding, an indication of the legal basis and a general description of all issues in dispute;

(b) where time, the nature of the proceeding and the public interest permit, such persons are given a reasonable opportunity to present facts and arguments in support of their claims prior to any final administrative action; and

(c) their procedures are in accordance with their national legislation.

Article 18.6. Review and Challenge

1. Each Party shall establish or maintain tribunals or procedures of a judicial, quasi-judicial, or administrative nature for the purpose of the prompt review and, where warranted, correction of final administrative actions relating to matters covered by this Agreement. These tribunals shall be impartial and not connected with the agency or administrative enforcement authority, and shall have no substantial interest in the outcome of the matter.

2. Each Party shall ensure that, before such courts or in such proceedings, the parties have the right to:

(a) a reasonable opportunity to support or defend their respective positions; and

(b) adecision based on the evidence and arguments or, in cases where required by national legislation, on the record compiled by the administrative authority.

3. Each Party shall ensure that, subject to the means of challenge or further review available under its domestic law, such rulings are implemented by the agencies or authorities and govern the practice of the agencies or authorities with respect to the administrative action in question.

Chapter XIX. Administration of the Treaty

Article 19.1. Administrative Commission

1. The Parties establish the Administrative Commission, composed of the officials of each Party at the ministerial level referred to in Annex 19.1, or by the persons designated by them.

2. The Administrative Commission shall have the following functions:

(a) to ensure compliance with and the correct application of the provisions of this Treaty;

(b) evaluate the results achieved in the implementation of the Treaty, monitor its development and analyze any proposed amendments and, if necessary, recommend their adoption to the Parties;

(c) propose measures aimed at the administration and development of the Treaty;

(d) contribute to the resolution of disputes arising from its interpretation and application;

(e) to fix the amounts of remuneration and expenses to be paid to panelists, their assistants and experts;

(f) oversee the work of all committees and working groups established pursuant to this Treaty; and

(g) to hear any other matter that may affect the operation of this Agreement, or that may be entrusted to it by the Parties.

3. The Administrative Commission may:

(a) establish and delegate responsibilities to committees and working groups;

(b) adopt, in compliance with the objectives of this Treaty, the necessary decisions to:

(i) accelerate the tariff reduction of the schedules in the sections of Annex 3.4 (Tariff Treatment Schedule), as appropriate;

(ii) incorporate goods into the Tariff Treatment Program set out in the schedules of the sections of Annex 3.4 (Tariff Treatment Program), as appropriate, and improve the conditions of access to the goods contained in that Annex;

(iii) to establish and adapt the CIRI Operating Regulations of Chapter IV (Rules of Origin), Annex 4.20 (Scope of Work of the Regional Input Integration Committee), the Uniform Regulations of Chapter V (Customs Procedures Relating to the Origin of

Goods), the Model Rules of Procedure and the Code of Conduct of Chapter XVII (Dispute Settlement); and

(iv) adjust or add Annex 3.16 (Preferential Tariff Treatment for Goods Classified in Chapter 62 of the Harmonized System Incorporating Materials of the United States of America); the rules of origin set forth in Annex 4.3 (Specific Rules of Origin); the Annex 11.31 (Delivery of Documents); adapt Annexes I (Nonconforming Measures), II (Future Measures) and III (Activities Reserved to the State); and Annex 10.2 (Coverage); (c) issue interpretations of the provisions of this Agreement;

(d) seek advice from individuals or groups with no governmental connection; and

(e) adopt measures or any other action that will contribute to the better implementation of this Treaty and for the exercise of its functions.

4. Each Party shall implement, in accordance with its domestic legal procedures, any decision adopted pursuant to paragraph 3(b) within the period agreed by the Parties.

5. When the Administrative Commission adopts a decision pursuant to paragraph 3(b) and it concerns bilateral matters pursuant to paragraphs 8 and 9, the adoption, approval and implementation of that decision by the other Parties shall not be required.

6. The Administrative Commission shall meet at least once a year in ordinary session and, at the request of any Party, in extraordinary session. These meetings may be held in person or by any technological means. The sessions shall be chaired successively by each Party.

7. The Administrative Committee shall establish its rules and procedures. All its decisions shall be taken by consensus, without prejudice to the provisions of paragraphs 8 and 9.

8. Notwithstanding the provisions of paragraph 1, in order to deal with bilateral matters of interest to Mexico and one or more Central American States, the Administrative Commission may meet and adopt decisions when officials of those Parties are in attendance, provided that the other Parties are notified sufficiently in advance so that they may participate in the meeting.

9. A decision taken by the Administrative Commission under paragraph 8 shall have effect with respect to the Parties that have taken the decision.

Article 19.2. Free Trade Agreement Coordinators

1. Each Party shall designate a Free Trade Agreement Coordinator, in accordance with Annex 19.2 (Free Trade Agreement Coordinators).

2. The Coordinators will give appropriate follow-up to the decisions of the Administrative Commission and will work together in the development of agendas, as well as other preparations for the meetings of the Administrative Commission.

3. The Coordinators shall meet whenever necessary, in person or through any technological means, at the instruction of the Administrative Commission or at the request of any of the Parties.

Article 19.3. Administration of Dispute Resolution Proceedings Dispute Resolution

1. Each Party shall:

(a) designate a permanent office to provide administrative support to the arbitration panels contemplated in Chapter XVII (Dispute Settlement) and perform other functions at the direction of the Administrative Commission; and

(b) notify the Administrative Commission of the address of its designated office and the officer in charge of its administration.

2. Each Party shall be responsible for:

(a) the operation and costs of its designated office; and

(b) the remuneration and expenses payable to panelists, their assistants and appointed experts, in accordance with Chapter XVII (Dispute Settlement) and as set out in Annex 19.3.

Designated offices:

(a) if required, shall provide assistance to the Administrative Commission in accordance with the provisions of Chapter XVII

(Dispute Settlement);

(b) on instructions from the Administrative Commission, support the work of the working groups or expert groups established in accordance with the provisions of Chapter XVII (Dispute Settlement); and

(c) perform such other duties as may be entrusted to them by the Administrative Commission.

Chapter XX. Exceptions

Article 20.1. Definitions

For the purposes of this Chapter, the following definitions shall apply:

tax treaty: a convention for the avoidance of double taxation or other international tax treaty or arrangement;

tax measures do not include:

(a) a "customs duty" as defined in Article 2.1 (Definitions of General Application); or

(b) the measures listed in subparagraphs (b), (c) and (d) of the definition of "customs tariff".

Article 20.2. General Exceptions

1. For purposes of Chapters lll (National Treatment and Market Access for Goods); IV (Rules of Origin); V (Customs Procedures Relating to the Origin of Goods); VI (Trade Facilitation); VIII (Sanitary and Phytosanitary Measures); and IX (Technical Barriers to Trade), Article XX of the GATT 1994 and its interpretative notes are incorporated into and form an integral part of this Agreement, mutatis mutandis. The Parties understand that the measures referred to in Article XX(b) of GATT 1994 include environmental measures necessary to protect human, animal or plant life or health, and that Article XX(g) of GATT 1994 applies to measures relating to the conservation of living or non-living exhaustible natural resources.

2. For the purposes of Chapters XII (Cross-Border Trade in Services); XIII (Telecommunications Services); and XV (Electronic Commerce) (1), Article XIV of the GATS (including the footnotes) is incorporated into and made an integral part of this Agreement, mutatis mutandis. Tne Parties understand that the measures referred to in Article XIV(b) of the GATS include environmental measures necessary to protect human, animal or plant life or health.

(1) This Article applies without prejudice to the classification of digital products as either goods or services.

Article 20.3. National Security

Nothing in this Agreement shall be construed to mean:

(a) compel a Party to provide or give access to information the disclosure of which it considers contrary to its essential security interests; or

(b) prevent a Party from taking any measure it considers necessary to protect its essential security interests:

(i) relating to trade in armaments, munitions and war materiel and to trade and transactions in goods, materials, services and technology carried out for the direct or indirect purpose of supplying a military institution or other defense establishment;

(ii) adopted in time of war or other emergency in international relations; or

(iii) concerning the implementation of national policies or international agreements on the non-proliferation of nuclear weapons or other nuclear explosive devices; or

(c) prevent a Party from taking action in accordance with its obligations under the United Nations Charter for the Maintenance of International Peace and Security.

Article 20.4. Disclosure of Information

Nothing in this Agreement shall be construed to require a Party to furnish or give access to information the disclosure of which would impede compliance with, or be contrary to its Constitution or laws, or which would be contrary to the public

interest, or which would prejudice the legitimate commercial interest of particular enterprises, whether public or private.

Article 20.5. Taxation

1. Except as provided in this Article, nothing in this Agreement shall apply to taxation measures.

2. Nothing in this Agreement shall affect the rights and obligations of either Party under any tax convention. In the event of any inconsistency between this Agreement and any such treaty, the treaty shall prevail to the extent of the inconsistency. In the case of a tax treaty between two Parties, the competent authorities under that treaty shall have sole responsibility for determining whether there is any inconsistency between this Agreement and that treaty.

3. Notwithstanding the provisions of paragraph 2:

(a) Article 3.3 (National Treatment) and such other provisions in this Agreement as are necessary to give effect to that Article shall apply to taxation measures to the same extent as Article Ill of GATT 1994; and

(b) Article 3.14 (Export Taxes) shall apply to tax measures.

4. Articles 11.11 (Expropriation and Compensation) and 11.20 (Submission of a Claim to Arbitration) shall apply to taxation measures that are claimed to be expropriatory, except that no investor may invoke Article 11.11 (Expropriation and Compensation) as a basis for a claim where it has been determined pursuant to this paragraph that the measure does not constitute an expropriation. An investor seeking to invoke Article 11.11 (Expropriation and Compensation) with respect to a taxation measure shall first submit the matter at the time of delivery of the written notice referred to in Article 11.20 (Submission of a Claim to Arbitration) to the competent authorities of the claimant and respondent set out in Annex 20.5 for those authorities to determine whether the measure does not constitute an expropriation. If the competent authorities do not agree to examine the matter or, having agreed to examine the matter, do not agree that the measure does not constitute an expropriation, within 6 months after the matter has been submitted to them, the investor may submit a claim to arbitration in accordance with Article 11.20 (Submission of a Claim to Arbitration).

Article 20.6. Balance of Payments

1. A Party may adopt or maintain temporary and non-discriminatory restrictions to protect the balance of payments when:

(a) there is serious economic and financial disruption or threat thereof in the territory of the Party, which cannot be adequately addressed by any alternative measure; or

(b) the balance of payments, including the state of its monetary reserves, is seriously threatened or faces serious difficulties.

The measures adopted shall be for as long as the events described in the preceding paragraphs persist.

2. The measures referred to in paragraph 1 shall be taken in accordance with GATT 1994, including the Declaration on Trade Measures Taken for Balance of Payments Purposes of 1979, the Understanding on the Balance of Payments Provisions of the General Agreement on Tariffs and Trade 1994, the GATS and the Articles of Agreement of the International Monetary Fund.

3. Without prejudice to the obligations under the legal instruments referred to in paragraph 2, the Party adopting or maintaining measures in accordance with paragraph 1 shall notify the other Party as soon as possible, through the Administrative Commission:

(a) the nature and extent of the serious threats to its balance of payments or the serious difficulties it faces;

(b) the economic and foreign trade situation of the Party;

(c) the alternative measures you have available to correct the problem; the economic policies it adopts to address the problems mentioned in paragraph 1, as well as the direct relationship between such policies

(d) and the solution thereof; and

(e) the evolution of the events that gave rise to the adoption of the measure.

Chapter XXI. Final Provisions

Article 21.1. Annexes, Appendices and Footnotes

The annexes, appendices and footnotes to this Agreement constitute an integral part of this Agreement.

Article 21.2. Entry Into Force

1. This Agreement shall be of indefinite duration and shall enter into force between Mexico and each Central American State 30 days after the date on which they respectively notify each other in writing that their respective internal legal procedures for the entry into force of this instrument have been completed, unless the Parties agree to a different term.

2. The Parties agree that the treaties referred to in Article 21.7 shall continue to apply between Mexico and those States for which this Agreement has not entered into force.

3. The Administrative Commission established in Article 19.1 (Administrative Commission) shall become operative and may adopt decisions at the time this Agreement enters into force for Mexico and the other Party. (1)

(1) The provisions of this paragraph shall be applicable to the Working Groups and Committees of this Treaty.

Article 21.3. Reservations and Interpretative Statements

This Treaty may not be the subject of reservations or interpretative declarations.

Article 21.4. Amendments

1. The Parties may agree to any amendment to this Agreement.

2. The amendment shall enter into force, and shall constitute an integral part of this Agreement, 30 days after the date on which the Parties have notified each other in writing that their respective internal legal procedures for its entry into force have been completed or on such other date as the Parties may agree.

Article 21.5. Accession

1. Any State may accede to this Treaty subject to the terms and conditions agreed between that State and the Administrative Commission.

2. The accession shall enter into force 30 days after the date on which all the Parties and the acceding State have notified each other in writing that their respective internal legal procedures for its entry into force have been completed or on such other date as the Parties may agree.

Article 21.6. Complaint

1. Any Party may denounce this Agreement. However, this Agreement shall remain in force for the other Parties.

2. The denunciation shall take effect 180 days after it is communicated in writing to the other Party, without prejudice to the possibility that the Parties may agree on a different period. The denouncing Party shall communicate such denunciation to the other Parties.

Article 21.7. Termination of Free Trade Agreements

1. Upon the entry into force of this Agreement between Mexico and Costa Rica, the Free Trade Agreement between the United Mexican States and the Republic of Costa Rica, signed on April 5, 1994, as well as the annexes, appendices, protocols and decisions that have been subscribed pursuant to that Agreement, shall be null and void.

2. Upon the entry into force of this Agreement between Mexico and El Salvador, the Free Trade Agreement between the United Mexican States and the Republics of El Salvador, Guatemala and Honduras, signed on June 29, 2000, as well as the annexes, appendices, protocols and decisions that have been subscribed pursuant to that Agreement, shall be without effect.

3. Upon the entry into force of this Agreement between Mexico and Guatemala, the Free Trade Agreement between the United Mexican States and the Republics of El Salvador, Guatemala and Honduras, signed on June 29, 2000, as well as the annexes, appendices, protocols and decisions that have been subscribed pursuant to that Agreement, shall be without effect.

4. Upon the entry into force of this Agreement between Mexico and Honduras, the Free Trade Agreement between the United Mexican States and the Republics of El Salvador, Guatemala and Honduras, signed on June 29, 2000, as well as the annexes, appendices, protocols and decisions that have been subscribed in accordance with that Agreement, shall be null and void.

5. Upon the entry into force of this Agreement between Mexico and Nicaragua, the Free Trade Agreement between the Government of the United Mexican States and the Government of the Republic of Nicaragua, signed on December 18, 1997, as well as the annexes, appendices, protocols and decisions that have been subscribed in accordance with that Agreement, shall be without effect.

Article 21.8. Transitory Provisions

Notwithstanding the provisions of Article 21.7:

(a) Chapter XI (Financial Services) of the Free Trade Agreement between the United Mexican States and the Republics of El Salvador, Guatemala and Honduras, and Chapter XIII (Financial Services) of the Free Trade Agreement between the Government of the United Mexican States and the Government of the Republic of Nicaragua, shall remain in force until such time as common disciplines on financial services are agreed to be negotiated under this Agreement.

For greater certainty, Annex 11-15 (Reservations and Specific Commitments) of the Free Trade Agreement between the United Mexican States and the Republics of El Salvador, Guatemala and Honduras shall remain in force for Guatemala and Mexico until the reservations and specific commitments referred to in Article 11-15.1 of that agreement are negotiated and established.

The provisions of the other chapters of the Free Trade Agreement between the United Mexican States and the Republics of El Salvador, Guatemala and Honduras, and of the Free Trade Agreement between the Government of the United Mexican States and the Government of the Republic of Nicaragua, including, among others, those relating to the settlement of disputes between a Party and an investor of another Party (2) and those relating to the settlement of disputes under those treaties (3) , shall continue to apply only to the extent that Chapter XI (Financial Services) and Chapter XIll (Financial Services) so refer to them and only for the purposes of the aforementioned chapters; (4)

(b) the preferential tariff treatment granted pursuant to the treaties referred to in that Article shall remain in effect for 45 days following the date of entry into force of this Agreement, for those importers who so request and who use the certificates of origin issued pursuant to the relevant treaty referred to in Article 21.7, provided that they were issued prior to the date of entry into force of this Agreement and are valid;

(c) the Parties may use the lists adopted pursuant to Article 17-08 of the Free Trade Agreement between the United Mexican States and the Republic of Costa Rica; Article 20-08 of the Free Trade Agreement between the Government of the United Mexican States and the Government of the Republic of Nicaragua, and Article 19-08 of the Free Trade Agreement between the United Mexican States and the Republics of El Salvador, Guatemala and Honduras, even if such lists have not been modified. For this purpose, the Parties shall take into account the decisions existing at the entry into force of this Agreement; and

(d) Article 8-03 of the Free Trade Agreement between the United Mexican States and the Republics of El Salvador, Guatemala and Honduras, as well as those other provisions of that agreement necessary for the implementation thereof, shall remain in force until the expiration of the term set forth in paragraph 1(a) of that Article.

(2) These provisions are set forth in: (a) Section B (Dispute Settlement between a Party and an Investor of another Party) of Chapter XIV (Investment) of the Free Trade Agreement between the United Mexican States and the Republics of El Salvador, Guatemala and Honduras; and (b) Section B (Dispute Settlement between a Party and an Investor of the other Party) of Chapter XVI (Investment) of the Free Trade Agreement between the Govemment of the United Mexican States and the Govemment of the Republic of Nicaragua.

(3) These provisions are set forth in: (a) Chapter XIX (Dispute Settlement) of the Free Trade Agreement between the United Mexican States and the Republics of El Salvador, Guatemala and Honduras; and (b) Chapter XX (Dispute Settlement) of the Free Trade Agreement between the Government of the United Mexican States and the Government of the Republic of Nicaragua.

(4) For greater certainty, Section C (Dispute Settlement between a Party and an Investor of the other Party) of Chapter Eleven (Investment) and Chapter Seventeen (Dispute Settlement) of this Agreement shall not apply to Chapter Thirteen (Financial Services) and Chapter XI (Financial

Services) of the treaties referred to in the first sentence of paragraph 1(d).

IN WITNESS WHEREOF, the undersigned, duly authorized by their respective governments, have signed this Treaty in San Salvador, El Salvador, on the twenty- second day of November, two thousand and eleven, in six original copies, all of which are equally authentic.

For the United Mexican States

Bruno Francisco Ferrari Garcia de Alba

Secretary of Economy

For the Republic of Costa Rica

Anabel Gonzalez Campabadal

Minister of Foreign Trade

For the Republic of El Salvador

Héctor Miguel Antonio Dada Hirezi

Minister of Economy

For the Republic of Guatemala

Raul Trejo Esquivel

Vice Minister of Integration and Foreign Trade

For the Republic of Honduras

José Francisco Zelaya

Secretary of State in the Offices of Industry and Commerce

For the Republic of Nicaragua

Orlando Solórzano Delgadillo

Minister of Development, Industry and Commerce

Annex I. Non-conforming Measures

Explanatory Notes

1. A Party's Schedule sets out, in accordance with Articles 11.9 (Reservations and Exceptions) and 12.7 (Reservations and Exceptions), a Party's reservations, in relation to existing measures that are inconsistent with the obligations established by:

(a) Articles 11.4 or 12.4 (National Treatment);

(b) Articles 11.5 or 12.3 (Most-Favored-Nation Treatment);

(c) Article 12.5 (Local Presence);

(d) Article 12.6 (Market Access);

(e) Article 11.7 (Performance Requirements); or

(f) Article 11.8 (Senior Management and Boards of Directors).

2. Each reservation in the Party List contains the following elements:

(a) Sector refers to the general sector for which the reservation has been made;

(b) Subsector refers to the specific sector for which the reservation has been made;

(c) Industrial Classification refers, where applicable, to the activity covered by the reservation, in accordance with national industrial classification codes;

(d) Obligations Affected specifies the obligation or obligations referred to in paragraph 1 on which the reservation has been made;

(e) Level of Government indicates the level of government that maintains the measure(s) for which the reservation has been made;

(f) Measures identifies the laws, regulations or other measures, as qualified, where indicated, by the element Description, in respect of which the reservation has been made. A measure mentioned in the Measures element:

(i) means the measure as modified, continued or renewed, as of the date of entry into force of this Agreement; and

(ii) includes any action subordinate to, adopted or maintained under the authority of, and consistent with, such action; and

(g) Description sets out the liberalization commitments, where these have been made, as of the entry into force of this Agreement and, with respect to the obligations referred to in paragraph 1, the remaining non- conforming aspects of the existing measures on which the reservation has been made.

3. In interpreting a reservation to the List, all elements of the reservation shall be considered. A reservation shall be interpreted in the light of the relevant provisions of the Chapter or Chapters in respect of which the reservation has been made. To the extent that:

(a) the Measures element is qualified by a liberalization commitment in the Description element, the Measures element, as qualified, shall prevail over all other elements; and

(b) the Measures element is not so qualified, the Measures element shall prevail over all other elements, unless any discrepancy between the Measures element and the other elements, considered as a whole, is so substantial and significant that it would be reasonable to conclude that the Measures element should prevail; in which case, the other elements shall prevail to the extent of that discrepancy.

4. Pursuant to Articles 11.9 (Reservations and Exceptions) and 12.7 (Reservations and Exceptions), the Articles of this Treaty specified in the Affected Obligations element of a reservation do not apply to the non-conforming aspects of the measures identified in the Measures element of that reservation.

5. Where a Party maintains a measure requiring a service supplier to be a national, permanent resident, or resident in its territory of that Party as a condition for the supply of a service in its territory, wnen making a reservation on a measure in relation to Articles 12.4 (National Treatment), 12.3 (Most-Favored-Nation Treatment), 12.5 (Local Presence), shall operate as a reservation in relation to Articles 11.4 (National Treatment), 11.5 (Most-Favored- Nation Treatment), 11.7 (Performance Requirements), insofar as such measure is concerned.

6. For greater certainty, Article 12.6 (Market Access) refers to non-discriminatory measures.

7. For purposes of determining the percentage of foreign investment in economic activities subject to the maximum percentages of foreign equity participation, as indicated in Mexico's Schedule, indirect foreign investment carried out in such activities through Mexican enterprises with majority Mexican capital will not be taken into account, provided that such enterprises are not controlled by the foreign investment.

8. For the purposes of Mexico's Schedule, the following definitions shall apply:

foreigner exclusion clause: the express provision contained in the bylaws of a company, which establishes that foreigners will not be allowed, directly or indirectly, to be partners or shareholders of the company;

CMAP: the digits of the Mexican Classification of Activities and Products, as established by the National Institute of Statistics, Geography and Informatics, Mexican Product Classification, 1994; and

concession: an authorization granted by Mexico to a person to exploit natural

resources or provide a service, for which Mexican nationals and Mexican companies will be preferred over foreigners under equal circumstances.

Annex I. Non-Conforming Measures. List of Costa Rica

1. Sector: All Sectors

Subsector:

Industrial Classification:

Obligations Affected: Local Presence (Article 12.5)

Level of government: Central

Measures: Law No. 3284 - Commercial Code - Article 226. Law No. 218 - Law of Associations - Article 16. Executive Decree No. 29496-J - Regulations to the Law of Associations - Article 34.

Description: Cross-Border Trade in Services

Associations domiciled abroad that wish to operate in Costa Rica and foreign legal entities that have or wish to open branches in the territory of Costa Rica, are obliged to establish and maintain in the country a general attorney- in-fact for the business of the branch.

2. Sector: All Sectors

Subsector:

Industrial Classification:

Obligations Affected: National Treatment (Articles 11.4 and 12.4) Local Presence (Article 12.5) Market Access (Article 12.6)

Level of government: Central

Measures: Law No. 6043 - Law on the Maritime Terrestrial Zone - Chapters 2, 3 and 6 and Article 31. Law No. 2825 - Land and Colonization Law (ITCO IDA) - Chapter 2. Regulation No. 10-Autonomous Regulation of Border Leases - Chapters 1 and 2.

Description: Investment and Cross-Border Trade in Services

A concession is required to carry out any type of development or activity in the maritime-terrestrial zone. (1)

Such concession shall not be granted to or held by:

(a) foreigners who have not resided in the country for at least 5 years;

(b) companies with bearer shares;

(c) companies domiciled abroad;

(d) companies incorporated in the country solely by foreigners; or

(e) companies whose shares or capital quotas are more than 50 percent owned by foreigners.

In the maritime-terrestrial zone, no concession shall be granted within the first 50 meters counted from the high tide line or in the area between the high tide line and the low tide line.

Land within a zone of 2000 meters wide along the borders with Nicaragua and Panama shall be considered inalienable and not susceptible of being acquired by denouncement or possession, except for those under private domain, with legitimate title. In order to be a tenant in these lands, in case of foreigners, they must demonstrate by means of certification issued by the General Directorate of Migration and Foreigners that they are within the category of permanent residents.

(1) The maritime-terrestrial zone is the 200-meter wide strip along the Atlantic and Pacific coasts of the Republic, measured horizontally from the ordinary high tide line. The maritime-terrestrial zone includes all the islands within the territorial sea of Costa Rica.

3. Sector: All Sectors

Subsector:

Industrial Classification:

Obligations Affected: National Treatment (Articles 11.4 and 12.4) Local Presence (Article 12.5) Market Access (Article 12.6)

Level of government: Central

Measures: Law No. 7762 - General Law of Concession of Public Works with Public Services - Chapter 4.

Description: Investment and Cross-Border Trade in Services

For public works concession contracts and public works concession contracts with public services defined in accordance with Costa Rican law, in the event of a tie in the selection parameters under the cartel rules, the Costa Rican bid will win the bid over the foreign bid. The successful bidder is obliged to incorporate a national corporation with which the concession contract will be executed. Likewise, it will be responsible for jointly and severally with this corporation.

4. Sector: Professional Services

Subsector:

Industrial Classification:

Obligations Affected: National Treatment (Articles 11.4 and 12.4) Most-Favored-Nation Treatment (Articles 11.5 and 12.3) Local Presence (Article 12.5) Market Access (Article 12.6)

Level of government: Central

Measures: Law No. 7221 - Organic Law of the College of Agronomists - Articles 5, 6, 8, 10, 15, 16, 18, 19, 20, 23, 24 y 25. Executive Decree No. 22688-MAG-MIRENEM - General Regulations to the Organic Law of the College of Agronomists of Costa Rica - Articles 6, 7 and 9. Executive Decree No. 29410-MAG - Regulations for the Registry of Appraisers - Appraisers of the College of Agronomists - Articles 6, 20 and 22. Law No. 5230 - Organic Law of the College of Geologists of Costa Rica - Article 9. Executive Decree No. 6419-MEIC - Regulations of the College of Geologists of Costa Rica - Articles 4, 5 and 37. Law No. 15 - Organic Law of the College of Pharmacists - Articles 2, 9 and 10. Executive Decree No. 3503 - General Organic Regulations or Internal Regulations of the College of Pharmacists of Costa Rica - Articles 2 and 6. Regulations of Pharmaceutical Specialties of the College of Pharmacists of Costa Rica - Articles 4, 6, 9,17 and 18. Law No. 5784 - Organic Law of the College of Dental Surgeons of Costa Rica - Articles 2, 5, 6, 9, 10, 14 and 14.15 Law No. 3663 - Organic Law of the Federated College of Engineers and Architects - Articles 5, 9, 11, 13, 14 and 52. Executive Decree No. 3414-T - General Internal Regulations of the Federated College of Engineers and Architects of Costa Rica - Articles 1, 3, 7, 9,54, 55 and 55. 60. Special Incorporation Regulations of the Costa Rican Association of Engineers and Architects - Articles 7 and 8. Law No. 1038 - Law for the Creation of the College of Public Accountants - Articles 3, 4, 12 and 15. Executive Decree No. 13606-E - Regulations of the College of Public Accountants of Costa Rica - Articles 4, 5, 8, 10 and 30. Regulations of the Procedure and Requirements for Incorporation to the College of Public Accountants of Costa Rica - Article 3. Law No. 3455 - Organic Law of the College of Veterinarians - Articles 2, 4, 5, 7 and 27. Executive Decree No. 19184 - Regulations to the Organic Law of the College of Veterinarians - Articles 6, 7, 10, 11, 11,19 and 24. Law No. 2343 - Organic Law of the College of Nurses - Articles 2, 22, 23, 24 and 28. Executive Decree No. 34052 - Regulations to the Organic Law of the College of Nurses of Costa Rica - Articles 1, 6, 7 and 13. Regulation No. 2044 - Regulation of Incorporation of the College of Nurses of Costa Rica - Article 11. Law No. 7764 - Notarial Code - Articles 3 and 10. Law No. 13 - Organic Law of the Bar Association - Articles 2, 6, 7, 8 and 18. Executive Decree No. 20 - Internal Regulations of the Bar Association - Article 1. Agreement No. 2008-45-034 - Manual of Incorporation of Law Graduates to the Bar Association - Articles 2, 7 and 8. Law No. 1269 - Organic Law of the College of Private Accountants of Costa Rica - Articles 2 and 4. Executive Decree No. 3022 - Regulation of the Organic Law of the Private Accountants Association of Costa Rica - Articles 5 and 39. Regulations for the Procedure and Requirements for Incorporation to the College of Private Accountants of Costa Rica - Article 3. Law No. 8412 - Organic Law of the College of Chemical Engineers and Related Professionals and Organic Law of the College of Chemists of Costa Rica - Articles 7, 16, 17, 18, 19, 20, 21, 61, 77, 82, 83, 84, 86 and 92. Executive Decree No. 34699-MINAE-S - Regulations to Title II of the Organic Law of the College of Chemical Engineers and Related Professionals and Organic Law of the College of Chemists of Costa Rica, Law No. 8412 of April 22, 2004, Regulations of the College of Chemists of Costa Rica - Articles 2, 3, 14, 15 and 16 and Chapter VI. Executive Decree No. 35695-MINAET - Regulations to Title | of the Organic Law of the College of Chemical Engineers and Related Professionals of Costa Rica and Organic Law of the College of Chemists of Costa Rica, Law No. 8412 - Articles 1, 3, 6, 8, 13, 110, 111, 114, 115, 116, 117, 118, 119, 121, 122, 123, 125, 128, 130, 145, 154, 155, 156, 156, 158, 161, Chapter XVII, Chapter XIX, Chapter XXI, Chapter XXIV. Law No. 3019 - Organic Law of the College of Physicians and Surgeons - Articles 4, 5, 6 and 7. Executive Decree No. 23110-S - Regulation to the Organic Law of the College of Physicians and Surgeons - Article 10. Executive Decree No. 2613 - General Regulations to Authorize the Practice of Professionals of Dependent Branches of the Medical Sciences and Technicians in Medical and Surgical Matters - Articles 1 and 4. Rules of the Chapter of Technologists in Science Dependent Branches, Authorized by the College of Physicians and Surgeons of December 12, 2007 - Article 29. Regulations of the

Chapter of Professionals in Dependent Branches of the Medical Sciences, Authorized by the College of Physicians and Surgeons of Costa Rica of December 12, 2007 - Article 14. Law No. 3838 - Organic Law of the College of Optometrists of Costa Rica - Articles 6 and 7. Law No. 4420 - Organic Law of the College of Journalists of Costa Rica - Articles 2, 24, 25 and 27. Executive Decree No. 32599 - Regulations of the College of Journalists of Costa Rica - Articles 1, 3, 47 and 48. Law No. 7106 - Organic Law of the College of Professionals in Political Science and_ International Relations - Articles 26 and 29. Executive Decree No. 19026-P - Regulations to the Organic Law of the College of Professionals in Political Science and International Relations - Articles 1, 10, 19, 21 and 22. Law No. 4288 - Organic Law of the College of Biologists - Articles 6 and 7. Executive Decree No. 39 - Regulation of the Organic Law of the College of Biologists of Costa Rica - Articles 10, 11, 16, 17, 18 and 19. Law No. 5402 - Organic Law of the College of Librarians of Costa Rica - Article 5. General Regulations of the College of Librarians of Costa Rica - Articles 12 and 17. Law No. 7537 - Organic Law of the College of Professionals in Informatics and Computing - Articles 6 and 8. Executive Decree No.35661-MICIT - General Regulations of the Organic Law of the College of Computer and Information Technology Professionals - Articles 1, 22 and 23. Law No. 8142 - Law on Official Translations and Interpretations - Article 6. Executive Decree No. 30167-RE - Regulation to the Law of Official Translations and Interpretations - Article 10. Law No. 7105 - Organic Law of the Association of Professionals in Economic Sciences - Articles 4, 6, 15, 19 and 20. Executive Decree No. 20014-MEIC - General Regulations of the College of Professionals in Economic Sciences of Costa Rica - Articles 10, 14 and 17. Regulation 77 - Admission Regulations of the College of Professionals in Economic Sciences of Costa Rica, - Articles 10, 12, 13 and 24. Executive Decree No. 24686 - Regulations for Professional Audit of Consulting Firms - Articles 2 and 5. Law No. 7503 - Organic Law of the College of Physicists - Articles 6 and 10. Executive Decree No. 28035-MINAE-MICIT - Regulation to the Organic Law of the College of Physicists - Articles 6, 7, 10, 11, 18 and 21. Law No. 8863 - Organic Law of the College of Counseling Professionals - Articles 3, 4, 8 and 10. Law No. 6144 - Organic Law of the Professional Association of Psychologists of Costa Rica - Articles 4, 5, 6 and 7. Regulations to the Organic Law of the Professional Association of Psychologists of Costa Rica - Articles 9, 10 and 11. Regulations for Incorporation and Change of Grade of the Professional Association of Psychologists of Costa Rica Article 5. Regulation of Psychological Specialties - Articles 1, 4, 5 and 18. Law No. 8676 - Organic Law of the College of Nutrition Professionals - Articles 2, 7, 11 and 13. Regulation No.18 - Regulations for Incorporation to the College of Nutrition Professionals of Costa Rica - Articles 2, 3, 9 and 10. Law No. 3943 - Organic Law of the College of Social Workers - Articles 2 and 12. Executive Decree No. 26 - Regulations to the Organic Law of the College of Social Workers - Articles 14, 66, 67, 69 and 70. Law No. 7912 - Organic Law of the College of Chiropractic Professionals - Article 7. Executive Decree No. 28595-S - Regulation of the Organic Law of the College of Chiropractic Professionals. - Articles 5, 8 and 15. Law No. 7559 - Law on Compulsory Social Service for Health Science Professionals - Articles 2, 3, 5, 6 and 7. Executive Decree No. 25068-8 - Regulation of Compulsory Social Service for Health Science Professionals - Articles 7, 13, 14, 17, 18, 21 and 22. Law No. 8831 - Organic Law of the College of Criminology Professionals of Costa Rica - Articles 4, 7, 8, 12 and 14. Law No. 4770 - Organic Law of the College of Licentiates and Professors in Letters and Philosophy, Sciences and Arts - Articles 3, 4 and 7. Regulation No. 91 - General Regulations of the College of Licentiates and Professors of Letters, Philosophy, Sciences and Arts - Articles 32 and 33. Regulation No. 96 - Manual of Incorporation of the College of Licentiates and Professors of Letters, Philosophy, Sciences and Arts - Articles 5, 6, 7 and 8. Law No. 771 - Organic Law of the College of Microbiologists - Articles 2 and 8. Executive Decree No. 12 - Internal Regulations of the College of Microbiologists - Articles 17, 79 and 80. Executive Decree No. 21034-S - Regulation to the Statute of Microbiology and Clinical Chemistry Services - Article 63.

Description: Investment and Cross-Border Trade in Services

Only professional service suppliers duly incorporated to the respective professional association in Costa Rica are authorized to practice the profession in the territory of Costa Rica, including advisory and consulting services. Foreign professional service suppliers must be incorporated to the respective professional association in Costa Rica and comply, among others, with nationality, residency, incorporation exams, accreditations, experience, social service or evaluations requirements. For the social service requirement, priority will be given to Costa Rican professional service suppliers.

In order to be incorporated in some of the professional associations in Costa Rica, foreign professional service suppliers must demonstrate that in their country of origin where they are authorized to practice, Costa Rican professional service suppliers can practice the profession under similar circumstances.

In some cases, the contracting of foreign professional service providers by the State or private institutions may only occur when there are no Costa Rican professional service providers willing to provide the service under the required conditions or under the declaration of inopia.

This reserve applies to Agronomists, Geologists, Pharmacists, Specialist Pharmacists, Dental Surgeons, Engineers and Architects, Public Accountants, Veterinarians, Nurses, Lawyers, Notaries, Private Accountants, Chemists, Chemical Engineers and Related Professionals, Physicians and Surgeons, Professionals in the Medical Sciences and Medical and Surgical Technicians, Optometrists, Journalists, Specialists in Political Sciences and International Relations, Biologists, Librarians, Computer Professionals, Social Workers, Nutritionists, Official Translators and _ Interpreters, Economists, Physicists, Counselors, Psychologists, Specialist Psychologists, Chiropractors, Health Science Professionals, Microbiologists, Teachers

and Nutritionists.

5. Sector: Maritime Services

Subsector:

Industrial Classification:

Obligations Affected: Market Access (Article 12.6)

Level of government: Central

Measures: Law No. 7593 - Public Services Regulatory Authority Law - Articles 5, 9 and 13.

Description: Cross-Border Trade in Services

Costa Rica reserves the right to limit the number of concessions for the supply of maritime services in domestic ports based on the demand for such services. Priority will be given to concessionaires that are already providing the service.

6. Sector: Overland Transportation Services - Road Freight Transportation

Subsector:

Industrial Classification:

Obligations Affected: National Treatment (Articles 11.4 and 12.4) Most-Favored-Nation Treatment (Articles 11.5 and 12.3) Senior Management and Boards of Directors (Article 11.8) Market Access (Article 12.6)

Level of government: Central

Measures: Executive Decree No. 31363-MOPT - Road Traffic Regulations based on Weight and Dimensions of Cargo Vehicles - Articles 69 and 71. Executive Decree No. 15624-MOPT - Regulation of Local Freight Transportation - Articles 5, 7, 8, 9, 10, and 12.

Description: Investment and Cross-Border Trade in Services

No motor vehicle, trailer or semi-trailer with foreign license plates may transport goods within the territory of Costa Rica. Vehicles, trailers or semi-trailers registered in one of the Central American countries are exempted from the above prohibition.

Only Costa Rican nationals or Costa Rican companies may provide cargo transportation services between 2 points within the territory of Costa Rica. Such company must meet the following requirements:

(a) at least 51 percent of its capital must be owned by Costa Rican nationals; and

(b) that the effective control and management of the company be in the hands of Costa Ricans nationals.

Foreign multimodal international cargo transportation companies are required to contract with companies incorporated under Costa Rican law to transport containers and semi-trailers within Costa Rica.

7. Sector: Overland Transportation Services - Passenger Transportation

Subsector:

Industrial Classification:

Obligations Affected: National Treatment (Articles 11.4 and 12.4) Most-Favored-Nation Treatment (Articles 11.5 and 12.3) Market Access (Article 12.6)

Level of government: Central

Measures: Executive Decree No. 26 - International Transportation of Persons Regulations - Articles 1, 3, 4, 5, 9, 12, 15 and 16 as amended by Executive Decree No. 20785- MOPT of October 4, 1991 - Article 1. Law No. 3503 - Law Regulating the Transportation of Persons in Motor Vehicles for a Fee - Articles 1, 3, 4, 6, 10, 11 and 25. Executive Decree No. 33526 - Regulation on Characteristics of the Public Taxi Service - Articles 1, 2 and 4. Law No. 7969 - Law Regulating the Public Service of Paid Transportation of Persons in Taxi Vehicles - Articles 1, 2, 3, 29, 30 and 33. Executive Decree No. 5743-T - Regulations to the Law Regulating the Paid Transportation of Persons in Taxi Vehicles - Articles 1, 2, 5 and 14. Executive Decree No.

28913-MOPT - Regulation of the First Special Abbreviated Procedure for the Paid Transportation of Persons in Taxi Vehicles - Articles 1, 3 and 16. Law No. 5066 - General Railroad Law - Articles 1, 4, 5 and 41. Executive Decree No. 28337-MOPT - Regulations on Policies and Strategies for the Modernization of Paid Collective Transportation of People by Urban Buses for the San José Metropolitan Area and Surrounding Areas that Directly or Indirectly Affect it - Article 1. Executive Decree No. 15203-MOPT - Regulations for the Operation of Special Paid Motor Vehicle Transportation Services - Articles 2, 3 and 4. Executive Decree No. 36223-MOPT-TUR - Regulations for the Regulation and Operation of Land Transportation Services for Tourism - Articles 1, 2 and 3. Executive Decree No. 35847 - Regulation of Special Bases for the Paid Transportation of Persons in the Taxi Modality - Articles 1 and 2. Executive Decree No. 34992-MOPT - Regulation for the Granting of Operating Permits for the Regular Service of Paid Transportation of Persons in Collective Motor Vehicles - Articles 3 and 5. Law No. 7593 - Public Services Regulatory Authority Law - Articles 5, 9, 10 and 13.

Description: Investment and Cross-Border Trade in Services

Costa Rica reserves the right to limit the number of concessions to operate domestic lines of remunerated transportation routes of persons in motor vehicles (including special services of transportation of persons defined in Articles 2 and 3 of Executive Decree No. 15203- MOPT of February 22, 1984 - Regulation for the Exploitation of Special Services of Remunerated Automobile Transportation of Persons). Said concessions shall be granted through bidding, and the operation of a line shall only be put out to bid when the Ministry of Public Works and Transportation has established the need to provide the service, according to the respective technical studies.

When there are multiple offers, including one from a Costa Rican supplier that satisfies all the requirements to the same extent, the offer will be preferred.

Costa Rican rather than foreign, whether they are individuals or companies.

A permit to operate an international paid transportation service of persons shall be granted only to companies incorporated under the laws of Costa Rica or those whose capital is composed of at least 60 percent of contributions from Central American nationals.

In addition to the restriction described above, the principle of reciprocity shall be applied in the granting of permits for the international transportation of persons for remuneration.

International service vehicles may not transport passengers between points located within the national territory.

A permit will be required to provide paid passenger transportation services by land. New concessions may be granted if justified by the demand for the service. Priority will be given to concessionaires already providing the service.

Costa Rica reserves the right to limit the number of permits or concessions to provide paid domestic passenger transportation service by land, based on the demand for the service. Priority will be given to concessionaires that are already providing the service.

The Ministry of Public Works and Transportation reserves the right to annually fix the number of concessions to be granted in each district, canton and province for cab services. Only one cab concession may be granted to each natural person and each concession grants the right to operate only one vehicle. Cab concession bids are awarded on the basis of a point system, which gives an advantage to existing providers.

Each concession to provide regular public services of transportation of persons for remuneration in motor vehicles, excluding cabs, may only be granted to one person, unless a proof of economic needs evidences the need for additional suppliers. Additionally, a natural person may not own more than 2 companies nor may he/she be a majority shareholder in more than 3 companies operating different routes.

A permit shall be required to operate the motor transport service of persons in the special cab service modality, in those cases in which the service is provided door to door, to satisfy a need for a limited, residual service, directed to a closed group of persons. For the provision of the special stable cab service, it is required to obtain a permit granted by the Public Transportation Board, subject to proof of economic need and demand for the service. The stable special cab permit holders of this service shall be limited to provide the service within a geographic area to be determined by reason of the authorized license plate. Due to the principles of proportionality, reasonableness and necessity, the authorized percentage of special stable cab services may not exceed 3 percent of the authorized concessions per operating base. The State is obliged to guarantee the economic and financial equilibrium of the contract to the concessionaires, avoiding a competition that may be ruinous, as a result of a concurrence of operators in a given zone that may be higher than the need of that residual demand of the operational zone where the service is authorized, given that each zone presents different characteristics from one to another, authorizing the number of permits it deems necessary.

Permits to provide non-tourist bus transportation services within the Greater Metropolitan Area of the Central Valley of Costa Rica should only be granted once it has been demonstrated that regular public bus service cannot meet the demand.

Tourist land transportation permits will be granted in the event that the need to increase the number of units dedicated to this type of service is technically determined.

Costa Rica reserves the right to maintain a monopoly on railroad transportation. However, the State may grant concessions to private individuals. Concessions may be granted if justified by the demand for the service. Priority will be given to concessionaires that are already providing the service.

8. Sector: Tourist Guides

Subsector:

Industrial Classification:

Obligations Affected: National Treatment (Article 12.4)

Level of government: Central

Measures: Executive Decree No. 31030-MEIC-TUR - Regulations for Tourist Guides - Article 11.

Description: Cross-Border Trade in Services

Only Costa Rican nationals or residents may apply for tour guide licenses.

9. Sector: Tourism and Travel Agencies

Subsector:

Industrial Classification:

Obligations Affected: National Treatment (Articles 11.4 and 12.4) Performance Requirements (Article 11.7) Market Access (Article 12.6)

Level of government: Central

Measures: Law No. 5339 - Law Regulating Travel Agencies - Article 8. Law 6990 - Law on Incentives for Tourism Development - Articles 6 and 7. Law No. 8724 - Promotion of Rural Community Tourism - Articles 1, 4 and 12. Executive Decree No. 24863-H-TUR - Regulation of the Law of Incentives for Tourism Development - Articles 18, 32, 33, 34, 35, 36 and 36bis. Executive Decree No. 25148-H-TUR - Regulates Vehicle Leasing to National and Foreign Tourists - Article 7.

Description: Investment and Cross-Border Trade in Services

Costa Rica reserves the right to limit the number of travel agencies authorized to operate in Costa Rica based on the demand for such service.

Costa Rica reserves the right to limit the granting of incentives for tourism development based on its contribution to the balance of payments, the use of national raw materials and inputs, the creation of direct or indirect jobs, the effects on regional development, the modernization or diversification of the national tourism offer, the increases in the national tourism industry, and the effects on the development of the country's tourism industry. domestic and international tourism demand and the benefits that are reflected in other sectors.

Rural community-based tourism activities may only be carried out by companies incorporated in Costa Rica as rural area self-management associations or cooperatives, in accordance with Costa Rican legislation.

In the evaluation of applications for companies that wish to opt for the benefits for the rural community tourism sector, it will be taken into account that the company uses raw materials produced in the project's area of influence.

The activities of tourist cabotage, in any of its forms, from Costa Rican port to Costa Rican port, are reserved to yachts, tourist cruise ships and similar vessels of national flag.

10. Sector: Transportation Services - Customs Brokers - Auxiliaries of the Customs Public Function - Customs Carriers

Subsector:

Industrial Classification:

Obligations Affected: National Treatment (Article 12.4) Local Presence (Article 12.5)

Level of government: Central

Measures: Law No. 7557 - General Customs Law - Title III. Executive Decree No. 25270-H - Regulations to the General Customs Law - Title IV.

Description: Cross-Border Trade in Services

Only natural persons or companies that have a legal representative and are incorporated in Costa Rica may act as auxiliaries of the public customs function. Only Costa Rican nationals may act as customs agents.

11. Sector: Fishing and Fishing-Related Services

Subsector:

Industrial Classification:

Obligations Affected: National Treatment (Article 11.4) Performance Requirements (Article 11.7)

Level of government: Central

Measures: Political Constitution of the Republic of Costa Rica - Article 6. Law No. 8436 - Fisheries and Aquaculture Law - Articles 6, 7, 16, 18, 19, 47, 49, 53, 54, 55, 57, 58, 58, 62, 64, 65, 112, and Executive Decree No. 23943-MOPT-MAG - Regulatory Regulation of the Procedure for Granting Fishing Licenses to Foreign Vessels Wishing to Engage in Fishing Activities in Costa Rican Jurisdictional Waters - Articles 6, 6 bis and 7. Executive Decree No. 12737-A - Exclusive Reservation of Fishing for Commercial Purposes to Costa Ricans - Article 1. Executive Decree No. 17658-MAG - Classifies Permits for Shrimp Fishing in the Pacific Coast - Articles 1, 2 and 3. Regulations for the Authorization of Landings of Fishery Products from Vessels Belonging to the National or Foreign Commercial Fishing Fleet (INCOPESCA Agreement A.J.I.D./042) - Articles 2 and 3.

The unloading of fishery products from longline vessels of foreign flag must be carried out at the dock of the Multiservice Fishing Terminal of Barrio del Carmen as of December 1, 2010 (INCOPESCA Agreement). A.J.D.1.P./371-2010) - Article 1.

Regulation for the suspension of the beginning of the unloading of fishery products from foreign flag vessels at the Incopesca Fishing Terminal, Barrio El Carmen, Puntarenas (Agreement A.J.D.I.P./266-201 1) - Article 1.

Description: Investment

The State exercises complete and exclusive sovereignty over its territorial waters within a distance of 12 miles from the low sea line along its coasts, its continental shelf and its insular socket in accordance with the principles of international law. It also exercises special jurisdiction over the seas adjacent to its territory in an extension of 200 miles from the same line, in order to protect, conserve and exploit with exclusivity all the resources and natural wealth existing in the waters, soil and subsoil of those areas, in accordance with those principles.

The foreign flag tuna purse seiner may enjoy a free fishing license for 60 calendar days if it delivers the totality of its catch to national canning or processing companies.

Fishing activities by foreign vessels are prohibited, except for tuna purse seine fishing.

Commercial fishing within the 12 miles of Costa Rica's territorial waters is exclusively reserved to Costa Rican nationals and Costa Rican companies, who must carry out such activity with vessels flying the national flag.

The licenses to capture shrimp for commercial purposes in the Pacific Ocean will only be granted to vessels of national flag and registration, as well as to Costa Rican individuals or legal entities.

Longline and gillnet fishing may only be authorized for vessels flying the flag of the country of origin of the vessel national registry. Likewise, fishing for squid with bait pots may be authorized only for small and medium scale artisanal vessels, as well as those classified as Costa Rican longline fishing.

The landing of fishery products in Costa Rican territory by foreign vessels may be authorized based on criteria of supply and demand, consumer protection and the national fishing sector.

12. Sector: Scientific and Research Services Services related to Agriculture, Forestry and Aquaculture

Subsector:

Industrial Classification:

Obligations Affected: National Treatment (Article 12.4) Local Presence (Article 12.5)

Level of government: Central

Measures: Law No. 7788 - Biodiversity Law - Articles 7 and 63. Law No. 7317 - Wildlife Conservation Law - Articles 2, 28, 29, 31, 38, 39, 61, 64 and 66. Executive Decree No. 32633 - Regulations to the Wildlife Conservation Law - Chapter V.

Description: Cross-Border Trade in Services

Foreign nationals or companies domiciled abroad that provide scientific research and bioprospecting (2) services with respect to biodiversity (3) in Costa Rica must designate a legal representative with residence in Costa Rica. A license for scientific or cultural harvesting of species, scientific hunting and scientific or cultural fishing will be issued for a maximum period of 1 year to nationals or residents and 6 months or less for all other foreigners. Nationals and residents will pay a lower fee than non-resident aliens to obtain this license.

(2) Bioprospecting" includes the systematic search, classification and investigation, for commercial purposes, of new sources of chemical compounds, genes, proteins, microorganisms or other products with actual or potential economic value found in biodiversity.

(3) "Biodiversity" includes the variability of living organisms from all sources found on land, in the air, in aquatic or marine ecosystems, or in any other ecological ecosystem, as well as the diversity among species and between species and the ecosystems of which they are part. Biodiversity also includes intangible elements such as: knowledge, innovation and traditional practices - individual or collective - with actual or potential economic value, associated with genetic or biochemical resources, whether or not protected by intellectual property rights or sui generis registration systems.

13. Sector: Free Trade Zones

Subsector:

Industrial Classification:

Obligations Affected: Performance Requirements (Article 11.7)

Level of government: Central

Measures: Law No. 7210 - Free Zone Regime Law - Article 22. Executive Decree No. 34739-COMEX-H - Regulation to the Free Zone Regime Law - Article 71, Chapter 13.

Description: Investment

Companies under the Free Trade Zone Regime may introduce into the national customs territory up to 25 percent of their total sales. However, in the case of industries and service companies that export them, they may introduce into the national customs territory a maximum percentage of 50 percent.

A non-producing export trading company, established in the Free Zone Regime in Costa Rica, that simply manipulates, repackages or redistributes non-traditional merchandise and products for export or re-export, may not introduce into the national customs territory any percentage of its total sales.

14. Sector: Education Services

Subsector:

Industrial Classification:

Obligations Affected: National Treatment (Article 12.4)

Level of government: Central

Measures: Executive Decree No. 36289-MEP - Regulations to the Law that Regulates Para-University Higher Education Institutions - Article 14.

Description: Cross-Border Trade in Services

The Dean of a public para-university institution must be Costa Rican.

15. Sector: News Agency Services

Subsector:

Industrial Classification:

Obligations Affected: National Treatment (Article 12.4) Local Presence (Article 12.5)

Level of government: Central

Measures: Executive Decree No. 32599 - Regulations of the College of Journalists of Costa Rica - Articles 3, 47 and 48.

Description: Cross-Border Trade in Services

Unless authorized, a foreign journalist may cover events in Costa Rica only if he/she is a resident of Costa Rica.

The Board of Directors of the College of Journalists may grant non-resident foreigners a special permit to cover events in Costa Rica for up to one year, extendable as long as they do not harm or oppose the interests of the members of the College of Journalists.

If the College of Journalists decides that an event of international importance will occur or has occurred in Costa Rica, the College of Journalists may grant a non- resident foreigner with appropriate professional credentials a temporary permit to cover such event for the foreign media that the journalist represents. Such permit will only be valid for up to one month after the event.

16. Sector: Tourist Marinas and Related Services

Subsector:

Industrial Classification:

Obligations Affected: National Treatment (Articles 11.4 and 12.4) Local Presence (Article 12.5) Market Access (Article 12.6)

Level of government: Central

Measures: Law No. 7744 - Law on Concession and Operation of Marinas and Tourist Docks - Articles 1, 12, and 21. Executive Decree No. 27030-TUR-MINAE-S-MOPT - Regulation to the Law of Concession and Operation of Tourist Marinas - Article 52.

Description: Investment and Cross-Border Trade in Services

In order to obtain concessions for the development of marinas or tourist berths, companies whose principal place of business is abroad must be established in Costa Rica.

Foreign nationals must appoint a representative with sufficient legal authority and permanent residence in Costa Rica.

All foreign flag vessels using the services offered by a marina shall enjoy a 2-year permanence permit in national waters and territory, extendable for equal periods. During their stay in Costa Rican waters and territory, foreign flag vessels and their crew may not provide water transportation services or fishing, diving or other activities related to sport and recreational tourism.

17. Sector: Supply of Consumable Liquids at Facilities

Subsector:

Industrial Classification:

Obligations Affected: Market Access (Article 12.6)

Level of government: Central

Measures: Law No. 10 - Liquor Sales Law - Articles 8, 11 and 16.

Description: Cross-Border Trade in Services

Itis at the discretion of the Municipalities to determine the number of liquor establishments that may be authorized in each of the areas under their jurisdiction. In no case may this number exceed the following proportion:

(a) in provincial capitals, one establishment selling foreign liquors and one establishment selling domestic liquors for every 300 inhabitants;

(b) in all other cities with more than 1,000 inhabitants, one establishment selling foreign liquor for every 500 inhabitants and one establishment selling domestic liquor for every 300 inhabitants;

(c) cities with less than 1,000 inhabitants, but more than 500, may have 2 establishments selling foreign liquors, and 2 establishments that sell domestic liquor; and

(d) any other city having 500 inhabitants or less, may have one establishment selling foreign liquor and one establishment selling foreign liquor and one establishment selling foreign liquor.

No establishment for the sale of liquor for consumption shall be allowed outside the perimeter of cities or where there is no permanent police authority.

At public auction, no person may acquire authorization to have more than one establishment selling foreign liquors and one establishment selling domestic liquors in the same city.

18. Sector: Retail and Wholesale Distribution - Crude Oil and Crude Oil Derivatives

Subsector:

Industrial Classification:

Obligations Affected: Market Access (Article 12.6)

Level of government: Central

Measures: Law No. 7356 - Law of the State Monopoly of Hydrocarbons Administered by Recope "Establishes a Monopoly in favor of the State for the Importation, Refining and Distribution of Petroleum, Fuels, Asphalts and Naphtha" - Articles 1, 2 and 3. Law No. 7593 - Public Services Regulatory Authority Law - Articles 5, 9 and 13. Executive Decree 36627-MINAET - Regulation for the Regulation of Fuel Transportation.

Description: Cross-Border Trade in Services

The import and wholesale distribution of crude oil and its derivatives, including fuels, asphalts and naphtha, to meet domestic demand, are a State monopoly.

Costa Rica reserves the right to limit the number of concessions or permits for the supply of hydrocarbon fuels - including petroleum derivatives, asphalts, gas and naphthas destined to supply the national demand in distribution plants and petroleum derivatives, asphalts, gas and naphthas destined to the final consumer - based on the demand for the service. Priority will be given to the concessionaires that are supplying the service.

19. Sector: Telecommunications Services (4)

Subsector:

Industrial Classification:

Obligations Affected: National Treatment (Articles 11.4 and 12.4) Local Presence (Article 12.5) Market Access (Article 12.6)

Level of government: Central

Measures: Political Constitution of the Republic of Costa Rica - Article 121, paragraph 14. Law No. 8642 - General Telecommunications Law - Articles 1, 5, 7, 10, 11, 12, 19, 20, 21, 22, 23, 24, 25, 26, 28 y 30. Executive Decree No. 34765-MINAET - Regulation to the General Telecommunications Law - Articles 2, 6, 7, 10, 21, 22, 33, 34, 35, 35, 37, 43, 45, 45 bis and 46. Law No. 8660 - Law for the Strengthening and Modernization of the Public Entities of the Telecommunications Sector - Articles 5, 7, 18 and 39. Law No.7789 - Law for the Transformation of Empresa de Servicios Publicos de Heredia ESPH - Articles 7 and 15.

Description: Investment and Cross-Border Trade in Services

In Costa Rica, wireless services may not definitively leave the State domain and may only be exploited by the public administration or by private parties, in accordance with the law or by means of a special concession granted for a limited period of time and under the conditions and stipulations established by law by the Legislative Assembly.

Concessions, authorizations and permits will be required to supply telecommunications services in Costa Rica. Economic needs tests are required to grant such concessions, authorizations and permits.

A special concession granted by the Legislative Assembly will be required to provide traditional basic telephone services.

The participation in the capital of companies incorporated or acquired by the Instituto Costarricense de Electricidad will be limited to 49 percent.

Empresa de Servicios Publicos de Heredia may establish strategic alliances with public or private persons, as long as the latter have at least 51 percent of Costa Rican capital.

(4) Defined as all services consisting wholly or mainly of the transport of signals over telecommunications networks, except broadcasting.

20. Sector: Advertising, Audiovisual, Film, Radio, Television and other Entertainment Services

Subsector:

Industrial Classification:

Obligations Affected: National Treatment (Articles 11.4 and 12.4) Most-Favored-Nation Treatment (Articles 11.5 and 12.3) Performance Requirements (Article 11.7) Local Presence (Article 12.5) Market Access (Article 12.6)

Level of government: Central

Measures: Law No. 6220 - Law that Regulates Broadcasting Media and Advertising Agencies - Articles 3 and 4. Law No. 1758 - Radio and Television Law - Article 11. Law No. 4325 - Law on Advertising of Nationally Produced Artistic Programs - Article 1. Law No. 5812 - Law that Regulates Contracting and Taxation of Foreign Performing Artists - Article 3. Executive Decree No. 34765-MINAET - Regulations to the General Telecommunications Law - Articles 5, 127, 128 and 131.

Description: Investment and Cross-Border Trade in Services

Broadcasting media and advertising agencies may be operated by individuals or legal entities, in the form of personal or capital companies with nominative shares. Such companies must be registered in the Public Registry.

It is absolutely forbidden to constitute liens on the shares or quotas of a company owning any broadcasting media or advertising agency, in favor of corporations with shares in the company, bearer, or foreign individuals or legal entities.

The spots, advertisements or filmed commercials used in programs sponsored by the autonomous or semi- autonomous institutions of the State, the Government of the Republic and all entities that receive a subsidy from the State, must be of national production.

Broadcasters of commercial spots for film, radio and television must register with the Radio Department of the Ministry of Environment, Energy and Telecommunications. Foreign announcers must be residents in order to register with the Radio Department. Broadcasting of commercials in which the announcer is not registered as stipulated in the Regulations to the General Telecommunications Law will not be authorized.

Commercials that have been produced and edited in the country are considered national. Commercials coming from the Central American area with which there is reciprocity in the matter are also considered national.

Radio, television and film programming shall be governed by the following rules:

(a) if the advertisements consist of jingles recorded abroad, a certain sum shall be paid for each one broadcast;

(b) of the filmed commercials shown by each television station or movie theater each day, only 30 percent may be of foreign origin;

(c) the importation of commercial shorts outside the Central American area will pay a tax of 100 percent of their value;

(d) Commercial radio, film or television shorts made in any of the other Central American countries with which there is reciprocity in this matter shall be considered as national;

(e) the number of radio programs and radio soap operas recorded abroad may not exceed 50 percent of the total number broadcast by each radio station on a daily basis; and

(f) the number of programs filmed or recorded on videotape abroad may not exceed 60 percent of the total number of daily

programs shown.

The person who hires or employs foreign artists must hire an equal number of national artists for the same show, unless the respective majority union expresses the impossibility of supplying them.

21. Sector: Water Transportation Services

Subsector:

Industrial Classification:

Obligations Affected: National Treatment (Articles 11.4 and 12.4) Local Presence (Article 12.5) Market Access (Article 12.6)

Level of government: Central

Measures: Law No. 7593 - Public Services Regulatory Authority Law - Articles 5, 9 and 13. Law No. 104 - Code of Commerce of 1853 - Book Ill Of Maritime Commerce - Articles 537 and 580. Law No. 12 - Ship Flagging Law - Articles 5, 41 and 43. Law No. 2220 - Cabotage Service Law of the Republic - Articles 5, 8, 9, 11 and 12. Executive Decree No. 66 - Regulation of the Cabotage Services Law of the Republic - Articles 10, 12, 15 and 16. Executive Decree No. 12568-T-S-H - Regulation of the Costa Rican Naval Registry - Articles 8, 10, 11, 12 and 12. 13. Executive Decree No. 23178-J-MOPT - Transfer of the National Vessel Registry to the Public Registry of Movable Property - Article 5.

Description: Investment and Cross-Border Trade in Services

Costa Rica reserves the right to limit the number of concessions for water transportation services based on the demand for this service. Priority will be given to those concessionaires that are providing the service.

Only Costa Rican nationals, national public entities, companies incorporated and domiciled in Costa Rica and representatives of shipping companies may register vessels in Costa Rica. Exceptions to this rule are foreigners or foreign companies wishing to register vessels under 50 tons for non-commercial use.

Any natural or juridical person based abroad who owns one or more foreign registered vessels located in Costa Rica, must appoint and maintain an agent or legal representative in Costa Rica, who will act as liaison with the official authorities in all matters related to the vessel.

Commercial and tourist cabotage from Costa Rican port to Costa Rican port shall be done exclusively in Costa Rican registered vessels.

Foreigners who wish to be captains of a vessel of Costa Rican registry and flag must provide a guarantee equivalent to at least half of the value of the vessel under their command.

At least 10 percent of the crew on Costa Rican-registered international traffic vessels docking in Costa Rican ports shall be Costa Rican nationals, provided that such trained personnel are available domestically.

22. Sector: Air Transportation Services

Subsector:

Industrial Classification:

Obligations Affected: National Treatment (Article 11.4) Most-Favored-Nation Treatment (Article 11.5)

Level of government: Central

Measures: Law No. 5150 - General Civil Aviation Law. Executive Decree No. 3326-T - Regulations for the Granting of Operating Certificates. Executive Decree No. 4440-T - Regulations for the Operation of the Costa Rican Aeronautical Registry. Executive Decree No. 32420 - RAC-LPTA Costa Rican Aeronautical Regulations Aeronautical Technical Personnel Licenses. Executive Decree No. 31520-MS-MAG-MINAE-MOPT- MGPSP - Regulations for Agricultural Aviation Activities.

Description: Investment

Certificates for the supply of airworthiness services will be issued to foreign companies incorporated under foreign legislation, based on the principle of reciprocity.

Only Costa Rican individuals or legal entities may register in the National Aircraft Registry, aircraft used for remunerated aerial activities. Foreigners with legal residence in the country may also register aircraft used exclusively for non-commercial

purposes.

In the absence of agreements or conventions, certificates for the supply of air transport international shall be issued on the basis of the principle of reciprocity.

At least 51 percent of the capital of companies wishing to obtain an operating certificate to develop agricultural aviation activities must be owned by Costa Ricans.

Annex I. Non-Conforming Measures. List of Guatemala

1. Sector: All Sectors

Subsector:

Industrial Classification:

Obligations Affected: National Treatment (Article 11.4) Most-Favored-Nation Treatment (Article 11.5)

Level of government: Central

Measures: Article 3 and 20 of the Law of the Land Fund, Decree No. 24-99, of the Congress of the Republic of Guatemala. Article 4 of Resolution Point Number 32-2002 of the Directive Council of the Land Fund.

Description: Investment

Only Guatemalans of origin may be beneficiaries to access land in property in individual or organized form.

In the case of Mexico, this reserve applies only to the department of El Petén.

2. Sector: All Sectors

Subsector:

Industrial Classification:

Obligations Affected: National Treatment (Article 11.4)

Level of government: Central

Measures: Article 122 of the Political Constitution of the Republic of Guatemala.

Description: Investment

The State reserves the domain of a land strip of 3 kilometers along the oceans, counted from the upper tide line; of 200 meters around the shores of lakes; of 100 meters on each side of the banks of navigable rivers; of 50 meters around the sources and springs where the waters that supply the populations are born.

Exceptions to the aforementioned reservations:

(a) properties located in urban areas; and

(b) property on which there are rights registered in the Land Registry prior to March 1, 1956.

Foreigners will need the authorization of the Executive, to acquire in property, real estate included in the exceptions of the two preceding paragraphs.

3. Sector: All Sectors

Subsector:

Industrial Classification:

Obligations Affected: National Treatment (Article 11.4)

Level of government: Central

Measures: Article 123 of the Political Constitution of the Republic of Guatemala. Article 5 of the Regulatory Law of the Territorial Reserve Areas of the State of Guatemala, Decree No. 126-97 of the Congress of the Republic of Guatemala.

Description: Investment

Only Guatemalans of origin and companies owned 100 percent by Guatemalans of origin may own or hold national real estate and assets located within 15 kilometers of the Guatemalan borders.

Foreigners may, however, own or possess urban property or State property rights, registered in the General Property Registry, prior to March 1, 1956, within 15 kilometers of the border.

Only the State may lease real estate located within the territorial reserve areas of the State to natural or legal persons. In the case of juridical persons, they must be legally incorporated in Guatemala.

4. Sector: All Sectors

Subsector:

Industrial Classification:

Obligations Affected: National Treatment (Article 11.4)

Level of government: Central

Measures: Article 215 of the Commercial Code of Guatemala, Decree No. 2-70, of the Congress of the Republic of Guatemala and Its Amendments.

Description: Investment

In order for a company incorporated under foreign laws to establish itself in Guatemala, in any form, it must constitute an assigned capital for its operations in Guatemala, and a bond in favor of third parties for an amount not less than the equivalent in quetzales of US$50,000, which must remain in force during the entire time said company operates in Guatemala.

For greater certainty, the requirement of a bond should not be considered as an impediment to a company organized under the laws of a foreign country, in order to establish themselves in Guatemala.

5. Sector: Forestry

Subsector:

Industrial Classification:

Obligations Affected: National Treatment (Article 11.4)

Level of government: Central

Measures: Article 126 of the Political Constitution of the Republic of Guatemala.

Description: Investment

The exploitation of all forest resources and their renewal shall correspond exclusively to Guatemalan individuals or legal entities.

6. Sector: Professional Services

Subsector: Notaries

Industrial Classification:

Obligations Affected: Most-Favored-Nation Treatment (Article 12.3) National Treatment (Article 12.4) Local Presence (Article 12.5)

Level of government: Central

Measures: Article 145 of the Political Constitution of the Republic of Guatemala. Article 2 of the Notary Code, Decree No. 314 of the Congress of the Republic of Guatemala.

Description: Cross-Border Trade in Services

Nationals by birth, of the Republics that constituted the Federation of Central America, are also considered Guatemalans of

origin, if they acquire domicile in Guatemala and manifest before the competent authority, their desire to be Guatemalans. In this case they may keep their nationality of origin, without prejudice of what is established in Central American treaties or agreements.

In order to practice as a notary an individual must be a Guatemalan by origin, domiciled in Guatemala.

7. Sector: Professional Services

Subsector:

Industrial Classification:

Obligations Affected: National Treatment (Articles 11.4 and 12.4) Local Presence (Article 12.5)

Level of government: Central

Measures: Article 213 of the Commercial Code of Guatemala, Decree No. 2-70 of the Congress of the Republic of Guatemala and Its Amendments.

Description: Investment and Cross-Border Trade in Services

The operation of foreign companies engaged in the rendering of professional services for the exercise of which a legally recognized university degree, title or diploma is required is prohibited.

A foreign company is defined as a company incorporated abroad.

8. Sector: Professional Services

Subsector:

Industrial Classification:

Obligations Affected: Most-Favored-Nation Treatment (Article 12.3) Local Presence (Article 12.5) Market Access (Article 12.6)

Level of government: Central

Measures: Article 1 and 10 of the Convention on the Practice of University Professions and Recognition of University Studies.

Description: Cross-Border Trade in Services

A Central American by birth who has obtained in any of the States Parties to this Agreement, a Professional Degree or equivalent Academic Diploma, which legally qualifies him/her to practice a university profession, shall be admitted to practice such activities in the other member countries of the Agreement, provided that he/she complies with the same requirements and formalities that, for such practice, the laws of the State where he/she wishes to practice the profession in question demand of its nationals who are university graduates. The foregoing provision shall be applicable as long as the interested party retains the nationality of one of the Central American countries.

The provisions of the preceding articles are applicable to Central Americans by birth who have obtained their university degree outside Central America, provided they have been admitted to a Central American University legally authorized to do so.

The validity is recognized in each of the States parties to this Agreement of the academic studies approved in the universities of the following countries any of the other States.

To Central American emigrants or persecuted for political reasons who wish to practice their professions or continue their university studies in any of the States parties to this Agreement, provisional licenses shall be issued to them, as long as it is possible for the interested parties to obtain the necessary documentation. In order to grant them, the corresponding entities of each country shall follow summary information, in order to verify the necessary extremes.

To enjoy the benefits of this Agreement, Central Americans by naturalization must have resided continuously for more than five years in Central American territory, after obtaining naturalization.

For the purposes of this Instrument, it is understood that the expression "Central American by birth" includes all persons who enjoy the legal status of nationals by birth in any of the signatory States. Likewise, it is understood that the expression "Central American by naturalization" refers to those who, not being natives of any of the States that sign this Agreement, have been naturalized in any of them.

9. Sector: Business Services

Subsector: Customs Agents

Industrial Classification:

Obligations Affected: Most-Favored-Nation Treatment (Article 12.3) National Treatment (Article 12.4) Local Presence (Article 12.5) Access to Markets (Article 12.6)

Level of government: Central

Measures: Article 2 and 22 of the Central American Uniform Customs Code (CAUCA) Approved by the Council of Ministers of Economic Integration, Through Resolution No. 223-2008 (COMIECO-XLIX). Article 75 and 85 of the Regulations to the Central American Uniform Customs Code (RECAUCA), Approved by the Council of Ministers of Economic Integration, Through Resolution No. 224-2008 (COMIECO- XLIX).

Description: Cross-Border Trade in Services

The natural person interested in being authorized as a customs broker must be a national of one of the signatory states of the CAUCA, comply with all the established requirements and be domiciled in the country where he/she carries out his/her activity.

Legal persons interested in being authorized as a customs agency must maintain offices in the State Party and communicate to the Customs Service the change of their fiscal domicile, of their legal representatives and any other information provided that requires updating, in addition to accrediting and maintaining before the Customs Service, for the purpose of for all purposes, a legal representative or attorney-in-fact with sufficient powers of representation.

10. Sector: Construction services and engineering services

Subsector:

Industrial Classification:

Obligations Affected: Most-Favored-Nation Treatment (Article 12.3) Market Access (Article 12.6)

Level of government: Central

Measures: Article XVl of the General Treaty of Central American Economic Integration.

Description: Cross-Border Trade in Services

The Contracting States shall grant the same treatment as to national companies to companies of the other signatory States engaged in the construction of roads, bridges, dams, irrigation systems, electrification, housing and other works aimed at the development of economic infrastructure in Central America.

11. Sector: Transportation

Subsector: Passenger and Freight Transportation by Road

Industrial Classification:

Obligations Affected: Most-Favored-Nation Treatment (Article 12.3) Market Access (Article 12.6)

Level of government: Central

Measures: Article 4 of the Transportation Law, Decree No. 253 of the Congress of the Republic of Guatemala. Article 15 and 28 of the Protocol to the General Treaty on Central American Economic Integration. Resolution No. 224-2008 (COMIECO-XLIX) of the Council of Ministers of Economic Integration, Regulations of the Central American Uniform Customs Code (RECAUCA), Title VI, Customs Procedures, Chapter IV, Customs Transit, Section I. Vehicles Authorized for Customs Transit. Vehicles Authorized for Customs Transit. Article 3 and 10 of the Cargo Equipment Transportation Service Regulations, Governmental Agreement No. 135-94 of the President of the Republic. Article 8 of the Regulation of Control of Weights and Dimensions of Motor Vehicles and Their Combinations, Governmental Agreement No. 379-2010 of the President of the Republic.

Description: Cross-Border Trade in Services

The public passenger or cargo transportation service may be provided by individuals or legal entities, both national and

foreign; however, no motor vehicle with foreign plates or registration may transport passengers and commercial cargo between points within the national territory.

Exempt from the above prohibition are trailers or semi- trailers registered in any of the Central American States that enter the following countries temporarily to the country, with destination to one of the countries in the region.

Customs transit shall be carried out only in means of transport registered and recorded before the Customs Service. Means of transport with registration plates of the States Parties used to carry out customs transit may enter and circulate in the customs territory.

12. Sector: Transportation

Subsector: Passenger and_Freight Transportation. Passenger and Freight Transportation by Land. Passenger and Freight Transportation by Sea. Passenger and Freight Transportation by Air. Passenger and Freight Transportation by Sea. Passenger and Freight Transportation by Air

Industrial Classification:

Obligations Affected: Most-Favored-Nation Treatment (Article 12.3) Market Access (Article 12.6)

Level of government: Central

Measures: Article XV of the Multilateral Treaty on Central American Free Trade and Economic Integration.

Description: Cross-Border Trade in Services

Land vehicles registered in one of the signatory States shall enjoy in the territory of the other States, during their temporary stay, the same treatment as those registered in the visiting country.

Companies in the signatory countries engaged in the provision of motor transport services for passengers and goods in the Central American countries mentioned above will receive national treatment in the territories of the other States; however, cabotage between member countries is prohibited.

Maritime or air vessels, commercial or private, of any of the Contracting States shall be treated in the ports and airports open to international traffic of the other States on the same terms as the corresponding national vessels and aircraft. The same treatment shall be extended to passengers, crew and cargo of the other Contracting States.

Vessels of any of the Contracting States providing services between Central American ports shall receive in the ports of the other States, the national treatment of cabotage.

13. Sector: Transportation

Subsector: Inland CargoTransportation. Services Road Freight

Industrial Classification:

Obligations Affected: Most-Favored-Nation Treatment (Article 12.3) Market Access (Article 12.6)

Level of government: Central

Measurements: Resolution No. 65-2001, approved by the Council of Ministers Responsible for Economic Integration and Regional Development.

Description: Cross-Border Trade in Services

A reciprocal and non-discriminatory treatment mechanism is established for the international land cargo transportation service between Guatemala, Costa Rica, El Salvador, Honduras, Nicaragua and Panama, including the following:

(a) full freedom of transit in its territories for means of land cargo transportation of goods destined from Panama to any Central American country, and from any Central American country to Panama; and

(b) freedom of transit implies the guarantee of free competition in the contracting of transport without prejudice to the country of origin or destination and national treatment to the transport of all States in the territory of any of them, with the origins and destination of the goods destinations indicated above.

14. Sector: Recreational and Cultural Services

Subsector: Show Service

Industrial Classification:

Obligations Affected: National Treatment (Articles 11.4 and 12.4) Market Access (Article 12.6)

Level of government: Central

Measures: Article 36 and 49 of the Public Entertainment Law, Decree No. 574 of the President of the Republic. Article 2 of Ministerial Agreement No. 493-2008 of the Ministry of Culture and Sports.

Description: Investment and Cross-Border Trade in Services

The company must attach, with each presentation of shows of foreign artists in the country, a single letter of consent, from any of the Artists' Unions legally recognized in Guatemala, whose main activity is the artistic matter corresponding to the event to be presented and which are registered in the respective Public Registries or in the corresponding Institution.

In mixed functions, consisting of one or several films and a number of varieties, special inclusion will be given to Guatemalans, if the circumstances of the cast, program and contract permit.

15. Sector: Tourism Services

Subsector: Tourist Guides

Industrial Classification:

Obligations Affected: National Treatment (Article 12.4) Local Presence (Article 12.5) Market Access (Article 12.6)

Level of government: Central

Measures: Article 7 of Agreement No. 187-2007-D of the Guatemalan Tourism Institute (INGUAT), Regulations for Registration and Operation of Tourist Guides, and Its Reforms.

Description: Cross-Border Trade in Services

Only Guatemalans of origin or foreigners residing in Guatemala may provide the following services as tour guides in Guatemala.

16. Sector: Transportation

Subsector: Air Passenger Transportation (limited to aircraft pilots)

Industrial Classification:

Obligations Affected: Most-Favored-Nation Treatment (Article 12.3) Market Access (Article 12.6)

Level of government: Central

Measures: Article 90 of the Regulations of the Civil Aviation Law, Governmental Agreement No. 384-2001 of the President of the Republic. Civil Aviation Regulation- RAC- LPTA section 1.2.2

Description: Cross-Border Trade in Services

Licenses granted by the competent authority of other States shall be validated by the Directorate General of Civil Aeronautics, provided that it is demonstrated that the requirements for granting or validating them are equal to or higher than those established in Guatemala, in accordance with the legislation of the country. international.

17. Sector: Postal Services

Subsector:

Industrial Classification:

Obligations Affected: Local Presence (Article 12.5) Market Access (Article 12.6)

Level of government: Central

Measurements: Article 41 of the Postal Code of the Republic of Guatemala, Decree No. 650 of the Constitutional President of

the Republic of Guatemala. Article. 1of the Regulations for the Public Service of Transportation and Delivery of Postal Correspondence Rendered by Privateâ Individuals, Governmental Agreement No. 289-89 of the President of the Republic.

Description: Cross-Border Trade in Services

No company, corporation or individual may perform the postal service with respect to epistolary correspondence, except by express concession of the Executive, under the conditions determined by the same.

The Ministry of Communications, Infrastructure and Housing, subject to the requirements set forth in the Postal Code and those established in the Regulations, may grant concessions to individuals for the provision of the service. transport and delivery of postal correspondence.

Annex I. Non Conforming Measures. List of Honduras

1. Sector: All sectors

Subsector: All subsectors

Industrial Classification

Obligations Affected: National Treatment (Article 11.4)

Level of government: Central

Measures: Decree No. 131, Constitution of the Republic, Title Ill, Chapter Il, Article 107. Decree No 90-1990, Law for the Acquisition of Urban Property in the Areas delimited by Article 107 of the Constitution of the Republic, Articles 1 and 4. Decree No. 968, Law for the Declaration, Planning and Development of Tourism Zones, Title V, Chapter V, Article 16.

Description: Investment

State lands, common land, and private land within 40 kilometers of the borders and coastlines, and such lands in the islands, callos, reefs, breakwaters, rocks, sirtes and sandbanks in Honduras, may be acquired, possessed, or held only under any title by nationals of Honduras by birth, by companies constituted entirely by nationals of Honduras, and by institutions of the State.

Notwithstanding the preceding paragraph, any person may acquire, own, hold, or lease for up to 40 years (which may be renewed) urban land in such areas, provided that it is certified and approved for tourism, economic or social development purposes, or for the public interest by the Secretary of State in the Office of Tourism.

Any person acquiring, owning, or holding such urban land holdings may transfer such land only upon authorization of the Secretary of State in the Office of Tourism.

2. Sector: All sectors

Subsector: All subsectors

Industrial Classification:

Obligations Affected: National Treatment (Article 11.4) Market Access (Article 12.6)

Level of government: Central

Measures: Decree No. 131, Constitution of the Republic, Title III, Chapter Il, Article 137. Decree No 189-59, Article 11 Labor Code of Honduras.

Description: Investment and Cross-Border Trade in Services

A maximum quota of 10 percent is established for the number of foreign workers in a company, who may not receive more than 15 percent of the total wages paid. Both proportions may be modified when so required for evident reasons of protection and promotion of the national economy or lack of Honduran technicians in a certain activity, or for the defense of national workers who demonstrate their capacity. In all these circumstances, the Executive Power, by means of a reasoned agreement issued through the Ministry of Labor and Social Security, may decrease both proportions by up to 10 percent each and for a period of 5 years for each company, or increase them until the participation of foreign workers is eliminated.

The above percentages are not applicable to managers, directors, administrators, superintendents and general managers of the companies, provided that the total of these do not exceed 2 in each one of them.

In order to obtain the respective work permit, foreigners must reside in Honduras.

3. Sector: All sectors

Subsector: All subsectors

Industrial Classification:

Obligations Affected: National Treatment (Article 11.4) Most-Favored-Nation Treatment (Article 11.5)

Level of government: Central

Measures: Decree No. 131 : Constitution of the Republic of Honduras, Title VI, Chapter I, Article 337. Agreement No. 345-92, Regulation of the Investment Law, Chapters | and VI, Articles 3 and 49. Investment Law, Chapters I and VI, Articles 3 and 49.

Description: Investment

Small-scale industry and commerce is reserved for Honduran individuals.

Foreign investors may not engage in small-scale industry and commerce, unless they are naturalized citizens and their country of origin grants reciprocity.

"Small scale industry and commerce" is defined as a company with capital of less than 150,000.00 Lempiras, excluding land, buildings, and vehicles.

4. Sector: All sectors

Subsector: All subsectors

Industrial Classification:

Obligations Affected: National Treatment (Article 11.4) Most-Favored-Nation Treatment (Article 11.5)

Level of government: Central

Measures: Decree No. 65-87, dated May 20, 1987, Law of Cooperatives of Honduras, Title II, Chapter I, Articles 18 and 19. Agreement No 191-88 dated May 30, 1988, Regulations of the Honduran Cooperative Law, Article 34 (c) and (d). Investment

Description: Foreign cooperatives may establish themselves in Honduras with the prior authorization of the Honduran Institute of Cooperatives of Honduras, such authorization will be granted as long as it exists:

(a) reciprocity in the country of origin; and

(b) the foreign cooperative has at least one permanent legal representative in Honduras.

5. Sector: Customs Agents and Agencies

Subsector:

Industrial Classification:

Obligations Affected: National Treatment (Article 12.4)

Level of government: Central

Measures: Decree No 212-87, Customs Law, Title IX, Chapter I, First and Third Section, Articles 177 and 182.

Description: Cross-Border Trade in Services

Licensed customs agents must be Honduran nationals by birth.

Employees of the customs broker, who carry out formalities on behalf of the customs broker, must also be Honduran nationals by birth.

6. Sector: Agricultural

Subsector:

Industrial Classification:

Obligations Affected: National Treatment (Article 11.4)

Level of government: Central

Measures: Agreement No. 2124-92, Regulation of Land Adjudication in the Agrarian Reform, Articles 1 and 2.

Description: Investment

The beneficiaries of the agrarian reform must be Honduran nationals by birth, individually or organized in peasant cooperatives or other peasant enterprises.

7. Sector: All Sectors

Subsector:

Industrial Classification:

Obligations Affected: Local Presence (Article 12.5)

Level of government: Central

Measures: Decree No. 255-2002, Administrative Simplification Law, Article 8 Amendments to the Commercial Code, Articles 308 and 309.

Description: Cross-Border Trade in Services

In order for a company incorporated under foreign laws to engage in the practice of commerce in Honduras, it must:

(a) constitute its own patrimony for the commercial activity to be developed in Honduras; and

(b) to have permanently in Honduras at least one representative with broad powers to perform all legal acts and business to be entered into and take effect in the national territory.

For greater certainty: companies that do not have their legal domicile in Honduras are considered companies incorporated under foreign laws.

8. Sector: Distribution Services

Subsector: Representatives, distributors and agents of foreign national companies

Industrial Classification:

Obligations Affected: National Treatment (Article 11.4)

Level of Government: Central

Measures: Decree No. 549, Articles 2 and 4, amended by Decree No. 804, Law of Representatives, Distributors and Agents of Domestic and Foreign Companies. Agreement No. 669-79, Regulation of the Law of Representatives, Distributors and Agents of Domestic and Foreign Companies, Article 2.

Description: Investment

To be a concessionaire it is required to be Honduran or a Honduran corporation.

In order to engage in representation, agency or distribution, natural persons must be incorporated as sole traders. A Honduran mercantile company shall be understood as that in whose capital stock a purely Honduran investment predominates, in a proportion of not less than 51 percent.

Concessionaires, regardless of the denomination they adopt, are national natural or juridical persons who, by contract or by the real and effective rendering of the service, represent, distribute or agency the products or services of a grantor or principal, national or foreign, exclusively or not, in all or part of the national territory.

9. Sector: Communications

Subsector: Radio, television and newspapers

Industrial Classification:

Obligations Affected: Senior Management and Boards of Directors (Article 11.8)

Level of government: Central

Measures: Decree No. 131 ; Constitution of the Republic of Honduras, Chapter Il, Article 73, third paragraph. of Honduras, Chapter Il, Article 73, third paragraph. Decree No. 6, Law of Broadcasting of Thought, Chapter IV, Article 30.

Description: Investment

Only Honduran nationals by birth may hold senior management positions in printed newspapers or free-to-air news media (radio and television), including the intellectual, political and administrative guidance thereof. This does not apply to printed newspapers or established news media out of Honduras.

10. Sector: Communications Services

Subsector: Telecommunications

Industrial Classification:

Obligations Affected: National Treatment (Article 12.4)

Level of government: Central

Measures: Decree No. 185-95, Framework Law of the Telecommunications Sector Chapter I, Article No. 26. Agreement No 141-2002 dated December 26, 2002, General Regulations of the Telecommunications Sector Framework Law, Title Ill, Chapter I, Article 93.

Description: Cross-Border Trade in Services

Foreign governments may not participate directly in the provision of public telecommunications services.

11. Sector: Communications

Subsector: Telecommunications

Industrial Classification:

Obligations Affected: National Treatment (Article 12.4) Local Presence (Article 12.5)

Level of government: Central

Measures: Article 38 A Decree No. 185-95, of the Framework Law of the Telecommunications Sector, as Amended by Decree No. 112-2011 Dated June 24, 2011, Published In the Official Gazette La Gaceta of July 22, 2011. Agreement No 141-2002, General Regulations of the Telecommunications Sector Framework Law, as qualified by the element Description.

Description: Cross Border Trade in Services

Authorization from the Regulatory Authority is required for the participation of the concessionaire, the operating partner or any of the concessionaire's shareholders or partners in the capital of companies or consortiums that have been granted other concessions for the same telecommunications services, resulting in a_ total ownership equal to or greater than 10 percent.

In order to apply for the respective enabling titles, foreign companies must indicate domicile in the country and appoint a legal representative also domiciled in the country.

12. Sector: Construction or consulting services and related engineering services - Civil Engineering

Subsector:

Industrial Classification:

Obligations Affected: National Treatment (Articles 11.4 and 12.4) Local Presence (Article 12.5) Market Access (Article 12.6)

Level of government: Central

Measures: Decree No 47-1987, Organic Law of the College of Civil Engineers of Honduras, Article 67. Regulations of the Organic Law of the College of Civil Engineers of Honduras, Articles 100(A)-(D) and 101. Decree No. 753, Organic Law of the College of Architects of Honduras, Articles 37(b), (c), (d), (g), and (h). Regulations of the Organic Law of the College of

Architects of Honduras, Articles 4(h), 7(a), (c), (d) and (h), 13, 68 and 69. Decree No. 902, Organic Law of the College of Mechanical, Electrical and Chemical Engineers of Honduras, Article 40(c), (d) and (h).

Description: Investment

Civil Engineering National consulting or construction firms are considered to be those in which at least 70 percent of the total number of of the capital stock is held by Honduran nationals.

Cross-Border Trade in Services

Consulting and construction firms must be organized in accordance with Honduran law in order to be members of the Colegio de Ingenieros Civiles de Honduras (CICH) and to perform civil engineering projects in Honduras.

For greater certainty, consulting and construction companies incorporated under the law of a foreign country may provisionally register with the CICH to perform specific civil engineering projects. Higher registration fees will apply to foreign firms. In addition, foreign personnel must be authorized by the CICH in order to work on such projects.

13. Sector: Distribution Services-Petroleum Products

Subsector:

Industrial Classification:

Obligations Affected: National Treatment (Article 11.4)

Level of government: Central

Measures: Decree No. 549, Law of Representatives, Distributors and Agents of Domestic and Foreign Companies, Chapter I and VI, Articles 4 and 25. Decree No. 804, amends Article 4 of the Law of Representatives, Distributors and Agents of Domestic and Foreign Companies.

Description: Investment

Only Honduran nationals and companies incorporated under Honduran law may be authorized to sell petroleum products. Companies must be at least 51 percent owned by Honduran nationals.

For greater certainty: petroleum products are liquid fuel, automotive oil, diesel, kerosene, and LPG.

14. Sector: Education Services

Subsector: Private preschool, elementary and secondary education services

Industrial Classification:

Obligations Affected: Senior Management and Board of Directors (Article 11.8) Most-Favored-Nation Treatment (Article 12.3) National Treatment (Article 12.4) Local Presence (Article 12.5)

Level of government: Central

Measures: Decree No. 131, Constitution of the Republic, Title III, Chapter VIII, Articles 34, 166 and 168. Decree No. 79, Organic Law of Education, Articles 64 and 65. Decree No. 136- 97, Teacher's Statute Law, Articles 7 and 8. Executive Agreement No. 0760 -5E-99, General Regulations of the Teachers' Statute, Article 6.

Description: Investment and Cross-Border Trade in Services

The director or supervisor of a school must be a Honduran national by birth.

Teachers at all levels of the educational system must be Honduran nationals by birth. Foreign nationals may, however, teach particular subjects at the middle or high school levels if there are no such Honduran nationals available to teach such subjects. Notwithstanding the preceding sentence, foreign nationals may teach the Constitution, civics, geography, and history, only if there is reciprocity for Honduran nationals in their country of origin.

Private schools at all levels must be incorporated under Honduran law. For greater certainty, there are no restrictions on foreign ownership of such schools.

Honduran juridical persons, created especially for this purpose, are recognized as having the initiative to promote the foundation of private centers or universities in accordance with the Constitution and the laws.

15. Sector: Entertainment Services

Subsector: National Artistic Production Services

Industrial Classification:

Obligations Affected: National Treatment (Article 12.4)

Level of government: Central

Measures: Decree No 123 dated October 23, 1968, Law for the Protection of Musical Artists, Articles 1 and 4.

Description: Cross-Border Trade in Services

Notwithstanding the above measure, Honduras agrees that foreign musical artists wishing to present shows in Honduras either individually or as a group must pay the Sindicato de Artistas de Honduras 5 percent of their fees and the impresario or lessee must, if possible, hire local musical artists from the country for the same show.

For greater certainty, foreign musical artists must register with the Sindicato de Artistas de Honduras for each performance in Honduras.

16. Sector: Championships and Soccer Game Services

Subsector:

Industrial Classification:

Obligations Affected: National Treatment (Article 12.4) Local Presence (Article 12.5)

Level of government: Central

Measures: Regulations of Championships and Competitions of the National Non-Amateur First Division Soccer League, Articles 9 and 10.

Description: Cross-Border Trade in Services

For the registration of foreign players, a certificate issued by the Secretariat of State in the Offices of the Interior and Population will be required, stating that the residency document is being processed.

Each club affiliated to the Soccer League may register a maximum of 4 foreign players.

17. Sector: Recreational, cultural and sporting services - Gambling casinos (including roulette, checkers, cards, point and bank, baccarat, slot machines and other similar games)

Subsector:

Industrial Classification:

Obligations Affected: National Treatment (Articles 11.4 and 12.4) Local Presence (Article 12.5)

Level of government: Central

Measures: Decree No. 488, dated February 16, 1977, Law of Gambling Casinos, Article 3.

Description: Investment and Cross-Border Trade in Services

Only Hondurans by birth and legal entities constituted in accordance with the laws of the country may apply to the Executive Branch for licenses to operate gambling casinos.

18. Sector: Security-Related Investigation Services

Subsector:

Industrial Classification:

Obligations Affected: National Treatment (Article 11.4) Senior Management and Board of Directors (Article 11.8)

Level of government: Central

Measures: Decree No 156-98, Organic Law of the National Police, Article 91.

Description: Investment

Foreign companies requesting a permit for the provision of private security services must associate with Honduran companies engaged in the same activity and appoint a Honduran manager by birth.

19. Sector: Fishing Industry

Subsector:

Industrial Classification:

Obligations Affected: National Treatment (Article 11.4)

Level of government: Central

Measures: Decree No 154, Fisheries Law, Chapters IV, Article 20.

Description: Investment

Only Honduran nationals resident in Honduras and companies incorporated under Honduran law, which are at least 51 percent owned by Honduran nationals, may engage in commercial fishing in waters, seas, rivers and lakes located in Honduras.

20. Sector: Transportation

Subsector: Air Transportation

Industrial Classification:

Obligations Affected: National Treatment (Article 11.4) Senior Management and Board of Directors (Article 11.8)

Level of government: Central

Measures: Decree No 55-2004, May 19, 2004, Civil Aeronautics Law, Title VIII, Chapter I, Articles 106 and 149.

Description: Investment

Air services of public transportation between any two points of the national territory are reserved for Honduran companies.

Honduran companies shall be understood as those that meet the following requirements:

(a) at least 51 percent of its capital must belong to Honduran natural or juridical persons; and

(b) effective control of the company and _ its management must also be in the hands of Hondurans.

In order to perform private air services for remuneration, authorization is required from the General Directorate of Civil Aeronautics and be a natural person or legal entity of Honduran nationality.

21. Sector: Air Transportation

Subsector: Specialized Air Transportation

Industrial Classification:

Obligations Affected: Most-Favored-Nation Treatment (Article 12.3) National Treatment (Article 12.4)

Level of government: Central

Measures: Decree No. 146, Civil Aeronautics Law, Chapter X, Second, Third and Fourth Section, Articles 37, 125 and 126.

Description: Cross-Border Trade in Services

Specialized private air transportation services for remuneration may only be provided by Honduran nationals or companies incorporated under Honduran law and must be authorized by the Ministry of Public Works, Transport and Housing.

In the absence of Honduran personnel to perform such activities, foreign pilots or other technical personnel may be allowed to perform such activities, giving preference to qualified personnel from any Central American country.

22. Sector: Transportation

Subsector: Maritime Transportation. Coastwise Navigation

Industrial Classification:

Obligations Affected: National Treatment (Articles 11.4 and 12.4) Most-Favored-Nation Treatment (Articles 11.5 and 12.3) Local Presence (Article 12.5)

Level of government: Central

Measures: Decree No 167-94, Organic Law of the National Merchant Marine, dated January 2, 1995, Title Il, Ill, Chapter VII, Article 40. Agreement No 000764, Maritime Transportation Regulations dated December 13, 1997, Article 6. Decree No 154, Fisheries Law, Chapters IV, Articles 26 and 29.

Description: Investment and Cross-Border Trade in Services

Cabotage navigation for mercantile purposes is reserved to Honduran merchant vessels. Exceptionally, when there are no Honduran merchant vessels or they are not available and for the time that such circumstance lasts, the General Directorate of the Merchant Marine may authorize foreign merchant vessels to provide cabotage services in Honduras. In such circumstances preference shall be given to vessels flying the flag of Central American countries.

Honduran merchant vessels must be incorporated under the laws of Honduras, and at least 51 percent of its subscribed and paid-up capital stock must be owned by Honduran nationals and the company must be domiciled in Honduras.

For greater certainty, maritime transportation includes also transportation on lakes and rivers.

Only vessels flying the Honduran flag may engage in commercial fishing activities in Honduran territorial waters.

Only Honduran nationals by birth may be captains of commercial fishing vessels.

23. Sector: Transportation

Subsector: Ground Transportation

Industrial Classification:

Obligations Affected: National Treatment (Articles 11.4 and 12.4) Most-Favored-Nation Treatment (Article 12.3) Local Presence (Article 12.5) Market Access (Article 12.6)

Level of government: Central

Measures: Decree No. 319-1976, Land Transportation Law, Articles 3, 5, 17, 18, 27 and 28. Agreement No 200, Regulation of the Land Transportation Law, Articles 1, 7, 32, 33 and 34. Decree No 205-2005, Traffic Law of January 3, 2006, Article 46.

Description: Investment and Cross-Border Trade in Services

Domestic public land passenger transportation services and cargo transportation services may be provided only by Honduran nationals and companies incorporated under Honduran law in which at least 51 percent of the capital is owned by Honduran nationals. It is necessary to obtain a certificate of operation from the Direcci6n General de Transporte de la Secretaria de Estado en los Despachos de Obras Publicas, Transporte y Vivienda (SOPTRAVI), which is subject to an economic needs test.

International public land passenger transportation services and cargo transportation services may be provided by foreign nationals and by companies incorporated under the laws of a foreign country on the basis of reciprocity, but authorization for particular routes shall be granted preferentially to foreign nationals and companies incorporated under the laws of a foreign country on the basis of reciprocity.

Honduras nationals and to companies incorporated under Honduran law.

Foreigners entering the national territory may drive with the valid license they carry and shall be subject to the principle of reciprocity.

24. Sector: Transportation

Subsector: Rail Transportation

Industrial Classification:

Obligations Affected: National Treatment (Article 11.4) Senior Management and Board of Directors (Article 11.8)

Level of government: Central

Measures: Decree No 48, Constitutive Law of the National Railroad of Honduras, Chapters I and VIII, Article 32 and Article 12 (amended by Decree No 54).

Description: Investment

Ferrocarril Nacional de Honduras may sell its subsidiaries to private entrepreneurs of Honduran nationality and to companies incorporated under Honduran law.

To be a senior manager of Ferrocarril Nacional de Honduras, it is required to be a Honduran national by birth.

25. Sector: Other Commercial Services -General Deposit Warehousing

Subsector:

Industrial Classification:

Obligations Affected: Market Access (Article 12.6)

Level of government: Central

Measures: Agreement No. 1055, General Warehousing Regulations, Article 3.

Description: Cross-Border Trade in Services

Only companies incorporated under the laws of Honduras with fixed capital and for the sole purpose of providing warehousing services are authorized to provide such services.

26. Sector: Electric Power Services

Subsector:

Industrial Classification:

Obligations Affected: Market Access (Article 12.6)

Level of government: Central

Measures: Decree No 158- 94, Framework Law of the Electricity Sub-sector, Article 23.

Description: Cross-Border Trade in Services

In order to be established in Honduras and to be able to provide electricity distribution services, a company must be incorporated as a trading company with nominal shares.

Annex I. Non-Conforming Measures. List of Mexico

1. Sector: All Sectors

Subsector:

Industrial Classification:

Obligations Affected: National Treatment (Article 11.4)

Level of government: Federal

Measures: Political Constitution of the United Mexican States, Article 27. Foreign Investment Law, Title ll, Chapters I and II. Regulations of the Foreign Investment Law and the National Registry of Foreign Investments, Title ll, Chapters I and ll.

Description: Investment

Foreign nationals or foreign companies may not acquire direct dominion over lands and waters within a 100- kilometer strip

along the borders and 50 kilometers along the beaches (the Restricted Zone).

Mexican companies without a foreign exclusion clause may acquire direct ownership of real estate used for non- residential activities located in the Restricted Zone. Notice of such acquisition must be filed with the Ministry of Foreign Affairs (SRE) within 60 business days following the date on which the acquisition is made.

Mexican companies without a foreign exclusion clause may not acquire direct ownership of real estate for residential purposes located in the Restricted Zone.

Pursuant to the procedure described below, Mexican companies without a foreign exclusion clause may acquire rights for the use and enjoyment of real estate located in the Restricted Zone that is intended for residential purposes. Such procedure will also apply when foreign nationals or foreign companies intend to acquire rights for the use and enjoyment of real estate located in the Restricted Zone, regardless of the use for which the real estate is intended.

Permission from the SRE is required for credit institutions to acquire, as trustees, rights over real estate located in the Restricted Zone, when the purpose of the trust is to allow the use and exploitation of such property, without granting real rights over them, and the beneficiaries are Mexican companies without a foreigner exclusion clause, or the foreigners or foreign companies referred to above.

The use and exploitation of the real estate located in the Restricted Zone shall be understood as the rights to the use or enjoyment thereof, including, as the case may be, the obtaining of fruits, products and, in general, any yield resulting from the operation and lucrative exploitation through third parties or credit institutions in their capacity as trustees.

The duration of the trusts referred to in this reserve shall be for a maximum period of 50 years, which may be extended at the request of the interested party.

The SRE may verify at any time compliance with the conditions under which the permits referred to in this reservation are granted, as well as the presentation and veracity of the aforementioned notifications.

The SRE will decide on the permits, considering the economic and social benefit that the realization of these activities will have for the Nation.

Foreign nationals or foreign companies that intend to acquire real estate outside the Restricted Zone, must previously present before the SRE a written document in which they agree to consider themselves Mexican nationals for such purposes and waive the right to invoke the protection of their governments with respect to such property. Note: For greater certainty, this reservation is without prejudice to the dispute settlement mechanism established in this Agreement.

2. Sector: All Sectors

Subsector:

Industrial Classification:

Obligations Affected: National Treatment (Article 11.4) Market Access (Article 12.6)

Level of government:

Measures: Federal Foreign Investment Law, Title VI, Chapter Ill.

Description: Investment and Cross-Border Trade in Services

The National Foreign Investment Commission (CNIE), in order to evaluate the applications submitted for its consideration (acquisitions or establishment of investments in the restricted activities in accordance with the provisions of this list), will attend to the following criteria:

(a) the impact on employment and worker training;

(b) technological contribution;

(c) compliance with the environmental provisions contained in the ecological ordinances governing the matter; and

(d) In general, the contribution to increasing the competitiveness of Mexico's productive plant.

In deciding on the merits of an application, the CNIE may only impose performance requirements that do not distort international trade and are not prohibited by Article 11.7 (Performance Requirements).

3. Sector: All Sectors

Subsector:

Industrial Classification:

Obligations Affected: National Treatment (Article 11.4)

Level of government: Federal

Measures: Foreign Investment Law, Title I, Chapter Ill.

Description: Investment

A favorable resolution of the National Foreign Investment Commission (CNIE) is required for investors of the other Party or their investments to participate, directly or indirectly, in a proportion greater than 49 percent of the capital stock of Mexican companies within an unrestricted sector, only when the total value of the assets of the Mexican companies, at the time of submitting the acquisition request, exceeds the applicable threshold.

Upon the entry into force of this Agreement, the applicable threshold for the review of an acquisition of a Mexican corporation will be the amount so determined by the CNIE.

The threshold will be adjusted annually according to the nominal growth rate of Mexico's Gross Domestic Product, as published by the National Institute of Statistics, Geography and Informatics (INEGI). In any case, the threshold will not be less than 150 million US dollars.

4. Sector: All Sectors

Subsector:

Industrial Classification:

Obligations Affected: National Treatment (Article 11.4) Senior Management and Boards of Directors (Article 11.8) Market Access (Article 12.6)

Level of government: Federal

Measures: Political Constitution of the United Mexican States, Article 25. General Law of Cooperative Societies, Title I, and Title Il, Chapter Il. Foreign Investment Law, Title I, Chapter Ill.

Description: Investment and Cross-Border Trade in Services

No more than 10 percent of the members of a Mexican production cooperative may be foreign nationals.

Investors of the other Party or their investments may only acquire, directly or indirectly, up to 10 percent of the participation in a Mexican production cooperative society.

Foreign nationals may not hold management or general administration positions in cooperative societies.

5. Sector: All Sectors

Subsector:

Industrial Classification:

Obligations Affected: National Treatment (Article 11.4)

Level of government: Federal

Measures: Federal Law for the Promotion of Microindustry and Handicraft Activities, Chapters I, Il and Ill.

Description: Investment

Only Mexican nationals may apply for a certificate to qualify as a micro-industrial enterprise.

Mexican microindustrial companies may not have foreign nationals as partners.

The Federal Law for the Promotion of Microindustry and Artisanal Activity defines a "microindustrial enterprise" as an

enterprise that has up to 15 workers, that is engaged in the transformation of goods and whose annual sales do not exceed the amounts determined periodically by the Ministry of Economy, which will be published in the Official Gazette of the Federation.

6. Sector: Agriculture, Livestock, Forestry and Timber Activities

Subsector: Agriculture, Livestock or Forestry

Industrial Classification: CMAP 1111 Agriculture CMAP 1112 Livestock and Hunting (limitedto livestock) CMAP 1200 Forestry and Tree Cutting

Obligations Affected: National Treatment (Article 11.4)

Level of government: Federal

Measures: Political Constitution of the United Mexican States, Article 27. Agrarian Law, Title VI. Foreign Investment Law, Title I, Chapter lll.

Description: Investment

Only Mexican nationals or Mexican companies may own land intended for agricultural, livestock or forestry purposes. Such companies must issue a special series of shares ("T" shares), which will represent the value of the land at the time of acquisition. Investors of the other Party or their investments may only acquire, directly or indirectly, the land for agricultural, livestock or forestry purposes. indirectly, up to a 49 percent interest in the series "T" shares.

7. Sector: Communications

Subsector: Entertainment Services (Open Radio and Television Broadcasting)

Industrial Classification: CMAP 941104 Private Production and Broadcasting of Radio Programs (limited to the production and broadcasting of open radio programs) CMAP 941105 Production, Transmission and Playback of Television Programs, Private Services (limited to broadcasting and rebroadcasting of free-to-air television programs)

Obligations Affected: National Treatment (Articles 11.4 and 12.4) Local Presence (Article 12.5) Market Access (Article 12.6)

Level of government: Federal

Measures: Political Constitution of the United Mexican States, Articles 28 and 32. General Ways of Communication Act, Book I, Chapter lll. Federal Telecommunications Law, Chapter lll, Section I. Federal Radio and Television Law, Title lll, Chapter I. Regulation of the Federal Law of Radio and Television, in Matters of Concessions, Permits and Content of Radio and Television Broadcasts. Foreign Investment Law, Title I, Chapter ll.

Description: Investment and Cross-Border Trade in Services

A concession granted by the Ministry of Communications and Transportation (SCT) is required to provide open radio and television broadcasting services.

Only Mexican nationals and Mexican companies with a foreigner exclusion clause may provide services or make investments in the activities mentioned in the preceding paragraph.

8. Sector: Communications

Subsector: Entertainment Services (Open sound and television broadcasting, and public telecommunications networks for the provision of restricted television and audio services)

Industrial Classification: CMAP 941104 Private Production and Broadcasting of Radio Programs (limited to the production and broadcasting of open radio and restricted audio programs) CMAP 941105 Production, Transmission and Playback of Television Programs, Private Services (limited to the production, transmission and rebroadcasting of broadcast and pay television programs)

Obligations Affected: Performance Requirements (Article 11.7) National Treatment (Article 12.4)

Level of government: Federal

Measures: Federal Radio and Television Law, Title IV, Chapter III. Regulation of the Federal Law of Radio and Television, in Matters of Concessions, Permits and Content of Radio and Television Broadcasts. Regulations of the Restricted Television

and Audio Service.

Description: Investment and Cross-Border Trade in Services

In order to protect copyrights, the licensee of an open commercial radio and television broadcasting station or of a Public Telecommunications Network requires prior authorization from the Ministry of the Interior (SEGOB) to import in any form radio or television programs for the purpose of rebroadcasting or distributing them in the territory of Mexico.

Authorization will be granted provided that the application is accompanied by documentation evidencing the copyright(s) for the retransmission or distribution of such programs.

9. Sector: Communications

Subsector: Entertainment Services (limited to open sound and television broadcasting, and public telecommunications networks for the provision of restricted television services).

Industrial Classification: CMAP 941104 Private Production and Broadcasting of Radio Programs (limited to production and replay of open radio programs) CMAP 941105 Production, Transmission and Playback of Television Programs, Private Services (limited to the production, transmission and rebroadcasting of free-to-air and pay-television programs)

Obligations Affected: Performance Requirements (Article 11.7) National Treatment (Article 12.4)

Level of government: Federal

Measures: Federal Radio and Television Law, Title IV, Chapters Ill and V.Regulation of the Federal Law of Radio and Television, in Matters of Concessions, Permits and Content of Radio and Television Broadcasts. Regulations of the Restricted Television and Audio Service.

Description: Investment and Cross-Border Trade in Services

The use of the Spanish language or subtitles in Spanish is required in advertisements that are transmitted through open radio and television, or that are distributed in the Public Telecommunications Networks, within the territory of Mexico.

Advertising included in programs transmitted directly from outside the territory of Mexico is not included in any of the programs, may be distributed when the programs are rebroadcast in the territory of Mexico.

The use of the Spanish language is required for the broadcasting of open and restricted television and radio programs, except when the Ministry of the Interior (SEGOB) authorizes the use of another language.

The majority of the time of the daily broadcast programming that uses personal performance should be covered by Mexican nationals.

In Mexico, radio or television announcers and entertainers who are not Mexican nationals must obtain authorization from the SEGOB to perform such activities.

10. Sector: Communications

Subsector: Entertainment Services (Public Telecommunication Networks for the provision of restricted television and audio services)

Industrial Classification: CMAP 941104 Private Production and Broadcasting of Radio Programs (limited to the production and transmission of restricted audio programs over public telecommunication networks) CMAP 941105 Production, Transmission and Playback of Television Programs, Private Services (limited to the production and transmission of restricted television programs through public telecommunication networks)

Obligations Affected: National Treatment (Articles 11.4 and 12.4) Local Presence (Article 12.5) Market Access (Article 12.6)

Level of government: Federal

Measures: Political Constitution of the United Mexican States, Articles 28 and 32. General Ways of Communication Act, Book I, Chapter lll. Nationality Law, Chapters I, Il and IV. Federal Radio and Television Law, Title Ill, Chapters I, II and Ill. Federal Telecommunications Law, Chapter Ill. Foreign Investment Law, Title I, Chapter III. Satellite Communication Regulations. Television and Audio Service Regulations. Restricted Regulation of the Federal Law of Radio and Television, in Matters of Concessions, Permits and Content of Radio and Television Broadcasts.

Description: Investment and Cross-Border Trade in Services

A concession granted by the Ministry of Communications and Transportation (SCT) is required to install, operate or exploit a public telecommunications network for the provision of restricted television and audio services. Such concession may be granted only to Mexican nationals or Mexican companies.

Investors of the other Party or their investments may only acquire, directly or indirectly, up to 49 percent of the participation in companies established or to be established in the territory of Mexico that own or operate Public Telecommunications Networks for the provision of restricted television and audio services.

11. Sector: Communications

Subsector: Public Telecommunication Services and Networks (commercialization companies)

Industrial Classification: CMAP 720006 Other Services of Telecommunications (limited to to marketers)

Obligations Affected: National Treatment (Articles 11.4 and 12.4) Most-Favored-Nation Treatment (Article 12.3) Local Presence (Article 12.5) Market Access (Article 12.6)

Level of government:Federal

Measures: Political Constitution of the United Mexican States, Article 28. Federal Telecommunications Law ; Chapter Ill, Section V, and Chapter IV, Section III. Public Telephony Service Regulations, Chapters I, Il and IV. International Telecommunication Rules, Rules 1, 2, 3, 4, 5 and 6.

Description: Investment and Cross-Border Trade in Services

A permit granted by the Ministry of Communications and Transportation (Secretaria de Comunicaciones y Transportes or SCT) is required to provide telecommunications marketing services. Only Mexican nationals or companies incorporated under Mexican law may obtain such a permit.

A permit granted by the SCT is required to establish a company commercializing telecommunications services. Only Mexican nationals or companies incorporated under Mexican law may obtain such a permit.

The establishment and operation of marketing companies are invariably subject to the regulatory provisions in force. The SCT will not grant permits for the establishment of a commercialization company until the corresponding regulations are issued.

Commercial carriers are those that, without owning or possessing the means of transmission, provide telecommunications services to third parties through the use of the capacity of a public telecommunications network concessionaire.

Unless expressly approved by the SCT, public telecommunications network concessionaires may not participate, directly or indirectly, in the capital of a telecommunications commercialization company.

International traffic must be routed through an authorized international port of a concessionaire expressly authorized by the SCT.

12. Sector: Communications

Subsector: Public Telecommunications Services and Networks

Industrial Classification: CMAP 720006 Other Telecom Services Telecommunications

Obligations Affected: National Treatment (Articles 11.4 and 12.4) Most-Favored-Nation Treatment (Article 11.5) Local Presence (Article 12.5) Market Access (Article 12.6)

Level of government: Federal

Measures: Political Constitution of the United Mexican States, Article 32. Federal Telecommunications Law, Chapter I, Chapter III, Sections I, Il, Ill and IV, and Chapter V. Foreign Investment Law, Title I, Chapter Ill. Satellite Communication Regulations, Title Il, Sections I, Il and Ill, and Title Ill. Public Telephony Service Regulations, Chapters I, Il and IV. Television Service Rules and Regulations and Audio Service, Chapters I and V. Long Distance Service Rules, Chapters III, IV and VII. International Telecommunication Rules, Rules 1, 2, 3, 4, 5 and 6.

Description: Investment and Cross-Border Trade in Services

Investors of the other Party or their investments may only participate, directly or indirectly, up to 49 percent in concessionary enterprises that:

(a) use, take advantage of or exploit a band of frequencies in the national territory, except for the free use spectrum and the official use spectrum;

(b) install, operate or exploit public telecommunications networks;

(c) occupy geostationary orbital positions and satellite orbits assigned to the country and exploit their respective frequency bands, and

(d) exploit the rights of emission and reception of signals of frequency bands associated with foreign satellite systems that cover and may provide services in the national territory.

A concession granted by the Ministry of Communications and Transportation (SCT) is required for:

(a) to use, exploit or exploit a frequency band in the national territory, except for the free use spectrum and the official use spectrum;

(b) to install, operate or exploit public telecommunications networks;

(c) occupy geostationary orbital positions and satellite orbits assigned to the country, and exploit their respective frequency bands, and

(d) to exploit the rights to broadcast and receive signals of frequency bands associated with foreign satellite systems that cover and may provide services in the national territory.

Only Mexican nationals or Mexican companies may obtain such concession.

A concession is required to use, exploit or exploit frequency bands of the radio electric spectrum for specific uses in Mexican national territory. Concessions to use, exploit or exploit frequency bands of the spectrum for specific uses will be granted through public bidding.

International traffic can only be carried by a company that has a public telecommunications network concession granted by the SCT.

Such traffic must be routed through the international port of a concessionaire authorized by the SCT.

Private network operators that intend to commercially exploit the services must obtain a concession granted by the SCT, in which case they will adopt the character of a public telecommunications network.

13. Sector: Communications

Subsector: Public Telecommunications Services and Networks (telephony)

Industrial Classification: CMAP 720003 Telephonic Services (includes services cellular telephony in the "A" and "B" bands) CMAP 720004 Telephone Booth Services CMAP 502003 Telecommunications Installation

Obligations Affected: National Treatment (Articles 11.4 and 12.4) Most-Favored-Nation Treatment (Article 12.3) Local Presence (Article 12.5) Market Access (Article 12.6)

Level of government: Federal

Measures: Political Constitution of the United Mexican States, Articles 28 and 32. Federal Telecommunications Law, Chapter I, Chapter III, Sections I, II, III and IV, and Chapter V. Foreign Investment Law, Title I, Chapter III. Regulation of Public Telephony Services, Chapters I, II and IV. Satellite Telecommunications Regulations, Title II, Sections I, II and III. Local Service Rules, Rule 8. Long Distance Service Rules, Chapters III, IV and VII. International Telecommunication Rules, Rules 1, 2, 3, 4, 5 and 6.

Description: Investment and Cross-Border Trade in Services

The telecommunication services covered by this reservation, whether or not they are provided to the public, involve the actual time of transmission of the information supplied to the user between 2 or more points, with no point-to-point change in the form or content of the user's information.

Investors of the other Party or their investments may only participate, directly or indirectly, up to a maximum of 49 percent in Mexican concession companies that provide telephone services, telephone booth services and telecommunications facilities, except for cellular telephone services.

A favorable resolution of the National Foreign Investment Commission (CNIE) is required for investors of the other Party or their investments to participate, directly or indirectly, in a percentage greater than 49 percent in the capital stock of companies operating cellular telephone services.

A concession granted by the Ministry of Communications and Transportation (SCT) is required for:

(a) to use, exploit or exploit a frequency band in the national territory, except for the free use spectrum and the official use spectrum;

(b) to install, operate or exploit public telecommunications networks;

(c) occupy geostationary orbital positions and satellite orbits assigned to the country, and exploit their respective frequency bands, and

(d) to exploit the rights to broadcast and receive signals of frequency bands associated with foreign satellite systems that cover and may provide services in the national territory.

Only Mexican nationals or Mexican companies may obtain such concession.

Private network operators that intend to commercially exploit the services must obtain a concession granted by the SCT, in which case they must adopt the following measures the nature of a public telecommunications network.

Public telecommunications networks include facilities for the provision of telephoneâ services. Public telecommunications networks do not include usersâ telecommunications equipment or telecommunications networks located beyond the network termination point.

A concession is required to use, exploit or exploit frequency bands of the radio electric spectrum for specific uses in Mexican national territory. Concessions on frequency bands of the spectrum for specific uses will be granted through public bidding.

International traffic must be routed through the international port of a concessionaire expressly authorized by the SCT.

14. Sector: Communications

Subsector: Transportation and Telecommunications

Industrial Classification: CMAP 7200 Communications (including services telecommunications and postal services) CMAP 71 Transportation

Obligations Affected: National Treatment (Article 11.4)

Level of government: Federal

Measures: Ports Law, Chapter IV. Railroad Service Regulatory Law, Chapter Il, Section III. Civil Aviation Law, Chapter Ill, Section Ill. Airport Law, Chapter IV. Law on Roads, Bridges and Federal Motor Transport, Title I, Chapter Ill. Federal Telecommunications Law; Chapter Ill, Section VI. Federal Radio and Television Law, Title Ill, Chapters I and Il. General Ways of Communication Act, Book I, Chapters III and V.

Description: Investment

Foreign governments and foreign state enterprises, or their investments, may not invest, directly or indirectly, in Mexican companies that provide services related to communications, transportation and other general means of communication.

15. Sector: Construction

Subsector:

Industrial Classification: CMAP 501322 Construction for the Conduit of Oil and Derivatives (limited to specialized contractors only) CMAP 503008 Perforation of Oil and Gas Wells Gas (limited to specialized contractors)

Obligations Affected: National Treatment (Article 11.4)

Level of government: Federal

Measures: Political Constitution of the United Mexican States, Article 27. Regulatory Law of Article 27 of the Mexican Constitution in the Oil Industry, Articles 2, 3, 4 and 6. Foreign Investment Law, Title I, Chapter Ill. Regulation of the Regulatory Law of Article 27 of the Mexican Constitution in the Oil Industry, Chapters I, V, IX and XII.

Description: Investment

Risk-sharing contracts are prohibited.

A favorable resolution of the National Commission on Foreign Investment (CNIE) is required for an investor of the other Party or its investments to acquire, directly or indirectly, more than 49 percent of the participation in companies established or to be established in the territory of Mexico involved in contracts other than risk-sharing contracts, related to exploration and drilling of oil and gas wells and the construction of means for the transportation of oil and its derivatives. (See also List of Mexico, Annex III (Activities of the National Commission on Foreign Investment Reserved to the State).

16. Sector: Educational Services

Subsector: Private Schools

Industrial Classification: WCPA 921 101Private Education Services Preschool CMAP 921102 Private Education Services Primary CMAP 921103 Private Education Services Secondary CMAP 921104 Private Education Services Upper Middle School CMAP 921105 Private Education Services Superior CMAP 921106 Private Educational Services that Combine preschool, elementary, middle school, junior high, high school and high school levels.

Obligations Affected: National Treatment (Article 11.4)

Level of government: Federal

Measures: Foreign Investment Law, Title I, Chapter III. Law for the Coordination of Higher Education, Chapter II. General Education Law, Chapter III.

Description: Investment

A favorable resolution of the National Foreign Investment Commission (CNIE) is required for investors of the other Party or their investments to acquire, directly or indirectly, more than 49 percent of the equity interest in an enterprise established or to be established in the territory of Mexico that provides private preschool, elementary, secondary, middle, high school, higher and combined education services.

17. Sector: Energy

Subsector: Petroleum Products

Industrial Classification:CMAP 623050 Retail Trade of Liquefied Gas Fuel

Obligations Affected: National Treatment (Article 11.4)

Level of government: Federal

Measures: Foreign Investment Law, Title I, Chapter II.Regulatory Law of Article 27 of the Mexican Constitution in the Oil Industry. Regulation of the Regulatory Law of Article 27 of the Mexican Constitution in the Oil Industry, Chapters I, VII, IX and XII. Liquefied Petroleum Gas Regulation, Chapters I, III, V and XI.

Description: Investment

Only Mexican nationals and Mexican companies with a foreigner exclusion clause may distribute liquefied petroleum gas.

18. Sector: Energy

Subsector: Petroleum Products

Industrial Classification: CMAP 623090 Retail Trade of Others Articles and Products Not Elsewhere Classified (limited to distribution, transportation and storage of natural gas).

Obligations Affected: Local Presence (Article 12.5) Market Access (Article 12.6)

Level of government: Federal

Measures: Regulatory Law of Article 27 of the Mexican Constitution in the Oil Industry. Regulation of the Regulatory Law of Article 27 of the Mexican Constitution in the Oil Industry, Chapters I, VII, IX and XII. Natural Gas Regulations, Chapters I, III, IV and V.

Description: Cross-Border Trade in Services

A permit granted by the Energy Regulatory Commission is required to provide natural gas distribution, transportation and storage services. Only social sector companies and corporations may obtain such permit.

19. Sector: Energy

Subsector: Petroleum Products

Industrial Classification: CMAP 626000 Retail Gasoline and Gasoline Retail Trade Diesel (including lubricants, oils, and additives for sale at gas stations)

Obligations Affected: National Treatment (Article 11.4)

Level of government: Federal

Measures: Foreign Investment Law, Title I, Chapter Il. Regulatory Law of Article 27 of the Mexican Constitution in the Oil Industry. Regulation of the Regulatory Law of Article 27 of the Mexican Constitution in the Oil Industry, Chapters |, Il, III, V, VII, IX and XII.

Description: Investment

Only Mexican nationals and Mexican companies with a foreigner exclusion clause may engage in the retail sale of gasoline, or acquire, establish or operate gas stations for the distribution or retail sale of gasoline, diesel, lubricants, oils or additives.

20. Sector: Energy

Subsector: Petroleum Products (supply of fuel and lubricants for aircraft, ships and railroad equipment)

Industrial Classification:

Obligations Affected: National Treatment (Article 11.4)

Level of government: Federal

Measures: Foreign Investment Law, Title II, Chapter Ill.

Description: Investment

Investors of the other Party or their investments may only participate, directly or indirectly, up to 49 percent of the capital of a Mexican company that supplies fuels and lubricants for aircraft, vessels and railroad equipment.

21. Sector: Fishing

Subsector: Fishing

Industrial Classification: CMAP 130011 Offshore Fisheries CMAP 130012 Coastal Fisheries CMAP 130013 Freshwater Fisheries

Obligations Affected: National Treatment (Article 11.4) Most-Favored-Nation Treatment (Article 11.5)

Level of government: Federal

Measures: Fisheries Law, Chapters I, Il and IV. Maritime Navigation and Commerce Law, Title Il, Chapter I. Federal Law of the Sea, Title I, Chapters I and Ill. National Waters Law, Title I, and Title IV, Chapter I. Foreign Investment Law, Title I, Chapter Ill. Regulation of the Fisheries Law, Chapters I, Il, Ill, V, VI, IX and XV.

Description: Investment

Investors of the other Party or their investments may only acquire, directly or indirectly, up to 49 percent of the participation in an enterprise established or to be established in the territory of Mexico, which carries out fishing in fresh water, coastal and in the exclusive economic zone, not including aquaculture.

A favorable resolution of the National Foreign Investment Commission (CNIE) is required for investors of the other Party or their investments to acquire, directly or indirectly, more than 49 percent of the participation in an enterprise established or to be established in the territory of Mexico that carries out the following activities: deep sea fishing.

22. Sector: Goods Manufacturing

Subsector: Explosives, Fireworks, Firearms and Cartridges

Industrial Classification: CMAP 352236 Manufacturing of Explosives and Artificial Fires CMAP 382208 Manufacturing of Firearms and Cartridges

Obligations Affected: National Treatment (Article 11.4)

Level of government: Federal

Measures: Foreign Investment Law, Title I, Chapter Ill.

Description: Investment

Investors of the other Party or their investments may only acquire, directly or indirectly, up to 49 percent of the equity interest in an enterprise established or to be established in the territory of Mexico that manufactures explosives, fireworks, firearms, cartridges, etc., in the territory of Mexico, and ammunition. excluding the production of explosive mixtures for industrial and extractive activities.

23. Sector: Printing, Publishing and Allied Industries

Subsector: Publication of Newspapers

Industrial Classification: CMAP 342001 Edition of Newspapers and Magazines (limited to newspapers)

Obligations Affected: National Treatment (Article 11.4)

Level of government: Federal

Measures: Foreign Investment Law, Title I, Chapter Ill.

Description: Investment

Investors of the other Party or their investments may only acquire, directly or indirectly, up to 49 percent of the participation in companies established or to be established in the territory of Mexico that print or publish newspapers written exclusively for the Mexican public and to be distributed in the territory of Mexico.

24. Sector: Professional, Technical and Specialized Services

Subsector: Physicians

Industrial Classification: CMAP 9231 Medical, Dental, and Dental Services Veterinary Services Provided by the Private Sector (limited to medical and dental services)

Obligations Affected: National Treatment (Article 12.4)

Level of government: Federal

Measures: Federal Labor Law, Chapter I.

Description: Cross-Border Trade in Services

Only Mexican nationals with a license to practice medicine in the territory of Mexico may be hired to provide medical services to Mexican personnel of Mexican companies.

25. Sector: Professional, Technical and Specialized Services

Subsector: Professional Services

Industrial Classification: CMAP 9510 Provision of Professional Services, Technical and Specialized (limited to professional services)

Obligations Affected: Most-Favored-Nation Treatment (Article 12.3) National Treatment (Article 12.4) Local Presence (Article 12.5)

Level of government: Federal

Measures: Regulatory Law of Article 5 of the Mexican Constitution, regarding the Practice of Professions in the Federal District, Chapter Ill, Section Ill, and Chapter V. Regulations of the Regulatory Law of Article 5 of the Constitution, Regarding the Practice of Professions in the Federal District, Chapter Ill. General Population Law, Chapter III.

Description: Cross-Border Trade in Services

Subject to the provisions of the international treaties to which Mexico is a party, foreigners may practice in the Federal District the professions established in the Regulatory Law of Article 5 of the Constitution regarding the Practice of Professions in the Federal District.

When there is no treaty on the matter, the professional practice of foreigners will be subject to reciprocity in the applicant's place of residence and to compliance with the other requirements established by Mexican laws and regulations.

Foreign professionals must have a domicile in Mexico.

Domicile shall be understood as the place used to hear and receive notifications and documents.

26. Sector: Professional, Technical and Specialized Services

Subsector: Specialized Services (Public Brokers)

Industrial Classification:

Obligations Affected: National Treatment (Articles 11.4 and 12.4) Local Presence (Article 12.5)

Level of government: Federal

Measures: Federal Public Brokerage Law, Articles 7, 8, 12 and 15. Regulations of the Federal Public Brokerage Law, Chapter I, and Chapter II, Sections I and II. Foreign Investment Law, Title I, Chapter II.

Description: Investment and Cross-Border Trade in Services

Only Mexican nationals by birth may be authorized to practice as public brokers.

Public brokers may not associate with any person to provide public brokerage services.

Public brokers shall establish an office in the place where they have been authorized to practice.

27. Sector: Professional, Technical and Specialized Services

Subsector: Specialized Personnel

Industrial Classification: CMAP 951012 Customs Brokerage and Customs Brokerage Services Representation

Obligations Affected: National Treatment (Articles 11.4 and 12.4)

Level of government: Federal

Measures: Customs Law, Title II, Chapters I and III, and Title VII, Chapter I. Foreign Investment Law, Title I, Chapter II.

Description: Investment and Cross-Border Trade in Services

Only Mexicans by birth may be customs agents.

Only customs agents acting as consignees or agents of an importer or exporter, as well as customs agents, may carry out the procedures related to the clearance of the goods of such importer or exporter.

Investors of the other Party or their investments may not participate, directly or indirectly, in a customs agency.

28. Sector: Professional, Technical and Specialized Services

Subsector: Professional Services

Industrial Classification: CMAP 951002 Legal Services (includes foreign legal consultants)

Obligations Affected: National Treatment (Articles 11.4 and 12.4) Most-Favored-Nation Treatment (Articles 11.5 and 12.3)

Level of government: Federal

Measures: Regulatory Law of Article 5 of the Mexican Constitution, regarding the Practice of Professions in the Federal District, Chapter III, Section III, and Chapter V. Foreign Investment Law, Title I, Chapter III.

Description: Investment and Cross-Border Trade in Services

A favorable resolution of the National Foreign Investment Commission (CNIE) is required for investors of another Party or their investments to acquire, directly or indirectly, a percentage greater than 49 percent of the participation in an enterprise established or to be established in the territory of Mexico that provides legal services.

When there is no treaty on the matter, the professional practice of foreigners will be subject to reciprocity in the place of residence of the applicant and to the fulfillment of the other requirements established by Mexican law.

Except as set forth in this reservation, only attorneys licensed to practice in Mexico may participate in a law firm incorporated in the territory of Mexico.

Lawyers authorized to practice in the other Party may associate with lawyers authorized to practice in Mexico.

The number of lawyers authorized to practice in the other Party who are partners in a partnership in Mexico may not exceed the number of lawyers authorized to practice in Mexico who are partners in that partnership. Lawyers authorized to practice in the other Party may practice and give legal advice on Mexican law, provided they comply with the requirements for the practice of law in Mexico.

A law firm established by a partnership between lawyers licensed to practice in the other Party and lawyers licensed to practice in Mexico may hire as employees lawyers licensed to practice in Mexico.

29. Sector: Religious Services

Subsector:

Industrial Classification: WCPA 929001 Religious Organizational Services

Obligations Affected: Senior Management and Boards of Directors (Article 11.8) Local Presence (Article 12.5)

Level of government: Federal

Measures: Law of Religious Associations and Public Worship, Title ll, Chapters I and II.

Description: Investment and Cross-Border Trade in Services

Representatives of religious associations must be Mexican nationals.

Religious associations must be associations constituted in accordance with the Law on Religious Associations and Public Worship.

Religious associations must register with the Secretaria de Gobernación (SEGOB). To be registered, religious associations must be established in Mexico.

30. Sector: Retail Trade

Subsector: Non-Food Products Establishments in Specialized Trading

Industrial Classification: CMAP 623087 Retail Trade of Firearms, Explosives, Firearms Fire, Cartridges and Ammunition CMAP 612024 Wholesale Trade Not Classified elsewhere (limited to firearms, cartridges and ammunition)

Obligations Affected: National Treatment (Article 11.4)

Level of government: Federal

Measures: Foreign Investment Law, Title I, Chapter Ill.

Description: Investment

Investors of the other Party or their investments may only acquire, directly or indirectly, up to 49 percent of the in an enterprise established or to be established in the territory of Mexico that is engaged in the sale of explosives, firearms, cartridges, ammunition and not including the acquisition and use of explosives for industrial and extractive activities, and fireworks, manufacture of explosive mixtures for such activities.

31. Sector: Transportation

Subsector: Air Transportation

Industrial Classification: CMAP 384205 Manufacturing , Assembly & Repair of Aircraft (limited to aircraft repair)

Obligations Affected: Local Presence (Article 12.5) Access to Markets (Article 12.6)

Level of government: Federal

Measures: Civil Aviation Law, Chapter Ill, Section II. Regulation of Aeronautical Workshops, Chapter I.

Description: Cross-Border Trade in Services

A permit granted by the Ministry of Communications and Transportation (SCT) is required to establish and operate, or only operate, aeronautical workshops and centers. training and staff development.

32. Sector: Transportation

Subsector: Air Transportation

Industrial Classification: CMAP 713001RegularAir Transportationin Aircraft with National Registration CMAP 713002 Regular Air Transportation (Aerotaxis)

Obligations Affected: National Treatment (Article 11.4) Senior Management and Boards of Directors (Article 11.8)

Level of government: Federal

Measures: Civil Aviation Law, Chapters IX and X. Regulation of the Civil Aviation Law, Title Il, Chapter I. Foreign Investment Law, Title I, Chapter Ill, as qualified by the element Description.

Description: Investment

Investors of the other Party or their investments may only acquire, directly or indirectly, up to 25 percent of the voting shares of an enterprise established or to be established in the territory of Mexico that provides commercial air services in Mexican-registered aircraft. The president and at least two-thirds of the board of directors and two-thirds of the senior management positions of such enterprises must be Mexican nationals.

Only Mexican nationals and Mexican companies in which 75 percent of the voting shares are owned or controlled by Mexican nationals, and in which the president and at least two-thirds of the senior management positions are Mexican nationals, may register an aircraft in Mexico.

33. Sector: Transportation

Subsector: Air Transportation

Industrial Classification: CMAP 973301 Air Navigation Services WCPA 973302AdministrationServices Airports and Heliports

Obligations Affected: National Treatment (Article 11.4) Market Access (Article 12.6)

Level of government: Federal

Measures: Political Constitution of the United Mexican States, Article 32. General Ways of Communication Act, Book I, Chapters I, Il and Ill. Foreign Investment Law, Title Il, Chapter Ill. Civil Aviation Law, Chapters | and IV. Airport Law, Chapter III. Regulation of the AirportLaw s, Title Il, Chapters I, Il and Ill. Il, Chapters I, Il and Ill.

Description: Investment and Cross-Border Trade in Services

A concession granted by the Ministry of Communications and Transportation (SCT) is required to build and operate, or only operate, airports and heliports. Only Mexican corporations may obtain such concession.

A favorable resolution of the National Foreign Investment Commission (CNIE) is required for investors of the other Party or their investments to acquire, directly or indirectly, more than 49 percent of the participation of a company established or to be established in the territory of Mexico that is a concessionaire or permit holder of service aerodromes to the public.

In making its decision, the CNIE must consider that national and technological development is favored, and the sovereign integrity of the nation is safeguarded.

34. Sector: Transportation

Subsector: Specialized Air Services

Industrial Classification:

Obligations Affected: National Treatment (Article 11.4) Senior Management and Boards of Directors (Article 11.8) Local Presence (Article 12.5) Access to Markets (Article 12.6)

Level of government: Federal

Measures: General Ways of Communication Act, Book I, Chapter Ill. Foreign Investment Law, Title Il, Chapter Ill. Civil Aviation Law, Chapters I, Il, IV and IX, As qualified by the element Description.

Description: Investment and Cross-Border Trade in Services

Investors of the other Party or their investments may only acquire, directly or indirectly, up to 25 percent of the voting shares of enterprises established or to be established in the territory of Mexico that provide specialized air services using Mexican-registered aircraft. The president and at least two-thirds of the board of directors and two-thirds of the senior management positions of such enterprises must be Mexican nationals. Only Mexican nationals and Mexican companies in which 75 percent of the voting shares are owned or controlled by Mexican nationals and in which the president and at least two-thirds of the senior management positions are Mexican nationals may register aircraft in Mexico.

A permit issued by the Ministry of Health is required to provide all specialized air services and Communications and Transportation (SCT) in the territory of Mexico. Such permission will only be granted when the person interested in offering such services has a domicile in the territory of Mexico.

35. Sector: Transportation

Subsector: Ground Transportation

Industrial Classification: CMAP 711201 Autotransportation Service of Building Materials CMAP 711202 Autotransport service of Removals CMAP 711203 Other Autotransportation Services Specialized Cargo CMAP 711204Cargo Motor Carrier Service in General CMAP 711311 Foreign Bus Passenger Transportation Service CMAP 711318 School Transportation Service and Tourist (limited tourist transport services)

Obligations Affected: National Treatment (Articles 11.4 and 12.4) Local Presence (Article 12.5) Market Access (Article 12.6)

Level of government: Federal

Measures: Foreign Investment Law, Title I, Chapter Il. Law on Roads, Bridges and Federal Motor Transport, Title I, Chapter Ill. Federal Motor Carrier Regulationsand Auxiliary Services, Chapter I. Parcel and Courier Regulations.

Description: Investment and Cross-Border Trade in Services

(a) Investors of the other Party or their investments may not acquire, directly or indirectly, any interest in the capital of enterprises established or to be established in the territory of the other Party.

(b) The following services are not included in the scope of supply of domestic cargo transportation services between points in the territory of Mexico, except for parcel and courier services.

A permit issued by the Ministry of Communications and Transportation (SCT) is required to provide passenger transportation services, tourist transportation services or cargo transportation services to or from the territory of Mexico. Only Mexican nationals and Mexican companies may obtain such permit.

A permit issued by the SCT is required to provide intercity passenger transportation services, tourist transportation services or international cargo transportation services between points within the territory of Mexico. Only Mexican nationals and Mexican companies may obtain such permit.

Only Mexican nationals and Mexican companies with a foreigner exclusion clause, using equipment registered in Mexico that has been built in Mexico or legally imported, and with drivers who are Mexican nationals, may provide domestic cargo services between points in the territory of Mexico.

A permit issued by the SCT is required to provide parcel and courier services. Only Mexican nationals and Mexican companies may obtain such permit.

36. Sector: Transportation

Subsector: Ground Transportation

Industrial Classification: CMAP 711312 Urban Transportation Service and Suburban Passenger Buses CMAP 711315 Automotive Transportation Service of "Ruleteo"CMAP 711316 Automotive Transportation Service Fixed Route CMAP 711317

Automotive Transportation Service Site CMAP 711318 School Transportation Service and Tourist (limited school school transportation service)

Obligations Affected: National Treatment (Articles 11.4 and 12.4)

Level of government: Federal

Measures: Foreign Investment Law, Title I, Chapter Ill. General Ways of Communication Act, Book I, Chapter Il. Ley de Caminos, Puentes y Autotransporte Federal, Title I, Chapter Ill. Federal Motor Carrier Regulationsand Auxiliary Services, Chapter I.

Description: Investment and Cross-Border Trade in Services

Only Mexican nationals and Mexican companies with a foreigner exclusion clause may provide urban and suburban passenger transportation services by bus, school bus, cab, roulette and other collective transportation services.

37. Sector: Transportation

Subsector: Ground Transportation

Industrial Classification: CMAP 973101 Administration Service Passenger Trucking and Auxiliary Services (limited to bus and truck terminals and bus and truck stations)

Obligations Affected: National Treatment (Article 12.4) Local Presence (Article 12.5) Market Access (Article 12.6)

Level of government: Federal

Measures: Law on Roads, Bridges and Federal Autotransport, Title I, Chapter Ill. Regulation for the Use of the Right of Way of Federal Highways and Surrounding Areas, Chapters II and IV. Federal Motor Carrier and Auxiliary Services Regulations, Chapter I.

Description: Cross-Border Trade in Services

A permit granted by the Secretaria de Comunicaciones y Transportes (SCT) is required to establish or operate a bus or truck station or terminal.

Only Mexican nationals and Mexican companies may obtain such a permit.

38. Sector: Transportation

Subsector: Ground Transportation

Industrial Classification: WCPA 973102 Administration Services Roads, Bridges and Auxiliary Services

Obligations Affected: National Treatment (Article 12.4) Local Presence (Article 12.5) Market Access (Article 12.6)

Level of government: Federal

Measures: Political Constitution of the United Mexican States, Article 32. Law on Roads, Bridges and Federal Autotransport, Title I, Chapter Ill.

Description: Cross-Border Trade in Services

A concession granted by the Ministry of Communications and Transportation (SCT) is required to provide road and bridge administration services and auxiliary services. Only Mexican nationals and Mexican companies may obtain such concession.

39. Sector: Transportation

Subsector: Land Transportation and Water Transportation

Industrial Classification: CMAP 501421Maritime and Waterway Works CMAP 501422 Construction of road and road works and for Land Transportation

Obligations Affected: National Treatment (Article 12.4) Local Presence (Article 12.5) Market Access (Article 12.6)

Level of government: Federal

Measures: Political Constitution of the United Mexican States, Article 32. Law on Roads, Bridges and Federal Autotransport,

Title I, Chapter Ill. Ports Law, Chapter IV. Maritime Navigation and Commerce Act, Title I, Chapter Il.

Description: Cross-Border Trade in Services

A concession granted by the Ministry of Communications and Transportation (SCT) is required to build and operate, or only operate, works in seas or rivers or roads for land transportation. Such concession may only be granted to Mexican nationals and Mexican companies.

40. Sector: Transportation

Subsector: Pipelines other than those transporting energy

Industrial Classification:

Obligations Affected: National Treatment (Article 12.4) Local Presence (Article 12.5) Market Access (Article 12.6)

Level of government: Federal

Measures: Political Constitution of the United Mexican States, Article 32. General Ways of Communication Act, Book I, Chapters I, and Il. National Water Law, Title I, Chapter II, and Title IV, Chapter Il.

Description: Cross-Border Trade in Services

A concession granted by the Ministry of Communications and Transportation (SCT) is required to build and operate, or only operate, pipelines that transport goods other than energy or basic petrochemical products. Only Mexican nationals and Mexican companies may obtain such concession.

41. Sector: Transportation

Subsector: Specialized Personnel

Industrial Classification: CMAP 951023 Other Professional Services, Technicians and Specialists not mentioned above (limited to captains; pilots; skippers; machinists; mechanics; airfield commanders; port captains; harbor pilots; personnel manning any vessel or aircraft flying a Mexican flag or carrying a Mexican merchant flag or insignia).

Obligations Affected: National Treatment (Article 12.4)

Level of government: Federal

Measures: Political Constitution of the United Mexican States, Article 32.

Description: Cross-Border Trade in Services

Only Mexicans by birth may be:

(a) captains, pilots, skippers, machinists, mechanics and crew of vessels or aircraft flying the Mexican flag; and

(b) port captains, port pilots and airfield commanders.

42. Sector: Transportation

Subsector: Rail Transportation

Industrial Classification: CMAP 711101 Rail Transportation Service

Obligations Affected: National Treatment (Articles 11.4 and 12.4) Local Presence (Article 12.5) Market Access (Article 12.6)

Level of government: Federal

Measures: Foreign Investment Law, Title I, Chapter Ill. Railway Service Regulatory Act, Chapter I and Il, Section III. Railroad Service Regulations, Title I, Chapters I, II and III, Title Il, Chapters I and IV, and Title Ill, Chapter I, Sections land Il.

Description: Investment and Cross-Border Trade in Services

A favorable resolution of the National Foreign Investment Commission (CNIE) is required for investors of the other Party or their investments to participate, directly or indirectly, in a percentage greater than 49 percent of the companies established or to be established in the territory of Mexico dedicated to the construction, operation and exploitation of railroads that are considered general communication routes, or in the provision of public railroad transportation services.

In making its decision, the CNIE must consider that national and technological development is favored, and the sovereign integrity of the nation is safeguarded.

A concession granted by the Ministry of Communications and Transportation (SCT) is required to build, operate and exploit railroad transportation services and provide public railroad transportation services. Only Mexican companies may obtain such concession.

A permit granted by the SCT is required to provide auxiliary services; to construct accesses, crossings and marginal facilities on the railroad right-of-way; the installation of advertisements and advertising signs on the right-of-way; and the construction and operation of bridges over railroad tracks. Only Mexican nationals and Mexican companies may obtain such permit.

43. Sector: Transportation

Subsector: Rail Transportation Services

Industrial Classification: CMAP 711101Rail Transportation Service (limited to railway crew)

Obligations Affected: National Treatment (Article 12.4)

Level of government: Federal

Measures: Federal Labor Law, Title VI, Chapter V.

Description: Cross-Border Trade in Services

Railroad crew members must be Mexican nationals.

44. Sector: Transportation

Subsector: Water Transportation

Industrial Classification: CMAP 384201 Manufacturing and Repair of Boats

Obligations Affected: National Treatment (Article 12.4) Local Presence (Article 12.5) Market Access (Article 12.6)

Level of government: Federal

Measures: Political Constitution of the United Mexican States, Article 32. General Ways of Communication Act, Book I, Chapters I, and II. Maritime Navigation and Commerce Act, Title I, Chapter II. Ports Law, Chapter IV.

Description: Cross-Border Trade in Services

A concession granted by the Ministry of Communications and Transportation (SCT) is required to establish and operate, or only operate, a shipyard. Only Mexican nationals and Mexican companies may obtain such concession.

45. Sector: Transportation

Subsector: Water Transportation

Industrial Classification: CMAP 712011Maritime Transportation Service of Height CMAP 712012Maritime Transportation Service of Cabotage CMAP 712013 = Altamar Towing Service and Coastal CMAP 712021 Water Transportation Service ; Lakes and Dams CMAP 712022 Intrastate Transportation Service of Ports.

Obligations Affected: National Treatment (Articles 11.4 and 12.4) Most-Favored-Nation Treatment (Articles 11.5 and 12.3).

Level of government: Federal

Measures: Maritime Navigation and Commerce Act, Title III, Chapter I. Foreign Investment Law, Title I, Chapter III. Federal Antitrust Law, Chapter IV.

Description: Investment and Cross-Border Trade in Services

The operation or exploitation of vessels in deep-sea navigation, including international maritime transport and towing, is open to shipowners and vessels of all countries, when there is reciprocity under the terms of international treaties. The Ministry of Communications and Transportation (SCT), with the prior opinion of the Federal Competition Commission (CFC), may reserve, totally or partially, certain international deep-sea cargo transportation services, so that they may only be

carried out by Mexican shipping companies, with

Mexican vessels or vessels reputed as such, when the principles of free competition are not respected and the national economy is affected.

The operation and exploitation of inland navigation vessels is reserved to Mexican shipowners with Mexican vessels. When there are no suitable and available Mexican vessels, or the public interest so requires, the SCT may grant to Mexican shipowners, temporary navigation permits to operate and exploit with foreign vessels, or in case there are no interested Mexican shipowners, it may grant these permits to foreign shipping companies.

The operation and exploitation of vessels in coastal navigation may be carried out by Mexican or foreign shipowners, with Mexican or foreign vessels. In the case of foreign shipping companies or vessels, a permit will be required from the SCT, after verifying the existence of reciprocity and equivalence conditions with the country where the vessel is registered and with the country where the shipping company has its registered office and its real and effective place of business.

The operation and exploitation in inland navigation and cabotage of tourist cruise ships, as well as dredges and naval artifacts for the construction, conservation and operation of ports, may be carried out by Mexican or foreign shipowners, with Mexican or foreign vessels or naval artifacts.

The SCT, with the prior opinion of the CFC, may resolve that, totally or partially, certain cabotage traffic may only be carried out by Mexican shipowners with Mexican vessels or vessels reputed as such, when the principles of competition are not respected and the national economy is affected.

Investors of the other Party or their investments may only participate, directly or indirectly, up to a maximum of 49 percent in the capital of a Mexican shipping company established or to be established in the territory of Mexico, engaged in the commercial operation of vessels for inland navigation and cabotage, with the exception of tourist cruises and the operation of dredges and naval construction artifacts, port conservation and operation.

A favorable resolution of the National Foreign Investment Commission is required for investors of the other Party or their investments to participate, directly or indirectly, in a percentage greater than 49 percent in companies established or to be established in the territory of Mexico dedicated to the exploitation of vessels in deep-sea traffic.

46. Sector: Transportation

Subsector: Water Transportation

Industrial Classification: CMAP 973201 Loading and unloading services, Related to Water Transportation (includes operation and maintenance of docks; coastal loading and unloading of vessels; marine cargo handling; operation and maintenance of wharves; vessel cleaning; stevedoring; transfer of cargo between vessels and trucks, trains, pipelines and docks; port terminal operations).

Obligations Affected: National Treatment (Articles 11.4 and 12.4) Local Presence (Article 12.5) Market Access (Article 12.6)

Level of government: Federal

Measures: Political Constitution of the United Mexican States, Article 32. Maritime Navigation and Commerce Law, Title I, Chapter II, and Title II, Chapters IV and V. Port Law, Chapters II, IV and VI. General Ways of Communication Act, Book I, Chapters I, and II. Regulations for the Use and Development of the Territorial Sea, Waterways, Beaches, Federal Maritime Terrestrial Zone and Land Reclaimed from the Sea, Chapter II, Section II. Foreign Investment Law, Title I, Chapter III, as qualified by the element Description.

Description: Investment and Cross-Border Trade in Services

A favorable resolution of the National Foreign Investment Commission (CNIE) is required for an investor of the other Party or its investments to acquire, directly or indirectly, more than 49 percent of the participation in an enterprise established or to be established in the territory of Mexico that provides port services to vessels for their inland navigation operations, such as towing, mooring of ropes and launching.

A concession granted by the Ministry of Communications and Transportation (SCT) is required to build and operate, or only operate, marine terminals, including docks, cranes and related activities. Only Mexican nationals and Mexican companies may obtain such concession.

A permit granted by the SCT is required to provide warehousing and stevedoring services. Only Mexican nationals and Mexican companies may obtain such permit.

47. Sector: Transportation

Subsector: Water Transportation

Industrial Classification: CMAP 973203A Maritime, Lake and River Port Administration

Obligations Affected: National Treatment (Article 11.4)

Level of government: Federal

Measures: Port Law, Chapters IV and V. Regulations of the Port Law, Title I, Chapters I and VI. Foreign Investment Law, Title I, Chapter Ill.

Description: Investment

Investors of the other Party or their investments may only acquire, directly or indirectly, up to 49 percent of the equity interest in a Mexican company that is authorized to act as an integral port administrator.

48. Sector: Transportation

Subsector: Water Transportation

Industrial Classification: CMAP 973203A Maritime Ports Administration, Lakeshore and Fluvial (limited to n: to port pilotage services)

Affected Obligations: National Treatment (Article 11.4)

Level of government: Federal

Measures: Maritime Navigation and Commerce Act, Title Ill, Chapter Ill. Foreign Investment Law, Title I, Chapter Ill. Ports Law, Chapters IV and VI.

Description: Investment

Investors of the other Party or their investments may only participate, directly or indirectly, up to a maximum of 49 percent in Mexican companies engaged in providing port pilotage services to vessels for inland navigation operations.

49. Sector: All Sectors

Subsector:

Industrial Classification:

Reserved Obligations: National Treatment (Articles 11.4 and 12.4) Most-Favored-Nation Treatment (Articles 11.5 and 12.3) Performance Requirements (Article 11.7) Senior Management and Boards of Directors (Article 11.8) Local Presence (Article 12.5) Market Access (Article 12.6)

Level of government: State

Measures: All existing non-conforming measures of all Mexican Federal Entities.

Description: Investment and Cross-Border Trade in Services

Annex I. Non-Conforming Measures. List of Nicaragua

1. Sector: All Sectors

Subsector:

Industrial Classification:

Obligations Affected: Local Presence (Article 12.5)

Level of government: Central

Measures: Nicaraguan Commercial Code.

Description: Cross Border Trade in Services

Companies formally incorporated abroad that establish themselves in Nicaragua or have an agency or branch, must maintain in the country a legal representative with general power of attorney, registered in the corresponding registry.

2. Sector: Artistic Activities

Subsector: Musicians and Artists

Industrial Classification:

Obligations Affected: Most-Favored-Nation Treatment (Article 12.3) National Treatment (Article 12.4) Market Access (Article 12.6)

Level of government: Central

Measures: Law for the Promotion of National Artistic Expressions and the Protection of Nicaraguan Artists Law No. 215. Law of Cinematography and Audiovisual Arts Law No. 723, published in La Gaceta No. 198 of October 18, 2010.

Description: Cross Border Trade in Services

Co-productions with Nicaraguan filmmakers must have a minimum of 30 percent national artistic, technical and creative personnel and must also have a Nicaraguan economic participation in the production of no less than 10 percent.

Foreign film productions made in Nicaragua must hire, for their production, at least 20 percent of national technical, creative and artistic personnel.

If the producers do not wish the participation of national personnel, they will pay in cash 5 percent of the cost of the budget to be executed in the country to be destined to the Fondo de Fomento al Cine Nacional (National Film Development Fund).

Foreign productions that temporarily enter the country for the purpose of making the filming of films must pay a filming fee that will be paid to the Fondo de Fomento al Cine Nacional (National Film Development Fund).

Any foreign natural or juridical person that makes any type of audiovisual or cinematographic production in any format must register with the National Cinematheque of Nicaragua.

Once the production is completed, a copy of the production must be deposited in the Film Archive of the National Cinematheque of Nicaragua.

Advertising audiovisual works made totally or partially outside Nicaragua must obtain the respective authorization from the National Cinematheque of Nicaragua for their exhibition in the national territory. Twenty percent of the audiovisual advertising works exhibited or transmitted in movie theaters, television or cable television, must be of national production.

Any foreign artist or musical group may only present shows in the country by means of a previous contract or through governmental agreements.

Foreign artists who perform commercial programs or magazines in Nicaragua, shall include in their program, the participation of a Nicaraguan artist or group of similar performance, which shall be remunerated.

If the foreign artist or artistic groups do not wish the participation of the national artist, they must pay in cash one percent of the net income of the show they obtain to the Nicaraguan Institute of Culture, unless the country of origin of the foreign artists or groups does not impose a similar tax on Nicaraguan artists or artistic groups.

The design and construction of public monuments, pictorial and sculptural that are erected in Nicaragua, will be awarded through a contest to national artists and when necessary, to foreigners associated with nationals.

3. Sector: Tourism - Hotels, Restaurants, Tourist Guides, Rent a Car and Other Tourism Related Activities.

Subsector: Tourism Services. Travel agency services, travel arrangement group tours, tour guides and other tourist activities.

Industrial Classification:

Obligations Affected: National Treatment (Article 12.4) Local Presence (Article 12.5)

Level of government: Central

Measures: Law of Incentives to the Tourism Industry of the Republic of Nicaragua Law No. 306. Regulation of Tourism Businesses and Activities of Nicaragua. Regulations of the Nicaraguan Travel Operators. Regulations Governing the Activities of Automotive and Watercraft Vehicle Rental Companies (Rent a Car) Tourist Guide Regulations. Regulations for Travel

Agencies of Nicaragua.

Description: Cross Border Trade in Services

To provide tourism services in Nicaragua, a company must be organized under the laws of Nicaragua; and a foreign national must reside in Nicaragua or appoint a legal representative in Nicaragua.

This paragraph does not apply to the provision of tourist services during a cruise.

All persons covered by the Tourism Industry Incentives Law shall be required to hire Nicaraguan personnel, with the exception of experts and specialized technicians, with prior authorization from the Ministry of Labor. Likewise, they will be obliged to provide specialized and continuous training according to the demands of tourism, to Nicaraguan citizens.

Only Nicaraguans may be tour guides.

4. Sector: Commercial Services (related to the dispensing of alcoholic beverages).

Subsector: Hotel and Similar Lodging Services Food Supply Services. Beverage Supply Services for consumption on the Premises

Industrial Classification:

Obligations Affected: Local Presence (Article 12.5)

Level of government: Central

Measures: Regulation of the National Police Law, Decree No. 26- 96. Law of Incentives for the Tourism Industry of the Republic of Nicaragua. Law No. 306. Nicaraguan Commercial Code.

Description: Cross Border Trade in Services.

A license is required for the operation of casinos, night clubs, discotheques, cockfighting and all types of permitted games of chance.

Foreign citizens who sell alcoholic beverages through hotel and similar lodging services, food supply, beverages and entertainment centers, such as discotheques, cockfighting and all types of permitted games of chance, bars, canteens, billiards, among others, must have a duly updated residency card.

Legal entities must be duly registered in the corresponding registry and appoint a legal representative domiciled in the country.

5. Sector: Construction-Related Services

Subsector:

Industrial Classification:

Obligations Affected: National Treatment (Article 12.4) Local Presence (Article 12.5)

Level of government: Central

Measures: Law Regulating the Design and Construction Activity, Decree No. 237.

Description: Cross Border Trade in Services

To provide construction services in Nicaragua a company must be organized in accordance with Nicaraguan law; and a foreign national must reside in Nicaragua or appoint a legal representative in Nicaragua.

6. Sector: Manufacturing

Subsector: Industry and Trade. Manufacture and distribution of fireworks, weapons. firearms and ammunition.

Industrial Classification:

Obligations Affected: National Treatment (Article 12.4) Local Presence (Article 12.5)

Level of government: Central

Measures: Regulation of the National Police Law, Decree No. 26- 96. Special Law for the Control and Regulation of Firearms, Ammunition, Explosives, and other Related Materials, Law 510. Regulations to the Special Law for the Control and Regulation of Firearms, Ammunition, Explosives and other Related Materials, Law 510.

Description: Cross Border Trade in Services

To manufacture and market fireworks, firearms and ammunition in Nicaragua, a foreign company must be organized under Nicaraguan law; and a foreign national must reside in Nicaragua.

7. Sector: Specialized Services

Subsector: Private guard service. Guarding Services

Industrial Classification:

Obligations Affected: National Treatment (Article 12.4) Local Presence (Article 12.5).

Level of government: Central

Measures: Civilian Surveillance Manual, No. 001.

Description: Cross Border Trade in Services

A company must be established in Nicaragua to operate as a private security guard company. Natural persons serving as armed guards must be Nicaraguan nationals.

8. Sector: Communications

Subsector: Sound Broadcasting, Free-to-Air Television.

Industrial Classification:

Obligations Affected: National Treatment (Articles 11.4 and 12.4) Local Presence (Article 12.5) Market Access (Article 12.6).

Level of government: Central

Measures: Law to Amend Law No. 200, "General Law on Telecommunications and Postal Services", Law No. 326. Regulations of the Television Broadcasting Service. Administrative Agreement 07-97.

Description: Investment and Cross-Border Trade in Services

Licenses for social communication media (broadcast television and AM and FM radio broadcasting) will only be granted to Nicaraguan individuals or legal entities. 51 percent of the capital whose shares will be nominative.

9. Sector: Communications

Subsector: Sound Broadcasting Transmission

Industrial Classification:

Obligations Affected: Most-Favored-Nation Treatment (Article 12.3) National Treatment (Article 12.4).

Level of government: Central

Measure: In radio and television stations of the country, only Nicaraguan announcers may be used for the narration of sports programs. Law No. 66.

Description: Cross Border Trade in Services

The country's radio and television broadcasting companies must only employ or use the services of Nicaraguan announcers for the narration, commentary and live transmission or retransmission of sports programs or commercials of the same nature.

However, foreign speakers are allowed to perform the work described in the preceding paragraph, when by virtue of the provisions of their national law Nicaraguans are allowed to do so in their respective countries.

The provisions of this reservation shall not apply to the broadcasting of programs by foreign broadcasters whose transmission of such programs is directed exclusively to other countries.

10. Sector: Communications

Subsector: Public Telecommunications Services and Networks

Industrial Classification:

Obligations Affected: Local Presence (Article 12.5)

Level of government: Central

Measure: Regulations to the General Law of Telecommunications and Postal Services. Decree No. 19-96.

Description: Cross Border Trade in Services

A license is required by the Telecommunications Regulatory Entity (TELCOR) to provide telecommunications commercialization services. In order to obtain such license, in the case of legal entities, they must be incorporated under Nicaraguan law and foreign individuals must have a residence card and legal domicile in the country.

A marketing service provider is one that, without owning or possessing the means of communication, provides telecommunications services to third parties through the capacity of authorized operators' networks.

11. Sector: Communications

Subsector: Telecommunications and Postal Services.

Industrial Classification:

Obligations Affected: Local Presence (Article 12.5)

Level of government: Central

Measures: General Telecommunications and Postal Services Act, Law No. 200. Regulations of the General Law of Telecommunications and Postal Services, Decree No. 19-96. Nicaraguan Commercial Code.

Description: Cross Border Trade in Services

In order to provide telecommunications and postal services or make use of the radio electric spectrum or other means of transmission, enabling documents (concessions, licenses, registrations or permits) granted by TELCOR (Regulatory Entity) are required, which will be issued only to Nicaraguan or foreign natural or juridical persons that maintain legal representation in the country, and that are registered in the corresponding Registry, that submit to the jurisdiction of the Courts of the Republic of Nicaragua and that submit to all the provisions established in the laws, regulations, rules, resolutions and administrative agreements applicable to the telecommunications and postal services sector.

Interconnection agreements or any other type of telecommunications agreement that companies intend to enter into with foreign governments must be processed through TELCOR, the regulatory agency.

12. Sector: Communications

Subsector: Public Telecommunications Networks.

Industrial Classification:

Obligations Affected: Local Presence (Article 12.5)

Level of government: Central

Measures: General Telecommunications and Postal Services Act, Law No. 200. Regulation of Subscription Television Services, Administrative Agreement No. 06-97. Regulation of Satellite Communications Services Administrative Agreement 02-97.

Description: Cross Border Trade in Services

A license granted by TELCOR, Regulatory Entity, is required to install, operate or exploit a Public Telecommunications Network for the provision of subscription television services.

Companies that directly market satellite radio and television signals and companies that provide satellite carrier services must enter into signal landing agreements with TELCOR. A license granted by TELCOR is required to commercialize satellite communications services and to exploit the rights to broadcast and receive signals and frequency bands associated with

satellite systems that cover and may provide services in the Nicaraguan territory.

13. Sector: Communications

Subsector: Public Telecommunications Services and Networks (including Telephony)

Industrial Classification:

Obligations Affected: Most-Favored-Nation Treatment (Article 12.3) Local Presence (Article 12.5)

Level of government: Central

Measures: Political Constitution of the Republic of Nicaragua. General Law of Telecommunications and Postal Services, Law No. 200. Regulations of the General Law of Telecommunications and Postal Services (as amended), Decree No. 19- 96. Administrative Agreement 001-2004 (as amended), Regulation for the Preparation and/or Modification of National Plans for Routing, Availability and Security of Telecommunication Services and Networks Traffic. General Interconnection and Access Regulations, Administrative Agreement 20-99. Regulation of Satellite Communications Services Administrative Agreement 02-97.

Description: Cross Border Trade in Services

The telecommunication services covered by this reservation, whether or not they are provided to the public, involve the actual time of transmission of the information supplied to the user between two or more points, with no point-to-point change in the form or content of the user's information.

A TELCOR-issued qualification is required for:

(a) install radioelectric infrastructure and use, exploit or exploit a frequency band in the national territory, except for the operation of industrial, scientific and medical equipment, in involuntary radiators or voluntary radiators with a power of less than fifty milli watts or according to other TELCOR standards;

(b) providing services by operating or exploiting public telecommunications networks or marketing services of authorized network operators;

(c) operate satellites that cover and can provide services in the national territory and commercialize satellite communications services; and

(d) to exploit the rights to broadcast and receive signals of frequency bands associated with foreign satellite systems that cover and may provide services in the national territory.

Private network operators that intend to commercially exploit the services must obtain a license granted by TELCOR, in which case their networks will have the status of a public telecommunications network. Private network operators will require a license when, in TELCOR's opinion, it is necessary to monitor compliance with interconnection restrictions for certain services using private networks.

In order to obtain an enabling title, individuals and legal entities must comply with the requirements set forth in Law No. 200. Foreign individuals must have a residence card and legal domicile in the country and foreign legal entities must comply with the provisions of the Code of Commerce.

Public telecommunications networks include the public telecommunications infrastructure that enables telecommunications between defined network endpoints. Public telecommunications do not include users' telecommunications equipment or telecommunications networks located beyond the network termination point.

Licenses for frequency bands for cellular telephone service will be granted by TELCOR through public bidding. TELCOR will conduct public bids for permits for the assignment of radio spectrum when the number of requests for a given spectrum segment exceeds the availability of radio frequencies required to meet all requests.

When in foreign countries there are no competitive conditions for the provision of international services, TELCOR may establish proportionality requirements, interconnection points and non-discrimination for the reception of incoming traffic by the different operators. Authorized Operators shall submit and keep updated before TELCOR, the records of each node or Switching Center belonging to the operators with whom they establish contract(s) to provide transport of the International Long Distance Calling Service (ILD). In order to keep the international routing routes registered and updated, the Operators providing International Long Distance Calling Services (ILD) that establish Interconnection Agreements with Foreign Operators shall notify and submit to TELCOR a copy of the interconnection contract signed between the parties.

14. Sector: Energy

Subsector: Electric Power

Industrial Classification:

Obligations Affected: Local Presence (Article 12.5)

Level of government: Central

Measures: Electric Industry Law. Law No. 272.

Description: Cross Border Trade in Services

To participate in the generation and distribution of electricity, a company must be incorporated under the laws of Nicaragua and must appoint a_ legal representative domiciled in the country.

15. Sector: Energy

Subsector: Hydrocarbons. Crude oil and natural gas Minerals, Electricity, Gas and Water.

Industrial Classification:

Obligations Affected: Performance Requirement (Article 11.7) National Treatment (Article 12.4) Local Presence (Article 12.5)

Level of government: Central

Measures: Special Law on Exploration and Exploitation of Hydrocarbons, Law No. 286. Regulations to the Special Law for the Exploration and Exploitation of Hydrocarbons, Decree No. 43-98.

Description: Investment and Cross-Border Trade in Services

A company that provides hydrocarbon exploration and analysis services must be organized under the laws of Nicaragua. They must also appoint and maintain during the term of the contract, a legal representative with sufficient powers to bind the company and domiciled in the country.

The Contractor shall give preference to domestic subcontractors to perform specialized services. Provided that they are available at the time the work is required, at competitive cost, and have the technical, equipment and competence to perform the work in accordance with the Contractor's requirements.

Whenever they are not available in the country or when the existing ones do not meet the technical specifications of quality, cost and timeliness, the Contractor and the subcontractor may purchase goods, materials and equipment and contract services abroad.

Foreigners wishing to carry out hydrocarbon research studies, such as geological, geophysical, topographical surveys, seismic work or geochemical studies must designate a legal representative with permanent domicile in Nicaragua.

16. Sector: Minerals, Electricity, Gas and Water.

Subsector: Nonmetallic and metallic minerals. Metallic minerals Stone, sand and clay Other minerals.

Industrial Classification:

Obligations Affected: Local Presence (Article 12.5)

Level of government: Central

Measures: Regulation of Law No. 387, Special Law for the Exploration and Exploitation of Mines, Decree No. 119 - 2001.

Description: Cross Border Trade in Services

Foreign companies and natural and legal persons of the same status, not resident in the country, must appoint a legal representative with sufficient power to acquire rights and contract obligations on behalf of their principal, and register their company in the relevant registry and become established, in order to be granted a mining concession for the exploration and exploitation phases of the resource.

17. Sector: Fisheries and Aquaculture

Subsector:

Industrial Classification:

Obligations Affected: National Treatment (Article 11.4) Performance Requirements (Article 11.7)

Level of government: Central

Measures: Fisheries and Aquaculture Law. Law No. 489. Decree No. 009-2005 Fisheries and Aquaculture Law Regulations. Decree No. 40-2005 Special Provisions for the fishing of Tuna and related highly migratory species. NTON 03-045-03 Nicaraguan Mandatory Technical Standard on Fishing Methods and Gear and its annexes. Ministerial Agreement No. 014 -2001.

Description: Investment

In order to obtain a commercial fishing license it is required to be incorporated as a Nicaraguan legal entity and to be duly registered in the Public Mercantile Registry and must appoint a legal proxy with fixed residence in Nicaragua and known domicile.

The exploitation of fishing resources by foreign flag vessels shall be supplementary to that carried out by the national fleet and shall be subject to the regulations established in the corresponding Law and to the conditions and limitations established in the international agreements and treaties ratified by Nicaragua.

Artisanal or Small Scale Fishing Is Reserved Exclusively for Nicaraguan Nationals.

All fishery and aquaculture production for export must be processed in plants duly authorized and installed in the national territory, complying with the specific regulations and provisions for each hydrobiological resource.

Ninety percent of the personnel on board and 100 percent of ship captains must be Nicaraguan.

No fishing licenses or permits will be granted to foreign flag vessels for fisheries subject to the limited access regime, except those that have been granted as of the date of entry into force of Law 489. The resources declared in full exploitation under the limited access regime are: the spiny lobster resource in the Caribbean Sea and the coastal shrimp resource of the Peneidae family in the Caribbean Sea and in the Pacific Ocean and those subsequently declared by MIFIC.

The Special License to fish tuna and related highly migratory species may be granted to vessels flying the national flag or vessels with foreign flag that have been chartered or leased with or without option to purchase in which Nicaraguan natural or juridical persons or national companies with foreign participation participate.

18. Sector: All Sectors

Subsector: Consumer, savings and credit cooperatives, agricultural, production and labor, housing, fishing, public services, cultural, school, youth and other areas of interest to the population.

Industrial Classification:

Obligations Affected: National Treatment (Article 11.4) Local Presence (Article 12.5)

Level of Government: Central

Measures: General Law of Cooperatives Law No. 499. Agricultural and Agroindustrial Cooperatives Law, Law No. 826. General Regulations of the Law of Agricultural Cooperatives Regulation No. 9.

Description: Cross Border Trade and Investment in Services

No more than 10 percent of the total number of members may be foreign nationals at the time of incorporating a Nicaraguan cooperative.

Foreign nationals must be authorized by the Immigration authorities as residents in the country in order to be members of a Nicaraguan cooperative.

No more than 25 percent of the total number of members may be foreign nationals at the time of incorporating a Nicaraguan agricultural cooperative and they must be duly authorized.

19. Sector: Land Transportation

Subsector:

Industrial Classification:

Obligations Affected: National Treatment (Articles 11.4 and 12.4). Most-Favored-Nation Treatment (Article 12.3) Local Presence (Article 12.5) Market Access (Article 12.6)

Level of government: Central

Measures: General Land Transportation Law. Law No. 524. Regulation of the General Law of Land Transportation Decree No. 42-2005. Law Reforming Law No. 524, General Land Transportation Law. Law No. 616. Decree 34-2006, On Amendments and Additions to Decree 42-2005 "Regulations of the General Land Transportation Law". Communiqué from the Ministry of Construction and Transportation, dated November 12, 1990.

Description: Investment and Cross-Border Trade in Services

The transportation of any type of cargo within the national territory shall be carried out only by Nicaraguan service providers. The MTI (Ministry of Transportation and Infrastructure) may authorize, on an exceptional and temporary basis, the provision of this service in the case of specialized cargo to vehicles with foreign plates, provided that the company owning the cargo is based in Nicaragua and preserving the principle of reciprocity.

In order for foreign international cargo companies to establish themselves in the country, they must comply with the following special requirements:

1. at least 51 percent of its capital must be owned by Nicaraguans.

2. that effective control and management of the company is also in the hands of Nicaraguans.

The transfer of local cargo may only be carried out by national carriers, reserving the State of Nicaragua and its authorities the right to authorize the owners of motor vehicles coming from countries subscribing to the SICA (Central American Economic Integration System), as long as in their countries of origin the principle of reciprocity is applied to Nicaraguan nationals.

Export cargo to countries outside the Central American area and its transfer to transit ports, local cargo and its national transit shall be carried out by national carriers, preserving the principle of reciprocity and the provisions of the Central American Economic Integration System.

Cargo entering the national bonded warehouses may only be transported to any point of the national territory by national carriers.

Only Nicaraguan persons may provide collective transportation services in the interior of Nicaragua.

20. Sector: Maritime Transportation

Subsector:

Industrial Classification:

Obligations Affected: Most-Favored-Nation Treatment (Article 12.3) National Treatment (Article 12.4). Local Presence (Article 12.5)

Level of government: Central

Measures: Water Transportation Law No. 399. Regulatory Law for the Pilotage Service, Decree No. 15- 49. Ministerial Agreement No. 66-2007.

Description: Cross Border Trade in Services

To act as a Nicaraguan shipowner or shipping company, a natural person must be a Nicaraguan national and a company must be organized under the laws of Nicaragua.

To operate as a shipping agent, general shipping agent or shipping agent consignee of vessels, it is required in the case of natural persons, to be a Nicaraguan national, and a company must be organized under the laws of Nicaragua.

Only Nicaraguan nationals or a company established in Nicaragua may obtain a route concession to engage in maritime transportation.

The operation and exploitation of vessels in domestic and cabotage traffic for commercial purposes is reserved to vessels

flying the national flag and operated by national shipowners. However, under conditions of reciprocity, national shipowners may use vessels flying the flag of any other Central American country.

Only Nicaraguan nationals may be appointed as official pilots of any port in Nicaragua.

Companies, companies or cooperatives that intend to provide stevedoring and unstowage services in national ports, in order to be authorized and registered as such, must comply with the following:

1. The company must be constituted in accordance with the laws of the Republic and in the case of a stock company, the shares must be nominative and all of them must be registered in the competent Public Registry or, if applicable, in the Ministry of Labor;

2. Be domiciled in Nicaragua;

3. Have a permanent office with qualified human and technical resources for the proper operation of the stevedoring and unstowage company, company or cooperative in each port where it will operate. For the verification of this requirement, they must present documents proving the ownership or lease of the office premises and appointments or work contracts of the personnel;

4. Not to be a General Shipping Agent, Consignee Agent of ships, or Customs Agent.

The authorization of new stevedoring companies is subject to exceeding the cargo volumes historically handled by each of the National Ports, the operational capacity of the port facilities, and the operational capacity of the existing stevedoring companies. The approval or disapproval of the operation of new companies in the Ports of the Country is under the authority of the Approval Committee.

21. Sector: Transportation

Subsector: Air Transportation

Industrial Classification:

Obligations Affected: Senior Management and Boards of Directors (Article 11.8). Most-Favored-Nation Treatment (Article 12.3) National Treatment (Article 12.4) Local Presence (Article 12.5)

Level of government: Central

Measures: General Civil Aeronautics Law, Law No. 595.

Description: Investment and Cross-Border Trade in Services

To own a Nicaraguan-registered aircraft, the following is required:

1. be a Nicaraguan natural or juridical person;

in the case of several co-owners, the majority whose rights exceed half of the value of the aircraft, must maintain their real domicile in Nicaragua;

if it is a juridical person, company or association, to be constituted in accordance with the laws of the Republic or to have legal domicile in Nicaragua;

2. be a foreign natural person with permanent domicile in Nicaragua;

3. be a foreign person not domiciled in Nicaragua, as long as there is a contract of sale and purchase on credit or lease with or without purchase option. The inscription and registration are provisional.

The exploitation of national or internal air transportation services may only be carried out by Nicaraguan natural or juridical persons.

In the case of a legal entity that commercially exploits the national air transportation service, the president of the Board of Directors or Board of Directors must contain at least 51 percent of the directors of Nicaraguan origin.

Foreign airlines may not take passengers, cargo or correspondence for transportation within the national territory.

However, exceptionally, when there are reasons of general interest, the Aeronautical Authority may authorize such companies to perform such services. This regime of exception shall be all the more permissible in the case of Central American air carriers.

Aeronautical personnel working in national air transportation services must be Nicaraguan nationals.

For technical reasons, the Aeronautical Authority may exceptionally authorize a percentage of foreign personnel, establishing a gradual procedure for the replacement of foreign personnel by national personnel.

Foreign legal entities authorized to provide international air transportation services, directly or indirectly, must designate domicile and legal representative with broad powers of mandate and representation, who must have their permanent domicile in Nicaragua.

22. Sector: Transportation

Subsector: Air Transportation. Other complementary services for transportation by airway

Industrial Classification:

Obligations Affected: Most-Favored-Nation Treatment (Article 12.3) National Treatment (Article 12.4). Local Presence (Article 12.5)

Level of government: Central

Measures: General Civil Aeronautics Law, Law No. 595.

Description: Cross Border Trade in Services

To own a Nicaraguan registered aircraft that provides complementary services for air transportation, it is required to be a Nicaraguan natural or juridical person.

In order to perform aerial works in any of their specialties, persons or companies must obtain prior authorization from the Aeronautical Authority and comply with the applicable provisions, technical regulations and be subject to the following requirements, among others:

1. possesses technical and economic capacity according to the specialty in question;

2. operate with Nicaraguan-registered aircraft. The Aeronautical Authority may waive compliance with Nicaraguan nationality of the owner and the aircraft when, in the country, there are no companies or aircraft qualified to perform a particular specialty of aerial work.

23. Sector: Professional Services

Subsector:

Industrial Classification:

Obligations Affected: Most-Favored-Nation Treatment (Article 12.3) National Treatment (Article 12.4). Local Presence (Article 12.5)

Level of government: Central

Measures: Law for the Incorporation of Professionals in Nicaragua, Decree No. 132.

Description: Cross Border Trade in Services

Foreign professionals may practice in Nicaragua in the same manner and subject to the same conditions as Nicaraguans are allowed to practice in their country of origin.

Nicaragua agrees that, if the jurisdiction in a foreign country permits Nicaraguan nationals to apply for and receive the necessary licenses or certificates to practice a profession in such jurisdiction, a foreign national with a license or certificate to practice the profession in such jurisdiction shall also be permitted to apply for and receive a license or certificate necessary to practice in Nicaragua.

Additionally, the relevant professional association in Nicaragua will recognize a license granted by a foreign jurisdiction and allow the licensee to register with the association and practice the profession in Nicaragua based on the foreign license in the following cases:

(a) No academic institution in Nicaragua offers a curriculum that would allow the practice of the profession in Nicaragua;

(b) the licensee is a recognized expert in his profession; or

(c) enable the professional to practice in Nicaragua will further, through training, demonstration or other similar opportunity, the development of the profession in Nicaragua.

24. Sector: Public Accounting and Auditing Services Provided to Businesses.

Subsector:

Industrial Classification:

Obligations Affected: National Treatment (Article 12.4) Local Presence (Article 12.5)

Level of government: Central

Measures: Law for the Practice of Public Accountants. Law No. 6.

Description: Cross Border Trade in Services

Foreign firms of public accountants, auditors and accountants, individually or as a partnership, may practice the profession in Nicaragua, or any activity related to it, through a Nicaraguan firm or association of licensed public accountants.

25. Sector: Professional Services - Notary

Subsector:

Industrial Classification:

Obligations Affected: Most-Favored-Nation Treatment (Article 12.3) National Treatment (Article 12.4).

Level of government: Central

Measures: Classify into third Class the Incorporation of Professionals of November 19, 1938, published in The Gazette No. 267 of December 10, 1938. Notary Law, Annex to the Nicaraguan Code of Civil Procedure.

Description: Cross Border Trade in Services

Notaries public must be native Nicaraguans authorized by the Supreme Court of Justice to practice this profession.

Central Americans by birth authorized to practice law in Nicaragua who have at least five years of residence in Nicaragua may also obtain this authorization, provided that they are authorized to practice law in their country and that Nicaraguans are authorized to act as notaries public in their respective countries.

26. Sector: Customs Services

Subsector: Customs Brokers and Customs Agencies

Industrial Classification:

Obligations Affected: Most-Favored-Nation Treatment (Article 12.3) National Treatment (Article 12.4). Local Presence (Article 12.5)

Level of government: Central

Measure: Law that establishes Self-Dispatch for Import, Export and other Customs Regimes, Law No. 265.

Description: Cross Border Trade in Services

Only Nicaraguan citizens in full exercise of their rights or foreign nationals of a country that allows Nicaraguans to act as customs agents may be customs agents and obtain a license granted by the Ministry of Finance and Public Credit.

A company operating as a customs broker in Nicaragua must be organized under Nicaraguan law and at least one officer of the customs company must have a valid license.

27. Sector: Business services

Subsector: Research services. Research and experimental development services for natural sciences and engineering. Interdisciplinary research and experimental development services. Related consulting services, training and technology services

Industrial Classification:

Obligations Affected: National Treatment (Article 12.4) Local Presence (Article 12.5)

Level of government: Central

Measures: General Law on Exploitation of Our Wealth. Decree No. 316.

Description: Cross Border Trade in Services

Non-resident foreigners or their agents, even if they are resident in Nicaragua, who wish to conduct an investigation, will need a recognition permit.

The reconnaissance permit only entitles the holder to carry out preliminary investigations for the knowledge of the existence of natural resources, not to carry out works or acts for which only the holder of an exploitation license or an exploration or exploitation concession is entitled.

Every foreign licensee or license holder is obliged to maintain at all times in the Republic a representative with sufficient power of attorney.

28. Sector: Free Trade Zone Regime and Inward Processing Regime.

Subsector:

Industrial Classification:

Obligations Affected: Performance Requirements (Article 11.7)

Level of government: Central

Measures: Regulations of the Decree of Industrial Free Zones for Export, Decree No. 31-92. Regulation of the Decree of Industrial Free Export Zones, Decree No. 50-2005.

Description: Investment

For the establishment of Free Trade Zone user companies, they must be classified in the following categories:

(a) first category companies. It must add a minimum of 50 percent of domestic inputs to the value of its product and generate more than 100 jobs; or add a minimum of 40 percent of domestic inputs and generate more than 100 jobs; or add a minimum of 40 percent of domestic inputs and generate more than

150 jobs, or add a minimum of 30 percent domestic inputs and generate more than 200 jobs;

(b) second category companies. It must add to the value of its product a minimum of 30 percent of domestic inputs and generate more than 40 jobs or add a minimum of 20 percent domestic inputs and generate more than 100 jobs; or add less than 20 percent domestic inputs and generate more than 200 jobs;

(c) third category enterprises. It must add more than 30 percent of domestic inputs, but generate up to 40 jobs; or add less than 20 percent of the value of its production with domestic inputs and generate more than 100 jobs;

(d) fourth category company. It must add more than 10 percent of national inputs and generate more than 10 jobs. Companies belonging to this category will not enjoy tax exemptions for motor vehicles.

The company interested in introducing goods produced by the same to be consumed in the national customs territory, must previously request a permit from the Ministry of Development, Industry and Commerce (MIFIC) through the Technical Secretariat. The MIFIC may totally or partially approve or deny such request as long as it does not constitute an evident disadvantage for the national production, taking into account whether or not there is national production and if there is, the impact that the requested quantity has on this and if it contributes to substitute imports.

29. Sector: Real Estate Services

Subsector:

Industrial Classification:

Obligations Affected: Local Presence (Article 12.5)

Level of government: Central

Measures: Law No. 602, Real Estate Brokerage Law of Nicaragua. Decree No 94-2007, Regulation of the Nicaraguan Real Estate Brokerage Law.

Description: Cross Border Trade in Services

Persons applying for a real estate broker's license must be Nicaraguan citizens, or foreigners with legal permanent residence in Nicaragua and holding the corresponding residence card, without labor restriction.

Real Estate Brokerage Firms shall operate through licensed brokers and agents and shall be established in accordance with the laws of the country.

In the cases of international real estate brokerage firms, in order to exercise this activity in Nicaraguan territory, they must be represented by a national natural or juridical person of real estate brokers, who will be authorized to represent the international firm and exercise real estate brokerage in the country.

Annex I. Non-Conforming Measures. List of El Salvador

1. Sector: All Sectors

Subsector:

Industrial Classification:

Obligations Affected: National Treatment (Article 11.4) Most-Favored-Nation Treatment (Article 11.5)

Level of government: Central

Measures: Constitution of the Republic of El Salvador, Articles 95 and 109.

Description: Investment

A foreign person may not own rural property, including a branch of a foreign person, if the person is a national of a country or is incorporated under the laws of a country that does not allow Salvadoran nationals to own rural property, except in the case of land for industrial establishments.

A company incorporated under the laws of El Salvador, the majority of the capital of which is owned by foreign persons or the majority of the partners of which are foreign persons. foreigners, is subject to the preceding paragraph.

2. Sector: All Sectors

Subsector:

Industrial Classification:

Obligations Affected: National Treatment (Article 11.4) Most-Favored-Nation Treatment (Article 11.5)

Level of government: Central

Measures: Constitution of the Republic of El Salvador, Articles 95 and 115. Investment Law, Legislative Decree 732, Article 7.

Description: Investment

Trade, industry and the provision of small services are the exclusive patrimony of Salvadorans by birth and natural Central Americans. Consequently, foreign investors will not have access to such activities.

A company incorporated under Salvadoran law, the majority of whose capital is foreign-owned, or whose partners are majority foreigners, may not establish a company in small to engage in commerce, industry and the provision of small services.

3. Sector: All Sectors

Subsector:

Industrial Classification:

Obligations Affected: Most-Favored-Nation Treatment (Article 12.3) National Treatment (Article 12.4)

Level of government: Central

Measures: Labor Code, Articles 7 and 10.

Description: Cross-Border Trade in Services

Every employer is obliged to integrate the personnel of his company with at least 90 percent of Salvadoran workers. In special circumstances, the Ministry of Labor and Social Security may authorize the employment of more foreigners when it is difficult or impossible to replace them with Salvadorans, and employers are obliged to train Salvadoran personnel under the supervision and control of the aforementioned Ministry, for a period not to exceed 5 years.

4. Sector: Production Cooperative Societies

Subsector:

Industrial Classification:

Obligations Affected: National Treatment (Article 11.4)

Level of government: Central

Measures: Regulations of the General Law I, Title VI, Chapter I, Article 84.

Description: Investment

In production cooperative associations, at least three quarters of the number of members must be Salvadoran.

For purposes of this non-conforming measure, a branch of a company that has not been incorporated under Salvadoran law is not considered a Salvadoran person.

For greater certainty, a cooperative production association exists to provide certain benefits to its members, including distribution, sales, administration and technical assistance. Its functions are not only economic but also social.

5. Sector: Communications Services: Advertising and Marketing Services Radio and Television Promotion

Subsector:

Industrial Classification:

Obligations Affected: Most-Favored-Nation Treatment (Article 12.3) National Treatment (Article 12.4)

Level of government: Central

Measures: Decree of the provisions to regulate the exploitation of works of intellectual nature by means of public communication and the participation of Salvadoran artists in public shows. Legislative Decree No. 239, dated June 9, 1983, published in the Official Gazette No. 111, Volume 279, dated June 15, 1983, Article 4. Decree No. 18, Substitution of Articles 1 and 4 of Legislative Decree No. 239, dated June 9, 1983, published in the Official Gazette No. 7, Volume 282, dated January 10, 1984.

Description: Cross-Border Trade in Services

Commercial advertisements used in the country's public media must be produced and recorded by 90 percent national elements.

At least 90 percent of the production and recording of any commercial advertisement to be used in the public media of El Salvador, whether television, radio broadcast and printed material, originating in El Salvador, must be done by companies organized under Salvadoran law.

Commercial advertisements produced or recorded by a company incorporated under the laws of a Central American country, may be used in the media of El Salvador, provided that such Party provides an appropriate similar treatment to commercial advertisements produced or recorded in El Salvador.

Commercial advertisements that do not meet the aforementioned requirements may be broadcast in the public media of El Salvador, if they are advertisements of international products, brands or services imported or produced in the country under license, and shall be subject to the payment of a single fee.

6. Sector: Communications Services: Television and Radio Broadcasting Services

Subsector:

Industrial Classification:

Obligations Affected: National Treatment (Article 11.4)

Level of government: Central

Measures: Telecommunications Law, Article 123.

Description: Investment

Concessions and licenses for free reception broadcasting services shall be granted to Salvadoran nationals born in El Salvador or to companies incorporated in accordance with Salvadoran laws. In the case of such companies, the capital stock must be constituted with at least 51 percent of the capital stock from Salvadorans.

7. Sector: Performing Arts

Subsector:

Industrial Classification:

Obligations Affected: National Treatment (Article 12.4)

Level of government: Central

Measures: Immigration Law, Articles 62-A and 62-B. Legislative Decree No. 382, dated May 29, 1970, published in the Official Gazette No. 64, Volume 227, dated April 10, 1970. Executive Decree No. 16 dated May 12, 1970, published in the Official Gazette No. 87, Volume 227, dated May 18, 1970.

Description: Cross-Border Trade in Services

No foreign artist may offer a performance of any kind without the express authorization of the Ministry of the Interior, which shall previously hear the illustrative opinion of the legally established union of artists in the field of work of the foreign artist, within 15 days of the request. Foreign artists shall pay in advance to the respective union a performance fee of 10 percent of the gross remuneration they receive in the country.

If advance payment is not possible, the artist will have to provide a sufficient surety in favor of the respective union.

No foreign artist or group of artists may perform in the country for more than 30 consecutive days or at intervals, within a period of one year from the first day of their performance.

An artist is any person who performs in El Salvador, either individually or in the company of another or others, for the performance of music, singing, dancing or reading or giving performances, either in person (live) before a large or small audience or by means of radio or television.

8. Sector: Circuses

Subsector:

Industrial Classification:

Obligations Affected: National Treatment (Article 12.4)

Level of government: Central

Measures: Decree No. 122 dated November 4, 1988, published in the Official Gazette No. 219, Volume 301, dated November 25, 1988, Article 3. Legislative Decree No. 382 dated May 29, 1970, published in the Official Gazette No. 64, Volume 227, dated April 10, 1970. Decree No. 193 dated March 8, 1989, published in the Official Gazette No. 54, Volume 302, dated March 17, 1989, Articles 1 and 2. Regulations for the Application of Legislative Decrees 122 and 193 Related to Circus Companies, Articles 1 and 2.

Description: Cross-Border Trade in Services

Foreign circuses or similar shows must pay to the respective Circus Artists Union the performance fee equivalent to 2.5

percent of the gross admission, which is collected daily at the box office. The fee must be paid in full through the withholding system.

All foreign circuses must be authorized by the corresponding Ministry and, once authorized, notify the Asociaci6n Salvadorefia de Empresarios Circenses (ASEC) and are obliged to pay the ASEC 3 percent of the gross ticket sales for each performance, as well as 10 percent of the total income obtained from the sale to the public of the circus of banners, caps, T-shirts, balloons, photographs and other objects. The foreign circus must provide sufficient surety in favor of the ASEC.

A foreign circus entering El Salvador may only work in the city of San Salvador for a period of 15 days, extendable only once for another 15 days.

A foreign circus that has performed in the country may only enter the country again after one year has elapsed from the date of its departure.

9. Sector: Performing Arts

Subsector:

Industrial Classification:

Obligations Affected: National Treatment (Article 12.4)

Level of government: Central

Measures: Decree of the provisions to regulate the exploitation of works of intellectual nature by means of public communication and the participation of Salvadoran artists in public shows. Legislative Decree No. 239, dated June 9, 1983, published in the Official Gazette No. 111, Volume 279, dated June 15, 1983. Decree No. 18, Substitution of Articles 1 and 4 of Legislative Decree No. 239, dated June 9, 1983, published in the Official Gazette No. 7, Volume 282, dated January 10, 1984.

Description: Cross-Border Trade in Services

In the case of public shows with the live participation of artists of any genre, the participation of Salvadoran nationals shall be equivalent to 20 percent of the number of foreign participants.

10. Sector: Shopping Centers and Free Establishments Tax-Free

Subsector:

Industrial Classification:

Obligations Affected: National Treatment (Articles 11.4 and 12.4) Local Presence (Article 12.5)

Level of government: Central

Measures: Constitution of the Republic of El Salvador, Article 95. Law for the Establishment of Free Stores in the Maritime Ports of El Salvador, Article 5.

Description: Investment and Cross-Border Trade in Services

Permits to organize commercial centers or establishments in the country's seaports shall be granted by the Minister of Finance. The location of the pavilions destined for such purpose shall be decided by the Autonomous Port Executive Commission (CEPA).

Natural or juridical persons may apply for the permits referred to in the preceding paragraph. The former must be Salvadoran, of legal age and of proven responsibility and honesty. In the concession of the permits, preference shall be given to the Salvadorans by birth and Salvadoran legal persons.

11. Sector: Transportation Services

Subsector: Maritime Transportation

Industrial Classification:

Obligations Affected: National Treatment (Article 12.4) Local Presence (Article 12.5)

Level of government: Central

Measures: General Maritime and Port Law, Articles 42 and 53.

Description:

Cross-Border Trade in Services

Navigation and cabotage trade between ports of the Republic are reserved for vessels flying the national flag, but not between Central American ports, but may also be exercised by foreign vessels subject to the same conditions imposed on those flying the national flag, being of course subject in everything to the laws and regulations of the Republic. In order to be considered as national vessels, they must fulfill the following conditions and requirements:

(a) to be enrolled;

(b) use the national flag;

(c) be commanded by captainor national or nationalized skippers; and

(d) have at least 90 percent of Salvadoran seafarers in its crew.

The owner of a vessel who wishes to register it must be a resident of the Republic.

No person may be a member of the crew of a vessel or naval artifact registered in the Salvadoran maritime registry, or exercise any profession, trade, or occupation in the port jurisdiction, or in any activity regulated or controlled by the Maritime Port Authority, if it is not authorized by it or registered in the respective section of the Salvadoran maritime registry.

The seamen who do not belong to any crew of traffic vessels and the loading laborers who form the guild, shall be in charge of the disembarkation and transshipment of foreign or national products, artifacts or merchandise in the authorized ports of the Republic.

12. Sector: Air Services: Specialized Air Services

Subsector:

Industrial Classification:

Obligations Affected: Most-Favored-Nation Treatment (Article 12.3) National Treatment (Article 12.4)

Level of government: Central

Measures: Organic Law of Civil Aviation, Articles 5, 89 and 92.

Description: Cross-Border Trade in Services

The provision of specialized air services requires prior authorization from the Civil Aviation Authority. The authorization by the Civil Aviation Authority is subject to reciprocity and must take into account consideration of the national air transportation policy.

13. Sector: Air Services: Aircraft Repair and Maintenance Services during which the Aircraft is taken out of Service and Specialized Air Service Pilots.

Subsector:

Industrial Classification:

Obligations Affected: Most-Favored-Nation Treatment (Article 12.3) National Treatment (Article 12.4)

Level of government: Central

Measures: Organic Law of Civil Aviation, Articles 39 and 40.

Description: Cross-Border Trade in Services

El Salvador applies reciprocity requirements when recognizing or validating licenses, certificates and authorizations issued by foreign aeronautical authorities to:

(a) technical personnel providing repair and maintenance services during the period when the aircraft is removed from service; and

(b) pilots and other technical personnel providing specialized air services.

14. Sector: Professional Services: Customs Brokers

Subsector:

Industrial Classification:

Obligations Affected: National Treatment (Articles 11.4 and 12.4) Most-Favored-Nation Treatment (Articles 11.5 and 12.3)

Level of government: Central

Measures: Customs Code Regulations Central American Uniform Customs Code, Article 76.

Description: Investment and Cross-Border Trade in Services

Only nationals of Central American countries may work as customs agents.

15. Sector: Construction and Related Engineering Services

Subsector:

Industrial Classification:

Obligations Affected: National Treatment (Articles 11.4 and 12.4) Most-Favored-Nation Treatment (Articles 11.5 and 12.3) Local Presence (Article 12.5)

Level of government: Central

Measures: Law of Incentives to National Construction Industry Companies, Legislative Decree No. 504, published in Official Gazette No. 167, Volume 308, dated July 9, 1990, amended by Legislative Decree No. 733, published in Official Gazette No. 80, Volume 311, dated April 23, 1991.

Description: Investment and Cross-Border Trade in Services

To develop activities of design, consulting; consulting and management of engineering or architectural projects, or any type of work or study regarding the construction of such projects, either before, during or after construction, a company whose majority capital is owned by foreigners ("foreign company"), must be contractually associated with a company legally registered, qualified and established in El Salvador ("Salvadoran company").

The foreign company must appoint a resident representative in El Salvador.

Additionally, an engineering or architectural project is subject to the following requirements:

(a) companies incorporated under the laws of El Salvador must have an investment in the project equivalent to at least 40 percent of the value of the project; and

(b) such firms must provide at least 30 percent of the technical staff and 90 percent of the administrative staff for the project.

For greater certainty, technical and administrative personnel does not include executive personnel.

The requirements of subsections (a) and (b) shall not apply:

(i) when the funds for the project come partially or totally from foreign governments or international organizations; or

(ii) to specific projects or grants for specialized technical cooperation.

Annex II. Future Actions

Explanatory Notes

1. A Party's Schedule sets out, in accordance with Articles 11.9 (Reservations and Exceptions) and 12.7 (Reservations and Exceptions), a Party's reservations with respect to specific sectors, subsectors, or activities for which that Party may maintain existing measures, or adopt new or more restrictive measures, that are inconsistent with the obligations established by:

(a) Articles 11.4 or 12.4 (National Treatment);

(b) Articles 11.5 or 12.3 (Most-Favored-Nation Treatment);

(c) Article 12.5 (Local Presence);

(d) Article 12.6 (Market Access);

(e) Article 11.7 (Performance Requirements); or

(f) Article 11.8 (Senior Management and Boards of Directors).

2. Each reservation in the Party List contains the following elements:

(a) Sector refers to the general sector for which the reservation has been made;

(b) Subsector refers to the specific sector for which the reservation has been made;

(c) Industrial Classification refers, where applicable, to the activity covered by the reservation, in accordance with national industrial classification codes;

(d) Obligations Affected specifies the obligation or obligations referred to in paragraph 1 on which the reservation has been made;

(e) Description indicates the scope of the sector, subsectors or activities covered by the reserve; and

(f) Measures in Force identifies, where relevant and for transparency purposes, the measures in force that apply to the sectors, subsectors or activities covered by the reserve.

3. Pursuant to Articles 11.9 (Reservations and Exceptions) and 12.7 (Reservations and Exceptions), the Articles of this Treaty specified in the Affected Obligations element of a reservation do not apply to the sectors, subsectors and activities in terms of the Description element of that reservation.

4. In interpreting a reservation in the List, all elements of the reservation shall be considered. The Description element shall prevail over the other elements.

5. For the purposes of Mexico's Schedule, CMAP shall mean the digits of the Mexican Classification of Activities and Products, as established in the National Institute of Statistics, Geography and Informatics, Mexican Classification of Activities and Products, 1994.

Annex II. Future Actions. List of Costa Rica

1. Sector: All Sectors

Subsector:

Industrial Classification:

Obligations Affected: Most-Favored-Nation Treatment (Articles 11.5 and 12.3)

Description: Investment and Cross-Border Trade in Services

Costa Rica reserves the right to adopt or maintain any measure that grants differential treatment to countries in accordance with:

(a) any bilateral or multilateral international treaty in force or entered into prior to the date of entry into force of this Agreement;

(b) any international treaty in force or entered into after the date of entry into force of this Agreement involving:

(i) air services;

(ii) fishing; and

(iii) maritime affairs, including salvage.

Measures in force:

2. Sector: Social Services

Subsector:

Industrial Classification:

Obligations Affected: National Treatment (Articles 11.4 and 12.4) Most-Favored-Nation Treatment (Articles 11.5 and 12.3) Local Presence (Article 12.5) Market Access (Article 12.6) Performance Requirements (Article 11.7) Senior Management and Boards of Directors (Article 11.8)

Description: Investment and Cross-Border Trade in Services

Costa Rica reserves the right to adopt or maintain any measure with respect to the enforcement of laws and the provision of social rehabilitation services as well as the following services, to the extent that they are social services that are established or maintained in the public interest: income insurance or security, social security services, social welfare, public education, public training, health, child care, public sewage services, and water supply services.

Measures in force:

3. Sector: Minority and Indigenous Affairs

Subsector:

Industrial Classification:

Obligations Affected: National Treatment (Articles 11.4 and 12.4) Most-Favored-Nation Treatment (Articles 11.5 and 12.3) Local Presence (Article 12.5) Market Access (Article 12.6) Performance Requirements (Article 11.7) Senior Management and Boards of Directors (Article 11.8)

Description: Investment and Cross-Border Trade in Services

Costa Rica reserves the right to adopt or maintain any measure that grants rights or preferences to disadvantaged social or economic groups or indigenous groups.

Measures in force:

4. Sector: Cultural Industries

Subsector:

Industrial Classification:

Obligations Affected: Most-Favored-Nation Treatment (Articles 11.5 and 12.3)

Description: Investment and Cross-Border Trade in Services

Costa Rica reserves the right to adopt or maintain any measure that grants differential treatment to countries under any existing or future bilateral or multilateral international treaty with respect to cultural industries, such as audiovisual cooperation treaties. For greater certainty, government support programs through subsidies for the promotion of cultural activities are not subject to the limitations or obligations of this Agreement.

Cultural industries means persons engaged in any of the following activities:

(a) publication, distribution or sale of books, magazines, periodicals, or printed or electronic newspapers, excluding the printing and typesetting of any of the foregoing;

(b) production, distribution, sale or exhibition of film or video recordings;

(c) production, distribution, sale or exhibition of audio or video recordings of music;

(d) production, distribution, or sale of machine- readable printed music; or

(e) radio stations for the general public, as well as all activities related to radio, television and cable transmission, satellite programming services and broadcasting networks.

Measures in force:

5. Sector: Electric Power

Subsector:

Industrial Classification:

Obligations Affected: Most-Favored-Nation Treatment (Article 12.3) National Treatment (Article 12.4) Local Presence (Article 12.5) Market Access (Article 12.6)

Description: Cross-Border Trade in Services

Costa Rica reserves the right to adopt or maintain any measure with respect to electric energy, including generation, transmission, processing, distribution and commercialization.

Measures in force:

6. Sector: Lottery, Betting and Gambling

Subsector:

Industrial Classification:

Obligations Affected: National Treatment (Articles 11.4 and 12.4) Most-Favored-Nation Treatment (Articles 11.5 and 12.3) Performance Requirements (Article 11.7) Senior Management and Boards of Directors (Article 11.8) Local Presence (Article 12.5) Access to Markets (Article 12.6)

Description: Investment and Cross-Border Trade in Services

Costa Rica reserves the right to adopt or maintain any measure with respect to lottery, betting and gambling.

Measures in force:

7. Sector: Railroads, Ports and Airports

Subsector:

Industrial Classification:

Obligations Affected: Most-Favored-Nation Treatment (Article 12.3) National Treatment (Article 12.4) Local Presence (Article 12.5) Access to Markets (Article 12.6)

Description: Cross-Border Trade in Services

Costa Rica reserves the right to adopt or maintain any measure with respect to railroads, ports and airports.

Measures in force:

8. Sector: Natural Resources

Subsector:

Industrial Classification:

Obligations Affected: National Treatment (Articles 11.4 and 12.4) Most-Favored-Nation Treatment (Articles 11.5 and 12.3) Performance Requirements (Article 11.7) Senior Management and Boards of Directors (Article 11.8) Local Presence (Article 12.5) Access to Markets (Article 12.6)

Description: Investment and Cross-Border Trade in Services

Costa Rica reserves the right to adopt or maintain any measure with respect to natural resources, including conservation, administration, protection, exploration, extraction and exploitation.

Measures in force:

9. Sector: Waste Collection and Treatment

Subsector:

Industrial Classification:

Obligations Affected: National Treatment (Articles 11.4 and 12.4) Most-Favored-Nation Treatment (Articles 11.5 and 12.3) Local Presence (Article 12.5) Market Access (Article 12.6)

Description: Investment and Cross-Border Trade in Services

Costa Rica reserves the right to adopt or maintain any measure with respect to the collection and treatment of waste.

Measures in force:

10. Sector: Irrigation and Drainage Services

Subsector:

Industrial Classification:

Obligations Affected: National Treatment (Articles 11.4 and 12.4) Most-Favored-Nation Treatment (Articles 11.5 and 12.3) Local Presence (Article 12.5) Market Access (Article 12.6)

Description: Investment and Cross-Border Trade in Services

Costa Rica reserves the right to adopt or maintain any measure with respect to irrigation and drainage services.

Measures in force:

11. Sector: Environmental Services (1)

Subsector:

Industrial Classification:

Obligations Affected: National Treatment (Articles 11.4 and 12.4) Most-Favored-Nation Treatment (Articles 11.5 and 12.3) Performance Requirements (Article 11.7) Senior Management and Boards of Directors (Article 11.8) Local Presence (Article 12.5) Access to Markets (Article 12.6)

Description: Investment and Cross-Border Trade in Services

Costa Rica reserves the right to adopt or maintain any measure with respect to environmental services.

Measures in force:

(1) Waste collection and treatment services are excluded from this reservation.

12. Sector: Postal Services

Subsector:

Industrial Classification:

Obligations Affected: Most-Favored-Nation Treatment (Article 12.3) National Treatment (Article 12.4) Local Presence (Article 12.5) Access to Markets (Article 12.6)

Description: Cross-Border Trade in Services

Costa Rica reserves the right to adopt or maintain any measure with respect to postal services.

Measures in force:

13. Sector: Radio and Television Services (Broadcasting) (2)

Subsector:

Industrial Classification:

Obligations Affected: National Treatment (Articles 11.4 and 12.4) Most-Favored-Nation Treatment (Articles 11.5 and 12.3) Performance Requirements (Article 11.7) Senior Management and Boards of Directors Article 11.8) Local Presence (Article 12.5) Market Access (Article 12.6)

Description: Investment and Cross-Border Trade in Services

Costa Rica reserves the right to adopt or maintain any measure with respect to radio and television (broadcasting) services.

Measures in force:

(2) Broadcasting is defined as the uninterrupted chain of transmission required for the distribution of television and radio program signals to the general public, but does not cover contribution links between operators.

14. Sector: Weapons and Explosives

Subsector:

Industrial Classification:

Obligations Affected: National Treatment (Articles 11.4 and 12.4) Most-Favored-Nation Treatment (Articles 11.5 and 12.3) Performance Requirements (Article 11.7) Senior Management and Boards of Directors (Article 11.8) Local Presence (Article 12.5) Market Access (Article 12.6)

Description: Investment and Cross-Border Trade in Services

Costa Rica reserves the right to adopt or maintain any measure with respect to arms and explosives. The manufacture, use, sale, storage, transportation, import, export and possession of arms and explosives are regulated for the protection of a security interest.

Measures in force:

15. Sector: Investigation and Security Services

Subsector:

Industrial Classification:

Obligations Affected: National Treatment (Articles 11.4 and 12.4) Most-Favored-Nation Treatment (Articles 11.5 and 12.3) Performance Requirements (Article 11.7) Senior Management and Boards of Directors (Article 11.8) Local Presence (Article 12.5) Access to Markets (Article 12.6)

Description: Investment and Cross-Border Trade in Services

Costa Rica reserves the right to adopt or maintain any measure with respect to investigation and security services.

Measures in force:

16. Sector: Specialized Air Services

Subsector:

Industrial Classification:

Obligations Affected: National Treatment (Articles 11.4 and 12.4) Most-Favored-Nation Treatment (Articles 11.5 and 12.3) Performance Requirements (Article 11.7) Senior Management and Boards of Directors (Article 11.8) Local Presence (Article 12.5) Access to Markets (Article 12.6)

Description: Investment and Cross-Border Trade in Services

Costa Rica reserves the right to adopt or maintain any measure with respect to specialized air services.

Measures in force:

17. Sector: All Sectors

Subsector:

Industrial Classification:

Obligations Affected: Market Access (Article 12.6)

Description: Investment and Cross-Border Trade in Services

Costa Rica reserves the right to adopt or maintain any measure with respect to the "Market Access" obligation that is not inconsistent with Costa Rica's obligations under Article XVI of the GATS.

This reservation does not apply to the sectors or subsectors listed in the terms of Annex | (Non-Conforming Measures) with respect to Market Access.

Measures in force:

Annex II. Future Actions. List of Guatemala

1. Sector: All Sectors

Subsector:

Industrial Classification:

Obligations Affected: Most-Favored-Nation Treatment (Article 11.5)

Description: Investment

Guatemala exempts the application of Article 11.5 (Most- Favored-Nation Treatment) to the treatment granted under those agreements in force or signed after the date of entry into force of this Agreement, regarding:

(a) aviation;

(b) fishing; or

(c) maritime affairs, including salvage.

For greater certainty, Article 11.5 (Most-Favored-Nation Treatment) does not apply to any present or future program of international cooperation to promote economic development.

Measures in force:

2. Sector: Issues Related to Minority and Disadvantaged Indigenous Populations

Subsector:

Industrial Classification:

Obligations Affected: National Treatment (Articles 11.4 and 12.4) Most-Favored-Nation Treatment (Articles 11.5 and 12.3) Local Presence (Article 12.5) Performance Requirements (Article 11.7) Senior Management and Boards of Directors (Article 11.8)

Description: Cross-Border Trade and Investment in Services

Guatemala reserves the right to adopt or maintain any measure that guarantees rights or preferences for minorities and indigenous, socially and economically disadvantaged populations.

Measures in force:

3. Sector: Social Services

Subsector:

Industrial Classification:

Obligations Affected: National Treatment (Articles 11.4 and 12.4) Most-Favored-Nation Treatment (Articles 11.5 and 12.3) Local Presence (Article 12.5) Performance Requirements (Article 11.7) Senior Management and Boards of Directors (Article 11.8)

Description: Cross-Border Trade and Investment in Services

Guatemala reserves the right to adopt or maintain any measure with respect to the enforcement of public order laws and the provision of social rehabilitation services as well as the following services, to the extent that they are social services that are established or maintained for public purpose, including but not limited to: insurance and income security, social welfare services, social welfare, public education, public training, health and child care.

Measures in force:

4. Sector: Professional Services

Subsector:

Industrial Classification:

Obligations Affected: Most-Favored-Nation Treatment (Article 12.3) National Treatment (Article 12.4) Local Presence (Article 12.5)

Description: Cross-Border Trade in Services

Guatemala reserves the right to adopt or maintain any measure restricting the cross-border supply of professional services.

Guatemala reiterates the rights and obligations acquired in the Agreement on the Exercise of University Professions and Recognition of University Studies.

Measures in force:

Article 90 of the Political Constitution of the Republic of Guatemala.

Law on Compulsory Professional Membership, Decree No. 72-2001 of the Congress of the Republic of Guatemala.

Agreement on the Practice of University Professions and Recognition of University Studies.

5. Sector: Road Transportation Services

Subsector:

Industrial Classification:

Obligations Affected: Most-Favored-Nation Treatment (Article 12.3) National Treatment (Article 12.4) Local Presence (Article 12.5)

Description: Cross-Border Trade in Services

Guatemala reserves the right to adopt or maintain any measure restricting the cross-border supply of services in the road freight transport services sector.

Measures in force:

6. Sector: Cultural Industries

Subsector:

Industrial Classification:

Obligations Affected: Most-Favored-Nation Treatment (Articles 11.5 and 12.3)

Description: Investment and Cross-Border Trade in Services

Guatemala reserves the right to adopt or maintain any measure that grants preferential treatment to persons (natural or natural persons, or companies) from other countries pursuant to any existing or future bilateral or multilateral international treaty with respect to cultural industries, including audiovisual cooperation agreements.

Measures in force:

7. Sector: Crafts

Subsector:

Industrial Classification:

Obligations Affected: National Treatment (Articles 11.4 and 12.4) Performance Requirements (Article 11.7)

Description: Investment and Cross-Border Trade in Services

Guatemala reserves the right to adopt or maintain any measure with respect to the design, distribution, retail sale or exhibition of handicrafts that are identified as Guatemalan handicrafts.

Performance requirements shall in all cases be consistent with the Agreement on Trade-Related Investment Measures (TRIMs Agreement), which is part of the WTO Agreement.

Measures in force:

8. Sector: All sectors

Subsector:

Industrial Classification:

Obligations affected: Market Access (Article 12.6)

Description: Investment and Cross-Border Trade in Services

Guatemala reserves the right to adopt or maintain any measure with respect to the "Market Access" obligation that is not inconsistent with Guatemala's obligations under Article XVI of the GATS.

This reservation does not apply to the sectors or subsectors listed in the terms of Annex | (Non-Conforming Measures) with respect to Market Access.

Measures in force:

Annex II. Future Actions. List of Honduras

1. Sector: Communications Services

Subsector: Telecommunications

Industrial Classification:

Obligations Affected: Market Access (Article 12.6)

Description: Cross-Border Trade in Services

Honduras reserves the right to adopt, maintain, or modify the level of ownership interest in Empresa Hondurefia de Telecomunicaciones (HONDUTEL), as well as its affiliates or subsidiaries.

2. Sector: Professional Services

Subsector: All Sector

Industrial Classification:

Obligations Affected: Most-Favored-Nation Treatment (Article 12.3) National Treatment (Article 12.4) Local Presence (Article 12.5) Market Access (Article 12.6)

Description:Cross-Border Trade in Services

Honduras reserves the right to adopt or maintain any measure with respect to the provision of professional services.

3. Sector: Social Services

Subsector:

Industrial Classification:

Obligations Affected: National Treatment (Articles 11.4 and 12.4) Most-Favored-Nation Treatment (Articles 11.5 and 12.3) Senior Management and Board of Directors (Article 11.8) Local Presence (Article 12.5) Market Access (Article 12.6)

Description: Investment and Cross-Border Trade in Services

Honduras reserves the right to adopt or maintain any measure with respect to the application and enforcement of laws, and the provision of social rehabilitation services; as well as the following services to the extent that they are social services that are established or maintained for reasons of public interest; unemployment insurance, social security services, social welfare, public education, public training, health and social welfare services, public education, public training, health and social welfare services, and social security services, as well as the following services to the extent that they are social services

that are established or maintained for reasons of public interest; unemployment insurance, social security services, social welfare services, public education, public training, health, child care and social welfare services.

4. Sector: Minority Issues

Subsector:

Industrial Classification:

Obligations Affected: National Treatment (Articles 11.4 and 12.4) Performance Requirements (Article 11.7) Senior Management and Board of Directors (Article 11.8) Local Presence (Article 12.5) Market Access (Article 12.6)

Description: Investment and Cross-Border Trade in Services

Honduras reserves the right to adopt or maintain any measure that grants rights or preferences to socially and economically disadvantaged minorities.

5. Sector: Distribution Services - Petroleum Products and Derivatives

Subsector:

Industrial Classification:

Obligations Affected: National Treatment (Articles 11.4 and 12.4) Performance Requirements (Article 11.7) Senior Management and Board of Directors (Article 11.8) Local Presence (Article 12.5) Market Access (Article 12.6)

Description: Investment and Cross-Border Trade in Services Honduras reserves the right to adopt or maintain measures related to the wholesale distribution of crude oil products, reconstituted, refined, bunker and all its derivatives.

6. Sector: All Sectors

Subsector:

Industrial Classification:

Obligations Affected: Most-Favored-Nation Treatment (Articles 11.5 and 12.3)

Description: Investment and Cross-Border Trade in Services

Honduras reserves the right to adopt or maintain any measure that grants different treatment to countries pursuant to any bilateral or multilateral international treaty in force or entered into prior to the date of entry into force of this Agreement.

Honduras reserves the right to adopt or maintain any measure that grants different treatment to countries in accordance with any international treaty in force or to be subscribed after the date of entry into force of this Agreement with respect to:

(a) aviation;

(b) fishing; or

(c) maritime affairs, including salvage.

For greater certainty, maritime matters include transportation on lakes and rivers.

7. Sector: All sectors

Subsector:

Industrial Classification:

Obligations Affected: Market Access (Article 12.6)

Description: Investment and Cross-Border Trade in Services

Honduras reserves the right to adopt or maintain any measure that is not inconsistent with Honduras' obligations under Article XVI of the GATS, which forms part of the WTO Agreement.

Annex II. Future Actions. List of Mexico

1. Sector: All Sectors

Subsector:

Industrial Classification:

Obligations Affected: National Treatment (Article 12.4)

Description: Cross-Border Trade in Services

Mexico reserves the right to adopt or maintain any measure restricting the acquisition, sale or other disposition of bonds, treasury securities or any other type of debt instruments issued by Central (Federal), Regional (State) or Local (Municipal) Governments.

Measures in force:

2. Sector: Communications Postal Services and Telecommunications

Subsector:

Industrial Classification: CMAP 720001Postal Services (limited to first class correspondence) CMAP 720005 Telegraph Telegraph Services (includes radiotelegraphy services)

Obligations Affected: National Treatment (Article 12.4) Market Access (Article 12.6)

Description: Cross-Border Trade in Services

Only the Mexican State may provide ._ postal, telegraphic and radiotelegraphic services.

Measures in force: Political Constitution of the United Mexican States, Article 28. Mexican Postal Service Law, Title I, Chapter Ill. Federal Telecommunications Law, Chapter I.

3. Sector: Communications

Subsector: Telecommunications Services and Networks

Industrial Classification: CMAP 720006 Other Services of Telecommunications (limited to maritime telecommunication services)

Obligations Affected: Most-Favored-Nation Treatment (Article 12.3) National Treatment (Article 12.4) Local Presence (Article 12.5)

Description: Cross-Border Trade in Services

Mexico reserves the right to adopt or maintain any measure relating to the supply of maritime telecommunication services.

Measures in force:

4. Sector: Communications

Subsector: Telecommunications

Industrial Classification: CMAP 720006 Other telecommunication services (limited to mobile and fixed services for aeronautical services)

Reserved Obligations: National Treatment (Article 12.4) Local Presence (Article 12.5)

Description: Cross-Border Trade in Services

Mexico reserves the right to adopt or maintain any measure relating to the provision of air traffic control, aeronautical meteorology, aeronautical telecommunications and other telecommunications services related to air navigation services.

Measures in force: Political Constitution of the United Mexican States, Article 32. Airport Law, Chapter Il. General Communications Law. Federal Telecommunications Law. Foreign Investment Law, Title I, Chapter Il. Decree Creating the Decentralized Agency of "Airspace Navigation Services Airspace Mexicano" (SENEAM).

5. Sector: Energy

Subsector: Petroleum and Other Hydrocarbons Basic Petrochemicals Electricity. Nuclear Energy Radioactive Minerals Treatment

Industrial Classification:

Obligations Affected: Most-Favored-Nation Treatment (Article 12.3) National Treatment (Article 12.4) Local Presence (Article 12.5)

Description: Cross-Border Trade in Services

Mexico reserves the right to adopt or maintain any measure relating to services associated with the subsectors mentioned in this reservation.

Measures in force: Political Constitution of the United Mexican States, Articles 27 and 28. Regulatory Law of Article 27 of the Mexican Constitution on Nuclear Matters. Regulatory Law of Article 27 of the Mexican Constitution in the Oil Industry and its Regulations. Law of Mexican Oil. Regulation of the Law of Mexican Oil. Law of the Public Service of Electric Energy. Regulation of the Electric Energy Public Service Law.

6. Sector: Minority Issues

Subsector:

Industrial Classification:

Obligations Affected: National Treatment (Article Affected: 12.4) Local Presence (Article 12.5)

Description: Cross-Border Trade in Services

Mexico reserves the right to adopt or maintain any measure that grants rights or preferences to socially or economically disadvantaged groups.

Measures in force: Political Constitution of the United Mexican States, Article 4.

7. Sector: Social Services

Subsector:

Industrial Classification:

Obligations Affected: National Treatment (Articles 11.4 and 12.4) Senior Management and Boards of Directors (Article 11.8) Local Presence (Article 12.5)

Description: Cross-Border Trade and Investment in Services

Mexico reserves the right to adopt or maintain any measure with respect to the enforcement of public laws and the provision of social rehabilitation services, and the following services, to the extent that they are social services that are established or maintained in the public interest: pensions or unemployment insurance, social security services, social welfare, public education, public training, health and child care.

Measures in force: Political Constitution of the United Mexican States, Articles 4, 17, 18, 25, 26, 28 and 123.

8. Sector: All sectors

Subsector:

Industrial Classification:

Obligations affected: Market Access (Article 12.6)

Description: Investment and Cross-Border Trade in Services

Mexico reserves the right to adopt or maintain any measure with respect to the "Market Access" obligation that is not inconsistent with Mexico's obligations under Article XVI of the GATS.

This reservation does not apply to the sectors or subsectors listed in the terms of Annex I (Non-Conforming Measures) with respect to Market Access.

Measures in force:

Annex II. Future Actions. List of Nicaragua

1. Sector: All Sectors

Subsector:

Industrial Classification:

Obligations Affected: National Treatment (Article 11.4) Senior Management and Boards of Directors Board of Directors (Article 11.8)

Measurements:

Description: Investment

Nicaragua reserves the right to limit the transfer or disposition of any interest in an existing state enterprise so that only Nicaraguan nationals may receive such interest. However, the preceding sentence applies only to the initial transfer or disposition of such interest. Nicaragua does not reserve this right with respect to subsequent transfers or dispositions of such interest.

Nicaragua reserves the right to limit control of any new enterprise created by the transfer or disposition of any interest described in the preceding paragraph by means other than limitations on the ownership interest. Nicaragua further reserves the right to adopt or maintain any measure relating to the nationality of senior management and members of the board of directors of such new company.

2. Sector: All Sectors

Subsector:

Industrial Classification:

Obligations Affected: National Treatment (Articles 11.4 and 12.4). Most-Favored-Nation Treatment (Articles 11.5 and 12.3) Performance Requirements (Article 11.7) Senior ManagementManagement and the Board of Directors Board of Directors (Article 11.8) Local Presence (Article 12.5)

Measures: Political Constitution of the Republic of Nicaragua. Investment and Cross-Border Trade in Services Nicaragua may adopt or maintain any measure in connection with the establishment, acquisition, expansion, management, conduct, or operation of a Small and Medium Enterprise (SME).

Description: Nicaragua reserves the right to adopt or maintain any measure that grants rights or preferences to domestic small and medium-sized enterprises.

3. Sector: All Sectors

Subsector:

Industrial Classification:

Obligations Affected: Most-Favored-Nation Treatment (Articles 11.5 and 12.3).

Measures:

Description: Investment and Cross-Border Trade in Services

Nicaragua reserves the right to adopt or maintain any measure that grants different treatment to countries pursuant to any bilateral or multilateral international treaty in force or signed prior to the date of entry into force of this Agreement.

Nicaragua reserves the right to adopt or maintain any measure that grants different treatment to countries in accordance with any bilateral or multilateral international treaty in force or to be subscribed after the date of entry into force of this Agreement with respect to:

(a) aviation;

(b) fishing; or

(c) maritime affairs, including salvage.

4. Sector: Minority and indigenous peoples' issues.

Subsector:

Industrial Classification:

Obligations Affected: National Treatment (Articles 11.4 and 12.4). Most-Favored-Nation Treatment (Articles 11.5 and 12.3) Performance Requirements (Article 11.7) Senior Management and Boards of Directors Board of Directors (Article 11.8) Local Presence (Article 12.5)

Measures: Political Constitution of the Republic of Nicaragua.

Description: Investment and Cross-Border Trade in Services

Nicaragua reserves the right to adopt or maintain any measure that grants rights or preferences granted to socially or economically disadvantaged minorities and indigenous populations.

5. Sector: Communications

Subsector:

Industrial Classification:

Obligations Affected: Most-Favored-Nation Treatment (Articles 11.5 and 12.3).

Measures: General Telecommunications Law and Postal Services, Law 200 and its Regulations.

Description: Cross Border Trade in Services and Investment

Nicaragua reserves the right to adopt or maintain any measure that grants differential treatment to persons of other countries due to the application of reciprocal measures or through international agreements involving radio spectrum sharing, guaranteed market access or national treatment with respect to one-way satellite transmission of direct-to-home (DTH) and direct broadcast (DBS) television and audio-digital services.

6. Sector: Coastal Lands, Islands and River Banks.

Subsector:

Industrial Classification:

Obligations Affected: National Treatment (Article 11.4)

Measures: Political Constitution of the Republic of Nicaragua.

Description: Investment

Nicaragua reserves the right to adopt or maintain any measure with respect to coastal lands, islands and river banks in Nicaragua's possession.

7. Sector: Social Services

Subsector:

Industrial Classification:

Obligations Affected: National Treatment (Articles 11.4 and 12.4). Most-Favored-Nation Treatment (Articles 11.5 and 12.3) Performance Requirements (Article 11.7) Senior Management and Boards of Directors Board of Directors (Article 11.8) Local Presence (Article 12.5)

Measures: Political Constitution of the Republic of Nicaragua.

Description: Investment and Cross-Border Trade in Services

Nicaragua reserves the right to adopt or maintain any measure with respect to law enforcement and correctional services, and the following services to the extent that they are services that are established or maintained in the public interest: unemployment insurance, social security and insurance, social welfare, public education, public training, health and child care.

8. Sector: Energy

Subsector:

Industrial Classification:

Obligations Affected: National Treatment (Articles 11.4 and 12.4). Most-Favored-Nation Treatment (Articles 11.5 and 12.3) Performance Requirements (Article 11.7) Senior Management and Boards of Directors Board of Directors (Article 11.8)

Measures: Political Constitution of the Republic of Nicaragua.

Description: Investment and Cross-Border Trade in Services

Nicaragua reserves the right to adopt or maintain any measure in relation to the establishment, acquisition, expansion, administration, management, management, or operation of any company in the field of generation, distribution and commercialization of electric energy.

9. Sector: Hydrocarbons

Subsector: Crude oil and natural gas Minerals, Electricity, Gas and Water.

Industrial Classification:

Obligations Affected: Most-Favored-Nation Treatment (Article 12.3) National Treatment (Article 12.4). Local Presence (Article 12.5)

Measures: Political Constitution of the Republic of Nicaragua.

Description: Cross Border Trade in Services

Nicaragua reserves the right to adopt or maintain any measure related to: the establishment, acquisition, expansion, administration, management or operation of any company in the field of exploration and exploitation of hydrocarbons and their supply.

10. Sector: All sectors

Subsector:

Industrial Classification:

Obligations Affected: Market Access (Article 12.6)

Measures:

Description: Investment and cross-border trade in services

Nicaragua reserves the right to adopt or maintain any measure with respect to the "Market Access" obligation that is not inconsistent with Nicaragua's obligations under Article XVI of the GATS.

This reservation does not apply to the sectors or subsectors listed in the terms of Annex | (Non- Conforming Measures) regarding Access to Markets.

Annex II. Future Actions. List of El Salvador

1. Sector: Postal Services

Subsector:

Industrial Classification:

Obligations Affected: Most-Favored-Nation Treatment (Articles 12.3) National Treatment (Articles 12.4)

Description: Cross-Border Trade in Services

El Salvador reserves the right to adopt or maintain any measure with respect to the provision of Postal Services.

Measures in force:

2. Sector: All Sectors

Subsector:

Industrial Classification:

Obligations Affected: Market Access (Article 12.6)

Description: Investment and Cross-Border Trade in Services

El Salvador reserves the right to adopt or maintain any measure that is not inconsistent with El Salvador's obligations under Article XVI of the GATS.

This reservation does not apply to the sectors or subsectors listed in the terms of Annex I (Nonconforming Measures) with respect to Market Access and except as indicated in Annex I (Nonconforming Measures).

Measures in force:

3. Sector: All Sectors

Subsector:

Industrial Classification:

Obligations Affected: Most-Favored-Nation Treatment (Articles 11.5 and 12.3)

Description: Investment and Cross-Border Trade in Services

El Salvador reserves the right to adopt or maintain any measure that grants different treatment to countries pursuant to any bilateral or multilateral international agreement in force or entered into prior to the date of entry into force of this Agreement (1) .

El Salvador reserves the right to adopt or maintain any measure that grants different treatment to countries in accordance with any bilateral or multilateral international agreement in force or to be subscribed after the date of entry into force of this Agreement with respect to:

(a) aviation;

(b) fishing; or

(c) maritime affairs, including salvage

Measures in force:

(1) For greater certainty, El Salvador may adopt or maintain any measure derived from a rule of Community law derived from an instrument of Community law or adopted by an organ of the Central American Integration System or its successor.

4. Sector: Social Services

Subsector:

Industrial Classification:

Obligations Affected: National Treatment (Articles 11.4 and 12.4) Most-Favored-Nation Treatment (Articles 11.5 and 12.3) Performance Requirements (Article 11.7) Senior Management and Boards of Directors (Article 11.8) Local Presence (Article 12.5) Access to Markets (Article 12.6)

Description: Investment and Cross-Border Trade in Services

El Salvador reserves the right to adopt or maintain any measure with respect to law enforcement and social readjustment services as well as the following services, insofar as they are social services that are established or maintained for reasons of public interest: pensions, unemployment insurance, social security services, social welfare, public education, public training, health and child care.

Measures in force:

5. Sector: Minority Issues

Subsector:

Industrial Classification:

Obligations Affected: National Treatment (Article 11.4 and 12.4) Performance Requirements (Article 11.7) Senior Management and Boards of Directors (Article 11.8) Local Presence (Article 12.5) Access to Markets (Article 12.6)

Description: Investment and Cross-Border Trade in Services

El Salvador reserves the right to adopt or maintain any measure that grants rights or preferences to socially or economically disadvantaged minorities.

Measures in force:

6. Sector: Business Services: Professional Services

Subsector:

Industrial Classification:

Obligations Affected: National Treatment (Articles 11.4 and 12.4) Most-Favored-Nation Treatment (Articles 11.5 and 12.3) Performance Requirements (Article 11.7) Senior Management and Boards of Directors (Article 11.8) Local Presence (Article 12.5) Access to Markets (Article 12.6)

Description: Investment and Cross-Border Trade in Services

El Salvador reserves the right to adopt or maintain any measure relating to Investment and Cross-Border Trade in Professional Services. (2)

Measures in force:

(2) For greater certainty, investment related to professional services does not preclude compliance with national legislation for professional practice under the definition of cross-border trade in services in this Agreement.

7. Sector: Transportation Services : Ground Transportation Ground Transportation

Subsector:

Industrial Classification:

Obligations Affected: National Treatment (Articles 11.4 and 12.4) Most-Favored-Nation Treatment (Articles 11.5 and 12.3) Performance Requirements (Article 11.7) Senior Management and Boards of Directors (Article 11.8) Local Presence (Article 12.5) Market Access (Article 12.6)

Description: Investment and Cross-Border Trade in Services

El Salvador reserves the right to adopt or maintain any measure with respect to Land Transportation.

Measures in force:

8. Sector: Private Security Services

Subsector:

Industrial Classification:

Obligations Affected: National Treatment (Articles 11.4 and 12.4) Most-Favored-Nation Treatment (Articles 11.5 and 12.3) Performance Requirements (Article 11.7) Senior Management and Boards of Directors (Article 11.8) Local Presence (Article 12.5) Market Access (Article 12.6)

Description: Investment and Cross-Border Trade in Services

El Salvador reserves the right to adopt or maintain any measure with respect to private security services.

Measures in force:

Annex III. Activities Reserved to the State

Explanatory Notes

1. The activities set out in this Annex are reserved to the Parties and private capital investment is prohibited under their national legislation. If a Party allows the participation of private investment in those activities through service contracts, concessions, loans or any other type of contractual acts, such participation shall not be construed as affecting the Party's reservation in those activities.

2. If the domestic legislation of a Party is amended to permit private capital investment in the activities set out in this Annex, that Party may impose restrictions on the participation of foreign investment notwithstanding Article 11.4 (National Treatment) by indicating them in Annex I (Nonconforming Measures). Such Party may also impose exceptions to Article 11.4 (National Treatment) with respect to the participation of foreign investment in the case of the sale of assets or equity participation in an enterprise engaged in the activities set out in this Annex and shall indicate them in Annex I (Nonconforming Measures).

3. The measures referred to are included for transparency purposes and include any measures subordinated to, adopted or maintained under the authority of, and consistent with, those measures.

Annex III. Activities Reserved to the State. List of Costa Rica

Costa Rica reserves the exclusive right to perform and refuse to authorize the establishment of investments in the following activities, except as set forth in its list in Annex I (Nonconforming Measures):

1. Import, Refining, Distribution and Wholesale of Crude Oil, its Derivative Fuels, Asphalts and Naphthas

(a) Description of activities

Import, refining, distribution and wholesale of crude oil and petroleum products, including fuels, asphalts and naphtha.

(b) Measures

Political Constitution of the Republic of Costa Rica.

Monopoly Law in favor of the State for the Importation, Refining and Wholesale Distribution of Crude Oil, its Derivative Fuels, Asphalts and Naphtha, Law No. 7356.

Public Services Regulatory Authority Law, Law No. 7593.

2. Alcohol production

(a) Description of activities

The production and use of ethyl alcohol for liquor and industrial purposes and the production of raw rum for domestic consumption and for export is the responsibility of the Fabrica Nacional de Licores. Methyl, propyl, butyl, butyl, amyl and other alcohols except ethyl alcohol and polyols, alcohols of complex function and similar may be produced and exported by private entities, provided they are not produced by the National Liquor Factory.

(b) Measures

Fiscal Code, Law No. 8, Articles 443 and 444.

3. Postal Services

(a) Description of activities

Exploitation, operation, administration, organization and provision of postal services.

(b) Measures

Political Constitution of the Republic of Costa Rica.

Postal Law, Law No. 7768.

Public Services Regulatory Authority Law, Law No. 7593.

4. Wired and wireless services

(a) Description of activities

(i) Includes the exploitation, administration, operation and provision of the following activities: telegraphy, telephony, radiotelegraphy and radiotelephony services; value-added services; telecommunications services and telecommunications networks.

(ii) The Political Constitution of Costa Rica establishes that wireless services may not definitively leave the State's domain and may only be exploited by the public administration or by private parties, in accordance with the law or by means of a special concession granted for a limited period of time and under the conditions and stipulations established by the Legislative Assembly.

(b) Measures

Political Constitution of the Republic of Costa Rica.

Law for the Creation of the Costa Rican Electricity Institute, Law 449.

Law Regulating Prices and Conditions of Services Services of ICE, Law No. 3226.

Law Transfers Telecommunications to ICE and it is associated to RACSA, Law No. 3293.

General Telecommunications Law, Law No. 8642.

Law for the Strengthening and Modernization of the Public Entities of the Telecommunications Sector, Law No. 8660.

Regulations to the General Telecommunications Law, Executive Decree No. 34765- MINAET.

5. Electric Power

(a) Description of activities

(i) Includes generation, transmission, transformation, distribution and commercialization.

(ii) The Political Constitution of Costa Rica establishes that the forces that may be obtained from the waters of the public domain in the national territory may not definitively leave the domain of the State and may only be exploited by the public administration or by private individuals, in accordance with the law or by means of special concession granted for a limited time and under the conditions and stipulations established by the Legislative Assembly.

(b) Measures

Political Constitution of the Republic of Costa Rica.

Law for the Creation of the Costa Rican Electricity Institute, Law No. 449.

Law Ratifies Electricity Contract SNE - CNFL, Law No. 2.

Law for the Transformation of Empresa de Servicios Publicos de Heredia ESPH, Law No. 7789.

Reform of the Cartago Electric Service Administrative Board JASEC, Law No. 7799.

Public Services Regulatory Authority Law, Law No. 7593.

6. Water supply services; collection and disposal of sewage and liquid industrial wastes; water and sewerage services.

(a) Description of activities

Establishment, operation, administration, planning and development of the countryâs aqueduct and sewerage systems; drinking water services; sewage and liquid industrial waste and rainwater collection and disposal services; development, use, governance and surveillance of all waters of public origin.

(b) Measures

Political Constitution of the Republic of Costa Rica.

Constitutive Law of the Costa Rican Institute of Aqueducts and Sewerage, Law No. 2726.

Public Services Regulatory Authority Law, Law No. 7593.

7. Social Services

(a) Description of activities

Law enforcement, social rehabilitation services, income security or insurance, social security or insurance, social welfare, public education, public training, health and child care.

(b) Measures

Political Constitution of the Republic of Costa Rica.

8. Lottery administration and distribution services

(a) Description of activities

(i) Administration and distribution of lotteries, time, raffles, clubs and other games of chance.

(ii) The Social Protection Board of San José shall be the sole administrator and distributor of lotteries. All lotteries, times, raffles, clubs and other games of chance that award prizes consisting of the payment of cash are prohibited, except those issued by the San José Social Protection Board.

(b) Measures

Lottery Law, Law No. 7395. Raffles and Lotteries Law, Law No. 1387.

Regulation to the Lottery Law, Executive Decree No. 28529- MTSS- MP.

9. Railroads, Ports and Airports

(a) Description of activities

The national railroads, docks and airports - the latter while in service - may not be alienated, leased or encumbered, directly or indirectly, nor leave the domain and control of the State.

(b) Measures

Political Constitution of the Republic of Costa Rica.

Public Services Regulatory Authority Law, Law No. 7593.

General Law of Concession of Public Works with Public Services, Law No. 7762.

General Railroad Law, Law No. 5066. Organic Law of the Costa Rican Railroad Institute, Law No. 7001.

Regulations to the Organic Law of the Costa Rican Railroad Institute, Executive Decree No. 18245-MOPT.

Law of the Costa Rican Institute of Pacific Ports (INCOP), Law No. 1721.

Organic Law of JAPDEVA (Junta de Administración Portuaria y de Desarrollo Económico de la Vertiente Atlántica), Law No. 3091. General Civil Aviation Law, Law No. 5150.

Regulations for the Granting of Operating Certificates, Executive Decree No. 3326-T.

Regulations for the Operation of the Costa Rican Aeronautical Registry, Executive Decree No. 4440-T.

Annex III. Activities Reserved to the State. List of Guatemala

Guatemala reserves the exclusive right to perform and refuse to authorize the establishment of investments in the following activities, except as set forth in its list in Annex I (Nonconforming Measures):

1. Currency issuance

(a) Description of Activities:

Itis the exclusive power of the State to issue and regulate the currency, as well as to formulate and carry out policies that tend to create and maintain favorable exchange and credit conditions for the orderly development of the national economy.

(b) Measures:

Article 132 of the Political Constitution of the Republic of Guatemala.

2. Collection centers, wholesale terminals, municipal markets and the like

(a) Description of Activities:

Municipalities are empowered to operate collection centers, wholesale terminals, municipal markets and similar.

(b) Measures:

Article 74 of the Municipal Code, Decree No. 12-2002 of the Congress of the Republic of Guatemala and its amendments

Annex III. Activities Reserved to the State. List of Honduras

Honduras reserves the right to perform exclusively and to refuse to authorize the establishment of investments in the following activities except as set forth in its list in Annex I (Nonconforming Measures):

1. Electricity Services

(a) Activity Description

Only the Government of Honduras, through the Empresa Nacional de Energia ElÃ©ctrica, can carry out the transmission of electric energy, conduct the operation of the transmission system and dispatch center.

(b) Measures

Decree No. 158-94 dated November 26, 1994, Framework Law of the Electric Sub-Sector, Chapter V, Article 15.

2. Lotteries

(a) Activity Description

The Patronato Nacional de la Infancia (PANI) is responsible for the administration of the National Lottery (Loteria Mayor and Loteria Menor) and other non-traditional lotteries that may be created or authorized by PANI in the future.

(b) Measures

Decree No. 438, dated April 23, 1977, Article 5(c), Ley Organica de Patronato Nacional de la Infancia.

3. Environmental Services

(a) Activity Description

Only the State of Honduras, through its municipalities, can provide public water distribution, waste treatment, and sanitation and hygiene services. For greater certainty, the municipalities are responsible for the construction, maintenance and administration of drinking water, sanitary sewage and drainage systems, and the promotion and development of related projects.

(b) Measures Decree No 134-90, Law of Municipalities, Article 13(3) and (4). Decree No 104-93, General Environmental Law, Articles 29 and 67.

4. Communications Services - Postal Services

(a) Description of activities

The operation of the domestic and international mail service, by surface, sea and air in Honduras is reserved exclusively to the Honduran Postal Company (HONDUCOR).

(b) Measures

Decree No. 120-93, Organic Law of the Postal Company of Honduras, Articles 3 and 4.

5. Arms Industry

(a) Description of activities

The manufacture, importation, distribution and sale of arms, ammunition and similar articles is reserved as a private power of the Armed Forces.

(b) Measures

Constitution of the Republic, Title V, Chapter X, Article 292.

6. Operation of Airport Services

(a) Description of activities

The State is responsible for the control and provision of auxiliary air navigation services.

(b) Measures

Civil Aeronautics Law, Decree No 55-2004, Article 95.

7. Currency Issuance

(a) Description of activities

Monetary issuance is the exclusive power of the State, which shall exercise it through the Central Bank of Honduras.

(b) Measures

Constitution of the Republic, Decree No. 131, Chapter Il, Article 342.

Law of the Central Bank of Honduras, Decree No 53 of February 3, 1950, Article 26.

Monetary Law, Decree No. 51, Article 5.

8. Telecommunications Services

(a) Description of activities

Empresa Hondureña de Telecomunicaciones (HONDUTEL) may adopt, maintain or modify the level of participation in its ownership, as well as in that of its affiliates or subsidiaries.

Annex III. Activities Reserved to the State. List of Mexico

Mexico reserves the right to perform exclusively and refuse to authorize the establishment of investments in the following activities, except as set forth in its list in Annex I (Nonconforming Measures):

1. Petroleum, Other Hydrocarbons and Basic Petrochemicals

(a) Description of activities

exploration and exploitation of crude oil and natural gas; refining or processing of crude oil and natural gas; and production of artificial gas, basic petrochemicals and their inputs and pipelines;

transportation, storage and distribution, up to and including the first- hand sale of the following goods: crude oil, artificial gas; energy goods and basic petrochemicals obtained from the refining or processing of crude oil; and basic petrochemicals.

foreign trade, up to and including the first-hand sale of the following goods: crude oil; artificial gas, energy goods and basic petrochemicals obtained from the refining or processing of crude oil.

(b) Measures

Political Constitution of the United Mexican States, Articles 25, 27 and 28.

Regulatory Law of Article 27 of the Mexican Constitution in the Oil Industry.

Law of Mexican Oil.

Foreign Investment Law.

2. Electricity

(a) Description of activities

The provision of public electricity services in Mexico includes the generation, transmission, transformation, distribution and sale of electricity.

(b) Measures

Political Constitution of the United Mexican States, Articles 25, 27 and 28.

Law of the Public Service of Electric Energy.

Foreign Investment Law.

3. Nuclear Energy and Radioactive Minerals Processing

(a) Description of activities

Exploration, exploitation and processing of radioactive minerals, the nuclear fuel cycle, nuclear power generation, transport and storage of nuclear waste, use and reprocessing of nuclear fuel and regulation of its applications for other purposes, as well as the production of heavy water.

(b) Measures

Political Constitution of the United Mexican States, Articles 25, 27 and 28.

Regulatory Law of Article 27 of the Mexican Constitution on Nuclear

Matters. Foreign Investment Law.

4. Telegraph Service

(a) Measures

Political Constitution of the United Mexican States, Articles 25 and 28. Law of General Communication Roads.

Foreign Investment Law.

5. Radiotelegraphy Services

(a) Measures

Political Constitution of the United Mexican States, Articles 25 and 28. Law of General Communication Roads. Foreign Investment Law.

6. Postal Service

(a) Description of activities:

Operation, administration and organization of first class correspondence.

(b) Measures

Political Constitution of the United Mexican States, Articles 25 and 28.

Mexican Postal Service Law.

Law of General Ways of Communication.

Foreign Investment Law.

7. Issuance of Banknotes and Minting of Coins

(a) Measures

Political Constitution of the United Mexican States, Articles 25 and 28.

Law of Banco de México.

Law of the Mint of Mexico.

Monetary Law of the United Mexican States.

Foreign Investment Law.

8. Control, Inspection and Surveillance of Maritime and Land Ports

(a) Measures

Maritime Navigation and Commerce Law.

Ports Law.

Law of General Communication Roads.

Foreign Investment Law.

9. Control, Inspection and Surveillance of Airports and Heliports

(a) Measures

General Communication Roads Law.

Airport Law.

Foreign Investment Law.

Annex III. Activities Reserved to the State. List of Nicaragua

Nicaragua reserves the right to perform exclusively and refuse to authorize the establishment of investments in the following activities:

1. Postal Services

(a) Description of activities

The law establishes that Empresa Correos de Nicaragua is the Designated Operator in charge of providing the Universal Postal Service. The State of Nicaragua reserves to Empresa Correos de Nicaragua the performance of the following activities:

(i) The elaboration, circulation and commercialization of philatelic products corresponds to Empresa Correos de Nicaragua, as well as the custody, care and protection of the original plates used for the printing of postage stamps.

(ii) The establishment of post office boxes located in public or private places is reserved to Empresa Correos de Nicaragua. Commercial centers, pharmacies, hotels, offices, apartments, condominiums and the like shall provide adequate space for Empresa Correos de Nicaragua to construct or install post office box panels or mailboxes addressed to the occupants or tenants of the property.

(iii) Services provided through the National Public Postal Network of Empresa Correos de Nicaragua.

(iv) The use of postage machines.

(v) The use of the word "Correos" for commercial purposes or the signs and characteristics, logos or emblems that identify the company Correos de Nicaragua.

(vi) The organization, formulation, approval, administration and updating of the Postal Code in the national territory.

The Nicaraguan Institute of Telecommunications and Postal Services (TELCOR) represents the State before international postal organizations.

(b) Measures

Law of Posts and Postal Services of Nicaragua, Law No. 758, published in La Gaceta, Official Gazette Nos. 96 and 97 of May 26 and 27, 2011, respectively.

2. Telecommunications

(a) Description of activities

The granting of concessions, licenses, permits or registrations for the provision of telecommunications services that require

the use of the radio electric spectrum will be subject to the availability of the spectrum and the policies regarding its use.

Maritime and aeronautical telecommunications services will be authorized, installed, operated and controlled by the National Army and the General Directorate of Civil Aeronautics.

The Nicaraguan Telecommunications and Postal Institute (TELCOR) represents the State before international telecommunications organizations.

(b) Measures:

General Law of Telecommunications and Postal Services, Law No. 200, published in La Gaceta, No. 154, August 18, 1995.

3. Energy

(a) Description of activities

Transmission services will only be operated by the State.

All geothermal resources of the nation belong to the State. All the provisions contained in the "General Law on the Exploitation of Natural Wealth" that are not modified in the present law of the electric industry, will govern for the investigation, exploration and exploitation by the State of the Geothermal Resources, as far as they are compatible with the nature of this natural wealth and with the state character of its exploitation.

(b) Measures

Electric Industry Law No. 272, published in La Gaceta No. 74 of April 23, 1998.

Special Law on Exploration and Exploitation by the State of Geothermal Resources, Decree No. 665, Published in the Gazette No. 282 of December 12, 1977.

4. Airports

(a) Description of activities

It is the responsibility of the International Airport Management Company to manage the existing international airports.

Empresa Administradora de Aeropuertos Internacionales (EAAI) is responsible for the establishment, operation, exploitation, administration, execution of works and provision of services at airports.

(b) Measures

Law of the Administrative Company of International Airports, Decree No.12-92 published on August 16, 1983 in La Gaceta No.186.

5. Natural Resources

(a) Description of Activities

Natural resources are national patrimony. The preservation of the environment and the conservation, development and rational exploitation of natural resources correspond to the State; the State may enter into contracts for the rational exploitation of these resources, when the national interest so requires.

The domain, use and exploitation of natural resources, such as, but not limited to: deposits of coal, natural gas, sources and deposits of petroleum or any other hydrocarbon substance; deposits of radioactive minerals, thermal springs, geothermal or ocean thermal energy sources, hydroelectric energy sources, mineral springs and waters, and subway and surface waters shall be regulated by express law.

The exploration, exploitation and benefit of liquid or gaseous hydrocarbons, deposits of any type existing in maritime waters subject to national jurisdiction and those located totally or partially in determined zones of importance for national security with mining effects, whose qualification shall be made by law, may be the object of administrative concessions or special operating contracts, with the requirements and under the conditions established by the laws of the matter, for each case.

(b) Measures

Political Constitution of Nicaragua. Published on July 4, 1995.

General Law of the Environment and Natural Resources, Law No. 217, Gazette No. 105 of June 6, 1996.

General Law of Exploration and Exploitation of Our Natural Wealth. Decree No.316, Gazette No. 83 of April 17, 1958.

6. Water and Sewerage

(a) Description of activities

For greater certainty, the establishment, construction and operation of public works for the supply and distribution of drinking water and the collection and disposal of sewage can only be carried out by the Nicaraguan Water and Sewage Company (ENACAL).

ENACAL is responsible for researching, exploring, developing and exploiting the water resources necessary to provide drinking water and liquid waste disposal services, with the following functions:

(i) To collect, treat, convey, store, distribute and market potable water; and to collect, treat and finally dispose of liquid waste.

(ii) Purchasing raw water, buying and selling potable water, as well as marketing the services of collection, treatment and disposal of liquid waste.

(iii) Take all necessary measures to ensure that waste discharges of treated liquids minimize environmental impact.

(iv) Elaborate the Company's Expansion Plan for the short, medium and long term.

(v) Any other activity necessary for its development.

(b) Measures

Law of Creation of the Nicaraguan Company of Aqueducts and Sanitary Sewers (ENACAL) Law No. 276, Published in the Gazette No. 12 of January 20, 1998.

7. Elaboration of Maps

(a) Description of activities

The Nicaraguan Institute of Territorial Studies is responsible for preparing, updating, editing and publishing official, cadastral, urban and rural maps, as well as thematic maps and hydrographic, nautical and aeronautical charts of the country at different scales.

(b) Measures

Organic Law of the Nicaraguan Institute of Territorial Studies (INETER), Law 311.

8. Lotteries

(a) Description of activities

Only the State may operate directly and for charitable purposes lotteries and games of chance.

Only the National Lottery, a state-owned company, can carry out lottery administration and distribution activities.

(b) Measures

Internal Regulations of the National Lottery, Articles 4 and 5, Gazette No. 229 of December 3, 1996.

9. Ports

(a) Description of activities

The administration and operation of the existing ports of national interest (Corinto, Sandino, San Juan del Sur, Cabezas, El Rama and El Bluff) is reserved to Empresa Portuaria Nacional (EPN).

(b) Measures

Creation of the Empresa Nacional de Puertos Decree No. 405 published in Gazette No. 110 of May 17, 1980. Article 4 literal b.

Creation of the Empresa Portuaria Nacional Decree No. 35-95 published in the Gazette No. 119 of June 27, 1995. Article 7 literal b.

Annex III. Activities Reserved to the State. List of El Salvador

El Salvador reserves the exclusive right to carry out and to refuse to authorize the establishment of investments in the following activities, except as set forth in its list in Annex I (Nonconforming Measures):

1. Currency issuance

(a) Description of activities

The power to issue monetary species corresponds exclusively to the Salvadoran State, which may exercise it directly or through a public issuing institute.

(b) Measures

Constitution of the Republic, Article 111.

2. Postal Services

(a) Description of activities

The supreme direction of the postal service corresponds to the Executive Branch.

(b) Measures

Postal Regulations, Article 1.