FREE TRADE AGREEMENT BETWEEN THE UNITED MEXICAN STATES AND THE REPUBLIC OF PANAMA

PREAMBLE

The United Mexican States (hereinafter referred to as "Mexico") and the Republic of Panama (hereinafter referred to as "Panama"),

DETERMINED TO:

REAFFIRM the special ties of friendship, solidarity and cooperation between their peoples;

STRENGTHEN the regional economic integration schemes;

REACH a better balance in their trade relations, taking into consideration their levels of economic development, 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;

PROVIDE a larger and more secure market for goods and services produced in their respective territories;

REDUCE distortions in their reciprocal trade;

CONTRIBUTE to the competitiveness of the services sector by creating business opportunities in the free trade area;

ENSURE a predictable commercial framework for the planning of productive activities and investment;

DEVELOP their respective rights and obligations under the Marrakesh Agreement Establishing the World Trade Organization and the Treaty of Montevideo 1980, as well as other bilateral and multilateral integration and cooperation instruments to which they are party;

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

STRENGTHEN the competitiveness of their companies in global markets;

STIMULATE creativity and innovation by promoting trade in goods and services that are subject to intellectual property rights protection;

RECOGNIZE the importance of transparency in international trade;

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

PRESERVE their ability to safeguard the public welfare;

HAVE AGREED AS FOLLOWS:

Chapter 1. INITIAL PROVISIONS

Article 1.1. Establishment of the Free Trade Area

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

Article 1.2. Objectives

1. The objectives of this Agreement, as specifically developed through its principles and rules, including those of national

treatment, most-favored-nation treatment, and transparency, are the following:

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

(b) to facilitate the movement of goods and services between the Parties and the elimination of barriers to trade;

(c) promote conditions of fair competition within the free trade area;

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

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

(f) protect and enforce, in an adequate and effective manner, intellectual property rights in the territory of each Party;

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

(h) creating 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 light of the objectives set out in paragraph 1 and in accordance with applicable rules of international law.

Article 1.3. Relationship to other Treaties and International Agreements

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

2. In the event of any inconsistency between the provisions of the treaties and agreements referred to in paragraph 1 and the provisions of this Agreement, the latter shall prevail to the extent of the inconsistency.

Article 1.4. Enforcement of the Treaty

Each Party shall ensure, in accordance with its constitutional requirements, compliance with the provisions of this Treaty in its territory, at the central, regional and local levels, as appropriate, except as otherwise provided in this Treaty.

Article 1.5. Succession of Treaties

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

Chapter 2. GENERAL DEFINITIONS

Article 2.1. Definitions of General Application

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

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

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

Agreement on Import Licensing: the Agreement on Import Licensing Procedures, which is part of the WTO Agreement;

Agreement on TRIPS: 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 duty or tax and any charge of any kind levied in connection with the importation of goods, including any form of surcharge or additional charge in connection with such importation, but does not include any:

(a) charge equivalent to an internal tax applied in accordance with Article III: 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;

(b) antidumping or countervailing duty that is applied in a manner consistent with Article VI of the GATT 1994, the Antidumping Agreement, or the Agreement on Subsidies and Countervailing Measures;

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

(d) any premium offered, paid or collected on imported goods, arising from any tendering system, with respect to the administration of quantitative import restrictions or tariff-rate quotas or tariff preference quotas;

MFN customs tariff: the Most Favored Nation customs tariff;

Commission: the Administrative Commission established pursuant to Article 17.1 (Administrative Commission);

days means calendar days;

enterprise: any entity incorporated or organized under applicable law, whether or not for profit, and whether privately or governmentally owned, including any corporation, trust, partnership, sole proprietorship, joint venture, joint venture or other association, and a branch of an enterprise;

enterprise of a Party: an enterprise incorporated or organized under the domestic law of a Party, and a branch office located in the territory of a Party and carrying out substantive business activities in that territory;

existing: in effect at the date of entry into force of this Agreement;

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;

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

goods: products or merchandise as understood in the GATT 1994, whether originating or non-originating;

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 other countries;

originating good or originating material: a good or material that qualifies as originating in accordance with the provisions of Chapter 4 (Rules of Origin and Customs Procedures);

national: a natural person who has the nationality of a Party in accordance with its applicable legislation, but does not include permanent residents;

WTO: the World Trade Organization;

Party: the United Mexican States and the Republic of Panama;

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;

item: the first 4 digits of the tariff classification code of the Harmonized System;

person: a natural or juridical person, or an enterprise;

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

Tariff Elimination Program: the program set forth in Article 3.4 (Tariff Elimination);

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 well as its explanatory notes, as adopted and implemented by the Parties in their respective national legislation;

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

territory: for each Party, as defined in Annex 2.1; and

Treaty of Montevideo 1980: the Treaty establishing the Latin American Integration Association.

Annex 2.1. COUNTRY-SPECIFIC DEFINITIONS

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

government at the central level:

(a) with respect to Mexico, the government at the federal level; and

(b) with respect to Panama, the national level of government;

regional level government:

(a) with respect to Mexico, a federative entity of the United Mexican States; and

(b) with respect to Panama, "government at the regional level" does not apply;

local level government:

(a) with respect to Mexico, municipalities; and

(b) with respect to Panama, municipalities;

territory:

(a) with respect to Mexico:

(i) the states of the Federation and the Federal District;

(ii) the islands, including reefs and cays in adjacent seas;

(iii) the islands of Guadalupe and Revillagigedo, located in the Pacific Ocean;

(iv) the continental shelf and the submarine sockets of islands, cays and reefs;

(v) the waters of the territorial seas, to the extent and under the terms established by international law, and the internal maritime waters;

(vi) the space above the national territory, to the extent and under the terms established by international law; and

(vii) any area beyond the territorial seas of Mexico within which Mexico may exercise rights over the seabed and subsoil and over the natural resources contained therein, in accordance with international law, including the United Nations Convention on the Law of the Sea, as well as with its national legislation; and (b) in respect of Panama, the area beyond the territorial seas of Mexico within which Mexico may exercise rights over the seabed and subsoil and over the natural resources contained therein, in accordance with international law, including the United Nations Convention on the Law of the Sea, as well as with its national legislation.

(b) with respect to Panama, the land, maritime and air space under its sovereignty; the exclusive economic zone and the continental shelf, over which it exercises sovereign rights and jurisdiction, in accordance with its national legislation and international law.

Chapter 3. NATIONAL TREATMENT AND MARKET ACCESS FOR GOODS

Section A. Definitions and Scope of Application

Article 3.1. Definitions

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

import license or permit: the document issued by the relevant administrative body, as a condition precedent to importation into the territory of the importing Party, issued under an administrative procedure used for import licensing regimes, which requires the submission of an application or other documents (other than those required for customs purposes);

printed advertising materials: those goods classified in Chapter 49 of the Harmonized System, which includes brochures, advertising, commercial catalogs, loose sheets, yearbooks published by a trade association, tourist promotion materials and posters that are:

(a) used to promote, advertise, or publicize a good or service;

(b) intended to advertise a good or service; and

(c) distributed free of charge;

goods intended for exhibition or demonstration: goods that temporarily enter the territory of a Party for exhibition or demonstration purposes, including components, ancillary apparatus, and accessories of the goods;

goods temporarily admitted or imported for sporting purposes: sporting equipment for use in sporting competitions, events or training in the territory of the Party to which they are admitted or imported;

commercial sample of negligible value: a commercial sample having a value, individually or in the aggregate shipped, of not more than one United States dollar or in the equivalent amount in the currency of either Party, or which are marked, torn, perforated or otherwise treated so as to be unsuitable for sale or for use other than as a commercial sample;

advertising films and recordings: visual media or recorded audio materials consisting essentially of images and/or sound showing the nature or performance of a good or service offered for sale or rental by a person established or resident in the territory of a Party, provided that such materials are suitable for exhibition to potential customers, but not for dissemination to the general public, and are imported in packages each containing not more than one copy of each film or recording, and are not part of a larger consignment;

performance requirement: the requirement to:

(a) export a certain volume or percentage of goods or services;

(b) replace imported goods or services with goods or services of the Party granting the exemption from customs duties or import license;

(c) a person benefiting from a customs duty exemption or import license purchases other goods or services in the territory of the Party granting the customs duty exemption or import license, or grants a preference to goods produced in the territory of that Party;

(d) a person benefiting from a customs duty exemption or import license produces goods or services in the territory of the Party granting the customs duty exemption or import license with a specified level or percentage of domestic content, or

(e) 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;

but does not include a requirement that an imported good be:

(a) subsequently exported;

(b) used as a material in the production of another good that is subsequently exported;

(c) substituted for an identical or similar good used as a material in the production of another good that is subsequently exported; or

(d) substituted for an identical or similar good that is subsequently exported; and (e) substituted for an identical or similar good that is subsequently exported.

consular transactions or requirements: requirements that 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.

Article 3.2. Scope of Application

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

Section B. National Treatment

Article 3.3. National Treatment

1. Each Party shall accord national treatment to goods of the other Party in accordance with Article III of the GATT 1994, including its interpretative notes. For this purpose, Article III 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 regional or local level government, treatment no less favorable than the most favorable treatment accorded by that regional or local level government to any like, directly competitive, or substitute goods, as the case may be, of the Party of which it is a member.

3. Paragraphs 1 and 2 shall not apply to the measures set out in Annex 3.3.

Section C. Tariff Elimination

Article 3.4. Tariff Elimination

1. Except as otherwise provided in this Agreement, each Party shall eliminate its customs duties on originating goods in accordance with the Tariff Elimination Schedule set out in Annex 3.4.

2. Except as otherwise provided in this Agreement, no Party may increase any existing customs duties, or adopt any new customs duties, on originating goods.

3. With respect to goods excluded from the Tariff Elimination Program, any Party may maintain or adopt measures in accordance with its rights and obligations under the WTO Agreement.

4. At the request of either Party, the Parties shall consult to examine the possibility of improving the tariff terms and conditions of market access for originating goods covered by Annex 3.4. When the Parties approve an agreement to this effect, it shall prevail over any tariff or allowance category set out in their respective Tariff Elimination Schedules. These agreements shall be adopted through decisions of the Commission.

5. A Party may:

(a) increase a customs duty to be applied to an originating good to a level no higher than that set out in its Tariff Elimination Schedule, following a unilateral reduction of that customs duty; or

(b) maintain or increase a customs duty on an originating good, when authorized by the Dispute Settlement Body of the WTO Agreement.

Section D. Special Regimes

Article 3.5. Waiver of Customs Duties

1. No Party shall adopt a new waiver of customs duties, or extend the application of an existing waiver of customs duties with respect to existing beneficiaries, or extend it to new beneficiaries, where the waiver is conditioned, explicitly or implicitly, on compliance with a performance requirement.

2. No Party shall condition, explicitly or implicitly, the continuation of any existing waiver of customs duties on the fulfillment of a performance requirement.

Article 3.6. Temporary Admission or Importation of Goods

1. Each Party shall, subject to its national legislation, allow the temporary admission or importation free of customs duties of the following goods, provided that they are admitted or imported into its territory from the territory of the other Party, irrespective of their origin:

(a) professional equipment, including press equipment or broadcasting, television, and cinematography equipment, and computer software, necessary for the conduct of the business, trade, or profession of a person that qualifies for temporary entry under the national legislation of the importing Party;

(b) goods admitted or imported temporarily for sporting purposes and goods intended for exhibition or demonstration; and

(c) commercial samples, films and advertising recordings.

2. No Party may impose a condition on the temporary admission or importation free of duty of a good referred to in paragraph 1, other than that the good:

(a) is admitted or imported by a national or resident of the other Party requesting temporary entry;

(b) is used only by or under the personal supervision of a national or resident of the other Party in the exercise of that person's business, trade, profession, or sporting activity;

(c) is not for sale or lease while in its territory;

(d) is accompanied by a bond, if required by the importing Party, in an amount not to exceed the charges that would otherwise be due for entry or final importation, released upon departure of the good;

(e) is capable of identification upon export;

(f) is exported upon the departure of the person referred to in subparagraph (a), or within a period of time corresponding to the purpose of the temporary admission or importation that the importing Party establishes under its national legislation, or

(g) is admitted or imported in quantities no greater than is reasonable in accordance with its intended use.

3. Where a good is temporarily admitted duty-free pursuant to paragraph 1, and any condition imposed by a Party pursuant to paragraph 2 has not been complied with, the Party may impose:

(a) the customs duty and any other charges that would normally be due on the admission or final importation of the good; and

(b) such other charge or penalty as may be provided for under its domestic law.

4. Except as otherwise provided in this Agreement, a Party may not:

(a) prevent a vehicle or container used in international transportation that has entered its territory from the territory of the other Party from leaving its territory by any route that is reasonably related to the prompt and economic departure of the vehicle or container;

(b) require a bond or impose any penalty or charge solely on the ground that the port of entry of the vehicle or container is different from the port of departure;

(c) condition the release of any obligation, including any bond, which it imposes in connection with the entry of a vehicle or container into its territory on its departure through a particular port; or

(d) require that the vehicle or carrier bringing a container into its territory from the territory of the other Party be the same vehicle or carrier that brings it into the territory of the other Party.

5. For the purposes of paragraph 4, vehicle means a truck, tractor-trailer, tractor, trailer or trailer unit, a locomotive, or a railcar or other railway equipment.

Article 3.7. Goods Reimported after Repair or Alteration

1. No Party may apply a customs duty to a good, regardless of its origin, that has been re-entered into its territory after having been temporarily exported from its territory to the territory of the other Party for repair or alteration, regardless of whether such repair or alteration could have been carried out in the territory of the Party from which the good was

exported for repair or alteration.

2. No Party may apply a customs duty to a good that, regardless of its origin, is temporarily admitted from the territory of the other Party to be repaired or altered.

3. For purposes of this Article, repair or alteration does not include an operation or process that:

(a) destroys the essential characteristics of a good or creates a new or commercially different good, or.

(b) transforms an unfinished good into a finished good.

Article 3.8. Duty-Free Importation of Commercial Samples of Negligible Value and Printed Advertising Materials

Each Party shall allow duty-free importation of commercial samples of negligible value and printed advertising materials imported from the territory of the other Party, regardless of their origin, but may require that:

(a) such samples are imported only for the purpose of soliciting orders for goods or services provided from the territory of the other Party or a non-Party, or

(b) such advertising materials are imported in packages containing not more than one printed copy each, and that neither the materials nor the packages are part of a larger consignment.

Section E. Non-Tariff Measures

Article 3.9. Import and Export Restrictions

1. Except as otherwise provided in this Agreement, no 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 this Agreement and form an integral part thereof, mutatis mutandis.

2. The Parties understand that the rights and obligations of the GATT 1994 embodied in paragraph 1 prohibit, in any circumstances in which any other type of restriction is prohibited, a Party from adopting or maintaining:

(a) export price requirements and, except as permitted for the enforcement of antidumping and countervailing duty orders and undertakings, import price requirements;

(b) import licensing conditioned on compliance with a performance requirement; or

(c) voluntary export restraints inconsistent with Article VI of GATT 1994, implemented in accordance with Article 18 of the Agreement on Subsidies and Countervailing Measures and Article 8.1 of the Antidumping Agreement.

3. Paragraph 1 shall not apply to the measures set out in Annex 3.3.

Article 3.10. Import Licenses or Permits

The Agreement on Import Licensing is incorporated into and forms an integral part of this Agreement, mutatis mutandis. No Party shall maintain or adopt a measure that is inconsistent with that Agreement.

Article 3.11. Administrative Burdens and Formalities

1. Each Party shall ensure, in accordance with paragraph 1 of Article VIII of the GATT 1994 and its interpretative notes, that all fees and charges of any nature (other than customs duties, charges equivalent to an internal tax, or other domestic charges applied in accordance with paragraph 2 of Article III of the GATT 1994, and anti-dumping duties and countervailing measures), imposed on or in connection with importation or exportation, are limited to the approximate cost of services rendered and do not represent an indirect protection to domestic goods or a tax on imports or exports for fiscal purposes.

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

Article 3.12. Export Taxes

Except as provided in Annex 3.12, no Party shall adopt or maintain any tax, levy, or charge on exports of any good destined for the territory of the other Party, unless such tax, levy, or charge is also adopted or maintained on such good when destined for domestic consumption.

Section F. Other Measures

Article 3.13. Customs Valuation

The Customs Valuation Agreement shall govern the customs valuation rules applied by the Parties in their reciprocal trade. For this purpose, the Customs Valuation Agreement is incorporated into and forms an integral part of this Agreement, mutatis mutandis.

Section G. Agriculture

Article 3.14. Scope of Application

This Section applies to measures adopted or maintained by a Party relating to trade in agricultural goods.

Article 3.15. Domestic Support Measures for Agricultural Products

The Parties confirm their rights and obligations under the WTO Agreement on Agriculture with respect to domestic support commitments.

Article 3.16. Agricultural Export Subsidies

1. The Parties share the objective of the multilateral elimination of export subsidies for agricultural goods and shall work together to reach agreement in the WTO to eliminate such subsidies and to prevent their reintroduction in any form.

2. From the entry into force of this Agreement, neither Party may adopt or maintain export subsidies on any agricultural goods destined for the territory of the other Party.

Section H. Committee on Trade In Goods

Article 3.17. Committee on Trade In Goods

1. The Parties establish a Committee on Trade in Goods, composed of representatives of each Party.

2. The meetings of the Committee and of any ad-hoc working group established by it shall be chaired by representatives of the Secretaría de Economía of Mexico and of the Ministerio de Comercio e Industrias of Panama, or their respective successors.

3. The Committee shall meet at such time and place as the Parties may agree, at the request of either Party or the Commission, to consider any matter arising under this Chapter.

4. Meetings of the Committee may be held in person or by any technological means.

5. The Committee shall have the following functions:

(a) to oversee compliance with, application and correct interpretation of the provisions of this Chapter and its Annexes;

(b) to serve as a forum for the Parties to consult and resolve issues related to this Chapter, in coordination with any body established under this Agreement;

(c) address obstacles to trade in goods between the Parties, in particular those related to the application of non-tariff measures, and, if appropriate, submit such matters to the Commission for its consideration;

(d) make relevant recommendations on matters within its competence to the Commission;

(e) coordinate the exchange of information on trade in goods between the Parties;

(f) promoting cooperation in the implementation and administration of this Chapter;

(g) ensuring that concessions granted are maintained with future revisions of the Harmonized System;

(h) to establish ad-hoc working groups with specific mandates; and

(i) such other functions as the Commission may direct.

6. Decisions of the Committee shall be taken by consensus.

Chapter 4. RULES OF ORIGIN AND CUSTOMS PROCEDURES

Section A. Rules of Origin

Article 4.1. Definitions

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

aquaculture: the cultivation or breeding of aquatic species, including among others: fish, mollusks, crustaceans, other invertebrates and plants, covering their complete or partial biological cycle, from seeds such as eggs, immature fish, fry and larvae, which is carried out in a selected and controlled environment, in natural or artificial water environments, whether in marine, fresh or brackish waters. It includes stocking or seeding, restocking or replanting, cultivation, as well as research activities;

competent authority: the authority that, according to the national legislation of each Party, is responsible for this Chapter:

(a) in the case of Mexico, for the issuance of the certificate of origin, the Secretaría de Economía, and for the verification of origin, the Servicio de Administración Tributaria de la Secretaría de Hacienda y Crédito Público; and

(b) in the case of Panama, for the issuance of the certificate of origin, the Ministry of Commerce and Industries, and for the verification of origin, the National Customs Authority,

or its successors;

CIF: the value of the imported merchandise, including insurance and freight costs to the port or place of entry in the country of importation, regardless of the means of transportation;

shipping and repacking costs: the 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:

(a) sales promotion and marketing; 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; wholesale and retail restocking charges; and entertainment expenses;

(b) sales and marketing incentives; wholesale, retail and consumer rebates;

(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 dues;

(d) hiring and training of sales, marketing and after-sales personnel, and training of the customer's employees after the sale, when in the producer's financial statements and cost accounts such costs are separately identified for sales promotion, marketing and after-sales services of merchandise;

(e) insurance premiums for liability arising from the merchandise;

(f) office supplies for sales promotion, marketing and after-sales services, when in the producer's financial statements and cost accounts, such costs are separately identified for sales promotion, marketing and after-sales services of merchandise; (g) telephone, postage and other office supplies, when in the producer's financial statements and cost accounts, such costs are separately identified for sales promotion, marketing and after-sales services of merchandise;

(g) telephone, mail and other means of communication, when in the producer's financial statements and cost

accounts such costs are separately identified for sales promotion, marketing and after-sales services;

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

(i) property insurance premiums, taxes, utility costs, and repair and maintenance costs of offices and distribution centers, when in the producer's financial statements and cost accounts such costs are separately identified for sales promotion, marketing and after-sales services of merchandise; and

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

net cost: the total cost less the costs of sales promotion, marketing and after-sales services, shipping and repacking, and royalties;

total cost: the sum of the following elements:

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

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

(c) an amount for direct and indirect costs and expenses of manufacturing the good, reasonably allocable to the good, except for the following items:

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

(ii) costs and losses resulting from the sale of a portion of the business to the producer, 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 capital asset of the producer;

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

(vi) profits earned by the producer of the merchandise, whether or not retained by the producer or paid to others as dividends, and taxes paid on those profits, including capital gains taxes; and

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

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

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

exporter: a person, located in the territory of one of the Parties from which it exports a good to the territory of the other Party;

FOB: the value of the good free on board, including the cost of transportation to the port or place of final shipment, regardless of the means of transportation;

importer: a person located in the territory of one of the Parties, who imports a good from the territory of the other Party;

confidential information: information which, by its very nature, is of that nature, or which is provided in that capacity, in accordance with the national legislation of each Party, and which has not been previously published, is not available to third parties, or is not otherwise in the public domain;

material: a good that is used in the production of another good, including any component, ingredient, raw material, part or piece;

packaging materials and shipping containers: goods used to protect merchandise during transportation and does not include containers and materials in which merchandise is packaged for retail sale;

indirect materials: items used in the production of a good that are not physically incorporated into or part of the good, such as:

(a) fuel, energy, catalysts and solvents;

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

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

(d) tools, dies and molds;

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

(f) lubricants, greases, composites and other materials used in the production, operation of equipment or maintenance of buildings; and

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

intermediate material: an originating material that is produced by the producer of a good and used in the production of that good;

merchandise: any good, product, article or material;

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

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;

generally accepted accounting principles: the recognized consensus or substantial support authorized and adopted in the territory of a Party with respect to the recording of revenues, expenses, costs, assets and liabilities, the disclosure of information and the preparation of financial statements. Generally accepted accounting principles may encompass broad guidelines of general application as well as detailed standards, practices and procedures;

production: the growing, extracting, harvesting, fishing, raising, hunting, manufacturing, processing, or assembling of a commodity;

producer: a person located in the territory of a Party that cultivates, extracts, harvests, harvests, fishes, breeds, hunts, manufactures, processes, or assembles a good;

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

value: the price actually paid or payable for a good related to 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 paragraphs 1, 3 and 4 of Article 8 thereof, without considering that 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 goods; in the case of materials, the seller referred to in the Customs Valuation Agreement shall be the supplier of the material and the buyer shall be the producer of the goods.

Article 4.2. Originating Goods

A good shall be considered originating when it is:

(a) wholly obtained or produced entirely in the territory of one or both Parties, as defined in Article 4.3;

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

(c) produced in the territory of one or both of the Parties from non-originating materials that meet the specific origin requirements as specified in Annex 4.2 and the good complies with the other provisions applicable to this Chapter;

and also complies with all other applicable provisions of this Chapter.

Article 4.3. Wholly Obtained or Wholly Produced Goods

The following goods shall be considered to be wholly obtained or wholly produced in the territory of a Party:

(a) plants and plant products harvested or collected in the territory of a Party;

(b) live animals born and raised in the territory of a Party;

(c) goods obtained from live animals born and raised in the territory of a Party referred to in subparagraph (b);

(d) goods obtained from hunting, fishing or aquaculture in the territory of a Party;

(e) fish, crustaceans, mollusks and other marine species taken from the sea or seabed, outside the territory of a Party, by vessels registered or recorded in a Party and flying the flag of that Party;

(f) goods produced on board factory ships provided that they are registered or recorded in a Party and flying the flag of that Party, exclusively from the goods referred to in subparagraph (e);

(g) minerals and other inanimate natural resources extracted from the soil, waters, seabed or subsoil in the territory of a Party;

(h) commodities, other than fish, crustaceans, mollusks, and other living marine species, obtained or removed by a Party from marine waters, seabed, or subsoil outside the territory of a Party, provided that Party has rights to exploit such marine waters, seabed, or subsoil in accordance with international law;

(i) wastes and residues derived from:

(i) production operations conducted in the territory of a Party; or

(ii) used goods collected in the territory of a Party, provided that such waste or scrap is used only for the recovery of raw materials; and (iii) wastes and residues from the production operations conducted in the territory of a Party.

(j) goods produced in the territory of a Party exclusively from the goods referred to in subparagraphs (a) through (i).

Article 4.4. Regional Value Content

1. Except as provided in paragraph 5, 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. The regional value content value of a good based on the transaction value method shall be calculated in accordance with the following formula:

RVC = TV - VMN / TV x 100

where:

RVC: is the regional value content expressed as a percentage;

TT: is the transaction value of a good adjusted on an FOB basis, except as provided in paragraph 3; and

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

3. For 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 in accordance with the net cost method, the following formula shall be applied:

RVC = NC - VMN / NC x 100

where:

RVC: is the regional value content expressed as a percentage;

NC: is the net cost of the good; and

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

5. Each Party shall provide that an exporter or producer shall calculate the regional value content of a good exclusively in accordance with the net cost method referred to in paragraph 4 where there is no transaction value or the transaction value

cannot be determined in accordance with the principles of Article 1 of the Customs Valuation Agreement.

Article 4.5. Value of Materials

1. The value of a material:

(a) shall be the transaction value of the material; or

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

2. Where not considered in subparagraphs 1 (a) or 1 (b), 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 territory of the Party where the producer of the good is located, except as provided in paragraph 3, and.

(b) the costs 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% of the value of the material, determined in accordance with paragraph 1.

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

4. For goods classified in headings 8701 through 8708, 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 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, four-monthly, or semiannual period.

Article 4.6. Minimum Operations or Processes

Notwithstanding the provisions of Annex 4.2 the operations or practices which, individually or in combination, do not confer origin to a good are the following:

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

(b) operations intended to ensure the preservation of the goods in good condition during transport or storage, such as aeration, refrigeration, freezing, drying or addition of substances, stabilizers or preservatives;

(c) sifting, shelling, splitting, dividing, painting, sorting, grading, grading, washing or cutting;

(d) folding, rolling or unrolling, sharpening or grinding;

(e) packing, repacking, wrapping, repacking, wrapping or repacking for retail sale or packaging for transport;

(f) the application of marks, labels, logos or other similar distinctive signs on goods or their containers; and

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

Article 4.7. Intermediate Material

1. For purposes of calculating the 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 the good, provided that such material is an originating good under Article 4.2.

2. Where the intermediate material is subject to a regional value content in accordance with Annex 4.2, the regional value content shall be calculated on the basis of the net cost method set out in Article 4.4.

3. For the purposes of calculating the regional value content of the good, the value of the intermediate material shall be the total cost that may reasonably be assigned to that intermediate material.

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

5. Except where two or more producers cumulate their production under Article 4.8, the restriction set out in paragraph 4 shall not apply to an intermediate material used by another producer in the production of a material that is subsequently acquired and used in the production of a good by the producer referred to in paragraph 4.

Article 4.8. Cumulation

1. Each Party shall provide that goods or materials originating in a Party that are incorporated into a good in the territory of the other Party shall be considered to originate in the territory of that other Party, provided that they comply with the applicable provisions of this Chapter.

2. Each Party shall provide that a good shall be considered originating when it is produced in the territory of one or both Parties by one or more producers, provided that the good meets the requirements of Article 4.2 and the other applicable requirements of this Chapter.

Article 4.9. De Minimis

1. A good that does not comply with the applicable change in tariff classification set out in Annex 4.2 shall be considered to be originating if:

(a) the value of all non-originating materials used in its production that do not comply with the change in tariff classification pursuant to Annex 4.2 does not exceed 10% of the FOB value of the good. The good shall comply with all other applicable criteria set out in this Chapter, or

(b) where the good referred to in paragraph 1 is subject to a regional value content requirement, the value of all non-originating materials shall be included in the calculation of the regional value content of the good.

2. Paragraph 1 shall not apply to:

(a) goods covered by Chapters 50 through 63 of the Harmonized System, and.

(b) a non-originating material that is used in the production of goods falling within Chapters 01 through 24 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 under this Article.

3. A good classified in Chapters 50 through 63 of the Harmonized System, produced in the territory of a Party, shall be considered originating if the weight of all non-originating fibers or yarns of the component that determines the tariff classification of the good, that do not meet the applicable tariff classification change requirement, does not exceed 7% of the total weight of the good.

Article 4.10. Fungible Goods or Materials

1. For purposes of determining whether a good is originating, where originating and non-originating fungible materials that are physically mixed or combined in inventory are used in the production of the good, 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 to 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 fungible materials or goods shall be as follows:

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

(b) "LIFO" (last-in-first-out) is the method of inventory management whereby the origin of the number of units of the expendable materials or commodities last received into inventory is considered as the origin, in equal number of units, of

the expendable materials or commodities first removed from inventory; or

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

PMO = TMO / TMOYN x 100

where:

PMO: is the average of the originating fungible materials or goods;

TMO: is the total number of units of the originating materials or consumables in the pre-departure inventory; and

TMOYN: is the sum total of units of the originating and non-originating fungible materials or goods that are part of the pre-departure inventory;

(d) any other that the Parties may agree.

4. For the case in which the good 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: is the average of the non-originating materials;

TMN: is the total value of non-originating fungible materials forming part of the pre-departure inventory; and

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

5. The inventory management method selected, in accordance with paragraph 3, for a particular commodity or fungible material shall continue to be used for those commodities or materials during the taxable year of the person who selected the inventory management method.

Article 4.11. Accessories, Spare Parts and Tools

1. Accessories, spare parts, tools, and other instructional or informational materials delivered with the good shall be disregarded in determining whether all non-originating materials used in the production of the good meet the applicable change in tariff classification, provided that:

(a) the accessories, spare parts, tools, and other instructional or informational materials are classified with the good and have not been separately invoiced, regardless of whether each is separately identified on the invoice itself; and

(b) the quantities and value of such accessories, spare parts, tools, and other instructional or informational materials are customary for the good.

2. If a good is subject to a regional value content requirement, the value of the accessories, spare parts, tools, and other instructional or informational materials described in paragraph 1 shall be considered as originating or non-originating materials, as the case may be, in calculating the regional value content of the good.

Article 4.12. Retail Containers and Packaging Materials

1. Where the containers and packaging materials in which a good is presented for retail sale are classified together with the good they contain, they 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 4.2.

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

3. Where a good is wholly obtained or wholly produced in accordance with Article 4.3 or is produced exclusively from originating materials in accordance with Article 4.2, containers and packaging materials classified together with the packaged good shall not be taken into account in the determination of origin.

Article 4.13. Packing Materials and Shipping Containers

Each Party shall provide that packaging materials and shipping containers shall not be taken into account in determining whether a good is originating.

Article 4.14. Indirect Materials

Indirect materials shall be considered as originating regardless of the place of their production.

Article 4.15. Third Country Goods

1. The Parties shall consider goods originating in a free zone (1) located in the territory of one of the Parties that comply with the origin provisions in accordance with the treaties or trade agreements in force between a Party and a third country non-Party (2) , shall not lose that status provided that: (i) it is proven that the same have remained under customs control and supervision, even when operations such as transshipment, storage, deconsolidation or splitting of shipments, sales, packing, packaging, wrapping, making of promotional packages, labeling of packaging, or consolidation have taken place; (ii) the merchandise is not the object of production in such zones; (iii) such operations are carried out in accordance with such treaties or trade agreements; and (iv) the other applicable provisions thereof are complied with. Customs control and supervision may be evidenced by means of a document issued by the customs authorities of the free zone. (3)

2. An invoice relating to third country goods exported pursuant to a trade treaty or agreement referred to in paragraph 1 may be issued by a logistics operator established in a free zone located in the territory of one of the Parties, provided that it is issued in compliance with the provisions of the applicable trade treaty or agreement permitting invoicing in third countries.

3. In case of discrepancy between the provisions of this Article and the applicable provisions of the treaties or trade agreements referred to in paragraph 1, the provisions of such treaties or trade agreements shall prevail.

(1) For the purposes of this Article, the term free zones includes "free zones" or any other denomination given by the Parties, provided that they are areas of the customs territory of a Party into which goods are introduced without payment of customs duties, and which at all times remain under the control and surveillance of the customs authority.

(2) For greater certainty, the Parties consider that this provision is without prejudice to the interpretation that third countries may have with respect to the applicable provisions of their treaties or trade agreements in force with the Parties.

(3) For greater certainty, in the case of Panama it shall be referred to as a Re-export Certificate.

Article 4.16. Sets of Goods

1. If goods are classified as a set as a result of the application of Rule 3 of the General Rules for the Interpretation of the Harmonized System, the set shall be considered as originating only if each good in the set is originating and both the set and the goods comply with all other applicable requirements of this Chapter.

2. Notwithstanding paragraph 1, a set of goods shall be originating if the value of all the non-originating goods in the set does not exceed 10% of the value of the set.

3. The provisions of this Article shall prevail over the specific rules of origin set out in Annex 4.2.

Article 4.17. Transshipment and Direct Shipment or International Transit

1. An originating good shall not lose its originating status when it is exported from one Party to the other Party and during its transportation it passes through the territory of any other non-Party, provided that the following requirements are met:

(a) the transit is justified by geographical reasons or by considerations relating to logistical operations for international trade and transport;

(b) during transit or transshipment it is not transformed or subjected to operations other than loading, unloading, splitting

of consignments, storage, packing, wrapping, packaging, repacking, labeling, reloading, handling or any other operation necessary to ensure its preservation; and

(c) remains under the control or supervision of the customs authority in the territory of the non-Party.

2. Compliance with the provisions set forth in subparagraph 1(c) shall be evidenced by the presentation to the customs authority of the importing Party of:

(a) in the case of transit or transshipment, the transport documents, such as the air waybill, bill of lading, consignment note or multimodal transport documents, evidencing transportation from the country of origin to the importing Party, as the case may be; or

(b) in the case of storage, the transport documents, such as the air waybill, bill of lading, consignment note or multimodal transport documents, evidencing transportation from the country of origin to the importing Party, as the case may be, and the documents issued by the customs authority of the country where the storage takes place.

Section B. Customs Procedures

Article 4.18. Certification of Origin

1. The certificate of origin and the declaration of origin shall have a single format established in Annex 4.18, which may be issued in written or electronic form (4). The certificate of origin shall be duly completed in accordance with its instructions. These forms may be modified by the Commission.

2. The certificate of origin referred to in paragraph 1 shall serve to certify that a good exported from the territory of one Party to the territory of the other Party qualifies as originating. The certificate of origin shall be valid for a maximum of 1 year from the date of its issuance.

3. The importer may request preferential tariff treatment based on a certificate of origin issued by the competent authority of the exporting Party, at the request of the exporter.

4. For the purposes of issuing the certificate of origin, the competent authority shall review in its territory the documentation determining the originating status of the goods. If the competent authority considers it appropriate, it may request any supporting evidence, make inspection visits to the exporter's or producer's facilities or carry out any other control it deems appropriate.

5. Each Party shall provide that the certificate of origin may cover:

(a) a single shipment of one or more goods into the territory of a Party, or.

(b) several shipments of identical goods to be made within any period set out in the written or electronic certification, not to exceed 12 months from the date of issuance.

(4) The Parties undertake that once they have the necessary infrastructure in place, electronic certification shall be implemented.

Article 4.19. Duplicate Certificate of Origin

1. In case of theft, loss or destruction of a certificate of origin, the exporter may apply in writing to the competent authority for a duplicate of the original, which shall be made on the basis of the documents in the possession of the competent authority.

2. The phrase "Duplicate of certificate of origin No .... with date of issue ....." shall be entered in the "Remarks" field. The validity of the said certificate of origin shall be counted from the date of issue of the original certificate of origin.

Article 4.20. Obligations Regarding Imports

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

(a) declare in writing, on the import document provided for in its domestic legislation, on the basis of a valid certificate of origin, that the good qualifies as originating;

(b) presents the valid certificate of origin at the time of making the declaration referred to in subparagraph (a);

(c) has in its possession, as the case may be, the documents evidencing compliance with the requirements established in Article 4.17 (2).

2. When a certificate of origin is not accepted by the customs authority of the importing Party because it contains omissions in its completion or errors of form that create doubts as to the accuracy of the certificate, such authority may request the importer to present the certificate of origin in which the irregularities detected are corrected within 20 working days from the day following the day of notification of the request.

3. Each Party shall provide that, where an importer in its territory fails to comply with any of the requirements set out in this Chapter, the importing Party shall deny the preferential tariff treatment requested for the good imported from the territory of the other Party.

4. Each Party shall provide that, where the importer has not requested preferential tariff treatment for a good imported into its territory that it has qualified as originating, the importer may, within 1 year from the date of importation, request a refund of the excess customs duties paid, provided that the request is accompanied by:

(a) a written declaration, stating that the merchandise qualified as originating at the time of importation;

(b) the certificate of origin, and

(c) any other documentation related to the importation of the good, as required by the importing Party.

Article 4.21. Obligations Regarding Exports

1. Each Party shall provide that its exporter or producer that has signed a certificate or declaration of origin and has reason to believe that such certificate or declaration contains incorrect information shall promptly communicate, in writing, any change that may affect the accuracy or validity of the certificate or declaration of origin to all persons to whom it has delivered such certificate or declaration of origin, as the case may be, and to its competent authority. In cases where the said communication is made prior to the customs authority of the importing Party having initiated the exercise of its powers of verification in accordance with its national legislation, the exporter or the producer may not be penalized for having submitted an incorrect certificate or declaration, respectively.

2. Each Party shall provide that the competent authority of the exporting Party shall notify the competent authority of the importing Party in writing of the notification referred to in paragraph 1.

3. Each Party shall provide that false certification by an exporter or producer in its territory that a good to be exported to the territory of another Party qualifies as originating shall have the same legal consequences, with such modifications as the circumstances may require, as those that would apply to an importer in its territory who makes false declarations or representations in contravention of its customs laws and regulations.

Article 4.22. Record Keeping Requirements

1. The competent authority shall keep a copy of the certificate of origin for at least 5 years from the date of its issuance. Such file shall include all the background information on which the certificate of origin was issued.

2. An exporter applying for a certificate of origin in accordance with Article 4.18 shall keep for at least 5 years from the date of issuance of such certificate, all records and documents necessary to demonstrate that the good was originating.

3. An importer claiming preferential tariff treatment for a good shall retain for a minimum of 5 years from the date of importation of the good, the documents related to the importation, including the certificate of origin.

4. The records and documents referred to in paragraphs 1 through 3 may be maintained in paper or electronic form, in accordance with the national legislation of each Party.

Article 4.23. Exceptions to the Obligation to Present the Certificate of Origin

1. The Parties shall not require a certificate of origin in the case of:

(a) an importation of goods the customs value of which does not exceed the amount of one thousand dollars of the United States of America (US$ 1,000.00) or its equivalent in the national currency of the importing Party or such greater amount as the importing Party may establish, or

(b) an importation of goods for which the importing Party has waived the requirement to present the certificate of origin.

2. Paragraph 1 shall not apply to imports, including staggered imports, that are made or intended to be made for the purpose of evading compliance with the certification of origin requirements of this Chapter.

Article 4.24. Invoicing by a Third Country Operator

1. Goods that comply with the applicable requirements of this Chapter shall retain their originating status even when invoiced by traders in a non-Party.

2. The certificate of origin shall indicate in the "Remarks" field when a good is invoiced by a trader in a non-Party.

Article 4.25. Procedures to Verify Origin

1. The customs authority of the importing Party may, upon request, request information from the competent authority of the exporting Party for the purpose of verifying the authenticity of the certificates of origin or the veracity of the information contained therein.

2. The competent authority of the exporting Party shall have a period of 60 days following the date of receipt of the request to provide the information requested.

3. In the event that the customs authority of the importing Party does not receive the requested information and documentation within the established period or that the exporting Party does not recognize the authenticity of the certificates of origin or the veracity of the information contained therein, preferential tariff treatment may be denied to the goods covered by the certificates of origin subject to review.

4. To determine whether a good that is imported from the territory of the other Party with preferential tariff treatment qualifies as originating, the importing Party may, through its competent authority, verify the origin of the good through one or more of the following procedures:

(a) written questionnaires and requests for information addressed to the exporter or producer of the good in the territory of the other Party;

(b) verification visits to the exporter or producer in the territory of the other Party for the purpose of examining the records and documents referred to in Article 4.22, in addition to inspecting the production facilities and processes, including the materials or products used in the production of the good; and

(c) such other procedures as the Parties may agree.

5. For the purposes of this Article, the customs authority of the importing Party shall inform the importer of the verification process it is carrying out, once it has begun.

6. Likewise, the importer shall have a period of 30 days following the date of notification of the initiation of the verification of origin process, to provide the documents, evidence or statements that he considers pertinent, and may request in writing to the customs authority, only once, an extension, which may not exceed 30 days. In the event that the importer fails to submit such documentation, it shall not be considered sufficient reason to deny preferential tariff treatment.

7. In accordance with the provisions of paragraph 4, written questionnaires and requests for information shall contain:

(a) the name, title and address of the competent authority for the verification of origin requesting the information;

(b) the name and address of the exporter or producer from whom the information and documentation is requested;

(c) the description of the information and documents required; and

(d) the legal basis for the requests for information or written questionnaires.

8. An exporter or producer receiving a written questionnaire and requests for information under this Article shall respond and return it within 30 days from the date on which it is received. During such period, the exporter or producer may, on a single occasion, request in writing to the customs authority of the importing Party an extension thereof, which may not exceed 30 days.

9. The customs authority of the importing Party may request additional information from the exporter or producer, even if it has received the written questionnaire or the requested information referred to in subparagraph 4 (a). In this case, the

exporter or producer shall have 30 days following the date of notification of the request to respond.

10. In the event that the exporter or producer does not return the written questionnaire duly answered within the period granted or during the extension thereof, or if the information provided therein does not provide evidence of the origin of the good, the importing Party shall deny preferential tariff treatment to the goods subject to verification, notifying the exporter or producer of its determination to deny preferential tariff treatment, including the facts and the legal basis thereof.

11. Before conducting a verification visit pursuant to subparagraph 4(b), the competent authority of the importing Party shall be required to notify in writing its intention to conduct the verification visit. The notification shall be sent to the exporter or producer to be visited, and to the customs authority of the Party in whose territory the visit is to take place.

12. The notification referred to in paragraph 11 shall contain:

(a) the name and address of the customs authority making the notification;

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

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

(d) the purpose and scope of the proposed verification visit, making specific mention of the good or goods to be verified;

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

(f) the legal basis for the verification visit.

13. If within 30 days following the date of receipt of the notification of the proposed verification visit pursuant to paragraph 11, the exporter or producer does not give its written consent to the customs authority of the importing Party to the conduct of the verification visit, the importing Party shall deny preferential tariff treatment to the goods that would have been the subject of the verification visit and the certificate of origin covering such goods shall be considered invalidated, notifying in writing the exporter or producer, the importer and the customs authority of the exporting Party of its determination to deny preferential tariff treatment, including the facts and legal basis.

14. Each Party shall provide that where the exporter or producer receives a notification under paragraph 11 it may, within 15 days of the date of receipt of the notification, request, on a one-time basis, an extension of the proposed verification visit for a period of not more than 30 days from the date proposed under paragraph 12, or for such longer period as the Parties may agree, within 15 days of the date of receipt of the notification, to request an extension of the proposed verification visit for a period of not more than 30 days from the date proposed under paragraph 12, or for such longer period as agreed upon by the Parties. For this purpose, the competent authority of the importing Party and of the exporting Party shall be notified of the extension of the visit.

15. A Party may not deny preferential tariff treatment solely on the basis of a request for an extension of the verification visit, as provided in paragraph 14.

16. Each Party shall allow the exporter or producer whose goods are the subject of a verification visit to designate 2 observers to be present during the visit, provided that they act solely in that capacity. Failure to designate observers by the exporter or producer shall not result in an extension of the visit.

17. The importing Party may deny preferential tariff treatment to a good subject to a verification of origin when, in the course of a verification visit, the exporter or producer of the good fails to make available to the customs authority of the importing Party the records and documents referred to in Article 4.22.

18. Once the verification visit is concluded, the officials of the customs authority of the importing Party shall sign a record jointly with the producer or exporter and, if applicable, with the observers. Said minutes shall record the information and documentation gathered by the customs authority of the importing Party, as well as any other fact considered relevant for the determination of the origin of the goods subject to verification and shall include the name of the officials in charge of the visit, the name of the person responsible for attending the visit for the company and the name of the observers. In the event that the producer or exporter, or the observers, refuse to sign the minutes, this fact shall be recorded. Refusal to sign the minutes by the exporter, producer or observers shall not invalidate the minutes.

19. The competent authority of the importing Party shall, within a period not exceeding 1 year following the date of receipt of the notification of the initiation of the verification process, notify by means of a written resolution, the exporter or producer whose goods have been subject to verification of origin, in which the origin of the goods is determined, as well as the legal grounds and findings of fact. The determination shall be made known to the importer.

20. Each Party shall provide that if within the term indicated in paragraph 19 the competent authority of the importing Party does not issue the determination of origin, the goods subject to the verification of origin shall be considered originating.

21. Each Party shall provide that, if as a result of the determination of origin referred to in paragraph 19, it is established that the goods are not originating, the certificate of origin shall be considered invalid.

22. Where a Party's verification establishes that the exporter or producer has falsely or unjustifiably certified or declared more than once that a good qualifies as originating, the importing Party may suspend preferential tariff treatment for identical goods exported or produced by that person until that person proves that it complies with the provisions of this Chapter.

23. The importing Party shall not apply a ruling under paragraph 19 to an importation made before the date on which such ruling takes effect, provided that:

(a) the competent authority from whose territory the good has been imported has made an advance ruling under Article 5.11 (Advance Rulings), or any other ruling on tariff classification or value of materials, on which a person is entitled to rely; and

(b) such rulings are prior to the notification of the initiation of the verification of origin.

For the purposes of this Article, any written communication sent by the customs authority of the importing Party to the exporter or producer shall be made by means of:

(a) registered mail or other forms with acknowledgement of receipt confirming receipt of the documents or communications, or.

(b) such other form as the Parties may agree through the Committee on Rules of Origin, Customs Procedures, Trade Facilitation, and Customs Cooperation.

Article 4.26. Review and Challenge

Each Party shall ensure with respect to its administrative acts on matters covered by this Chapter that producers, exporters, or importers in its territory have access to:

(a) an instance of administrative review independent of the instance that issued such administrative act, and.

(b) a judicial review body for administrative acts.

Article 4.27. Confidentiality

1. Where a Party provides information to the other Party under this Chapter and designates it as confidential, the other Party shall maintain the confidentiality of such information in accordance with its domestic law.

2. The Party providing the information may require the other Party to provide a written statement to the effect that the information shall be kept confidential and shall be used only for the purposes specified in the other Party's request for information.

3. A Party may refuse to provide information requested by another Party where that Party has not acted in accordance with paragraph 1.

4. Each Party shall, in accordance with its domestic law, adopt or maintain procedures under which confidential information submitted by the other Party, including information the disclosure of which would prejudice the competitive position of the person providing the information, is protected from disclosure contrary to the terms of this Article.

Article 4.28. 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 4.29. Committee on Rules of Origin, Customs Procedures, Trade Facilitation, and Customs Cooperation

1. The Parties establish a Committee on Rules of Origin, Customs Procedures, Trade Facilitation, and Customs Cooperation

composed of representatives of each Party, which shall have competence over the provisions of this Chapter and Chapter 5 (Trade Facilitation and Customs Cooperation).

2. The functions of the Committee shall include:

(a) monitoring the implementation and administration of the Chapters referred to in paragraph 1;

(b) proposing to the Commission:

(i) adjustments and modifications to Annex 4.2, as a result of amendments to the Harmonized System or the evaluation of a request submitted by a Party, duly substantiated, that is due to changes in production processes or other matters related to the determination of the origin of a good;

(ii) any modification or interpretation of the provisions of the chapters referred to in paragraph 1; and

(iii) modifications to the format and instructions for the certificate of origin and the declaration of origin referred to in Article 4.18;

(c) resolve any dispute relating to tariff classification. If the Committee does not reach a decision on the matter, it may consult as appropriate with the World Customs Organization, whose recommendation shall be taken into consideration by the Parties; and

(d) deal with any other matter relating to the Chapters referred to in paragraph 1.

3. Unless the Parties agree otherwise, the Committee shall meet once a year, on the date and according to the agenda previously agreed by the Parties. The Parties shall determine those cases in which extraordinary meetings may be held.

4. The meetings may be held by any means agreed upon by the Parties, and when they 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.

Chapter 5. TRADE FACILITATION AND CUSTOMS COOPERATION

Article 5.1. Definitions

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

competent authority:

(a) in the case of Mexico, the Secretaría de Hacienda y Crédito Público, and

(b) in the case of Panama, the National Customs Authority, or its successors;

requested authority: the competent authority from which cooperation or assistance is requested;

requesting authority: the competent authority requesting cooperation or assistance;

information: data, documents, reports or other communications in any format, including electronic, as well as copies certified or qualified as originals;

customs infringement means any violation or attempted violation of the customs legislation of each Party; and

customs legislation: the legal and administrative provisions, the application of which is the responsibility of the competent authorities in the territory of the Parties, governing the import, export, transit of goods or any other customs procedure, including measures of prohibition, restriction and control.

Section A. Trade Facilitation

Article 5.2. Publication

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

2. Each Party shall designate or maintain one or more inquiry points to respond to inquiries from interested persons on customs matters, and shall make available, through the Internet, easily accessible information to formulate such consultations.

3. To the extent practicable, each Party shall publish in advance any regulations of general application governing customs matters that it proposes to adopt, and shall provide interested persons with an opportunity to comment prior to their adoption.

Article 5.3. Clearance of Goods

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

2. Pursuant to paragraph 1, each Party shall adopt or maintain procedures that:

(a) provide for the release of goods within no longer than the period required to ensure compliance with its customs legislation and, to the extent practicable, for the release of goods within 48 hours of unloading, provided that all legal requirements for release are met;

(b) allow, to the extent practicable, the goods to be cleared at the point of arrival without temporary transfer to warehouses or other premises; and

(c) permit importers, in accordance with their national legislation, to remove the goods from their customs offices in cases where the competent authority makes the final assessment of the applicable customs duties, taxes and charges, prior to and without prejudice to such assessment.

3. Each Party shall ensure, to the extent possible, that its competent authorities involved in border control, export and import of goods cooperate to facilitate trade by coordinating information and document requirements, establishing a single place and time for physical and documentary verification, among others.

Article 5.4. Automation

Each Party shall endeavor to use information technology to expedite procedures for the release of goods. In choosing the information technology to be used for this purpose, each Party shall:

(a) shall make efforts to use international standards;

(b) 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 consignment to enable the clearance of goods upon arrival;

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

(e) work toward the interoperability of the electronic systems of the competent authorities of the Parties to facilitate the exchange of international trade data; and

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

Article 5.5. Risk Administration or Risk Management

1. Each Party shall adopt or maintain risk management systems that enable its competent authority to focus its inspection activities on high-risk goods, and that simplify the clearance and movement of low-risk goods, while respecting the confidential nature of the information obtained through such activities.

2. In implementing risk management, each Party shall inspect imported goods based on appropriate selectivity criteria and with the aid of non-intrusive inspection tools, with the aim of reducing the physical inspection of goods entering its territory.

3. The Parties shall adopt cooperative programs to strengthen the risk management system based on best practices established between them.

Article 5.6. Expedited Delivery Shipments

Each Party shall adopt or maintain expedited customs procedures for rapid delivery shipments, while allowing for adequate control and selection of goods. Such procedures shall:

(a) provide for a simplified and expedited customs procedure for rapid delivery shipments;

(b) provide for the electronic submission or transmission and processing of the necessary information, in accordance with their national legislation, for the clearance of the goods, prior to their arrival;

(c) permit the presentation of a single manifest covering all the goods contained in a consignment transported by an express delivery service, if possible, by electronic means;

(d) provide for the clearance of certain goods with a minimum of documentation, in accordance with its national legislation;

(e) in normal circumstances, provide for the clearance of express delivery consignments within 6 hours of the presentation of the necessary customs documents, provided that the consignment has arrived and no irregularities have been detected;

(f) under normal circumstances, provide that no customs duties shall be assessed on express delivery shipments up to the amount determined under the national legislation of each Party; and

(g) notwithstanding subparagraph (f), a Party may impose customs duties or taxes and require formal entry documents for restricted goods in accordance with its domestic law.

Article 5.7. Authorized Economic Operator

1. The Parties shall implement Authorized Economic Operator programs in accordance with the WCO Framework of Standards to Secure and Facilitate Global Trade (SAFE Framework of Standards).

2. The Parties shall work towards Mutual Recognition Agreements for their Authorized Economic Operator programs.

Article 5.8. Single Window for Foreign Trade

1. The Parties shall implement and strengthen their Foreign Trade Single Windows for the streamlining and facilitation of trade, and to the extent possible, shall seek interoperability between them, in order to exchange information that expedites trade and allows the Parties, among others, to verify the information of foreign trade operations carried out.

2. For the purposes of paragraph 1, the Parties may establish cooperation programs to strengthen their Foreign Trade Single Windows.

Article 5.9. Means of Challenge

Each Party shall ensure with respect to its administrative acts in customs matters that all persons subject to such acts in its territory have access to:

(a) a level of administrative review independent of the body or official that issued such administrative act in accordance with its national law; and

(b) judicial review of administrative acts.

Article 5.10. Sanctions

Each Party shall adopt or maintain measures that permit the imposition of civil or administrative penalties and, where appropriate, criminal penalties for failure to comply with its national laws and regulations governing the entry, exit, or transit of goods, including, inter alia, those governing tariff classification, customs valuation, rules of origin, and claims for preferential treatment under this Agreement.

Article 5.11. Advance Rulings

1. Each Party, through its competent authority, shall, prior to the importation of goods into its territory, issue an advance ruling in writing on the written request of an importer in its territory, or an exporter or producer in the territory of the other Party, based on the facts and circumstances presented by such importer, exporter, or producer of the good, provided that the requesting Party has submitted all information required by the Party.

2. Advance rulings shall be issued with respect to:

(a) tariff classification;

(b) whether a good qualifies as originating under the Rules of Origin and Customs Procedures provisions of this Agreement;

(c) the application of customs valuation criteria, in accordance with the Customs Valuation Agreement; and

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

3. Each Party shall adopt or maintain procedures for the issuance of advance rulings, including:

(a) the information reasonably required to process the request;

(b) the authority of the competent authority to request additional information from the applicant during the process of evaluating the application; and

(c) the obligation of the competent authority to issue a complete, well-founded and reasoned advance ruling.

4. Each Party shall issue an advance ruling in accordance with the time limit set out in its domestic law, which may not exceed 150 days following the date on which the applicant has submitted all the information that the Party requires, including, if the Party so requests, a sample of the good for which the applicant is requesting an advance ruling. In making an advance ruling, the Party shall take into account the facts and circumstances that the requester has submitted.

5. Advance rulings shall take effect from the date of their issuance, or such later date specified in the ruling, and shall remain in effect for at least 3 years, provided that the facts or circumstances on which the ruling is based have not changed.

6. The advance ruling may be modified or revoked, ex officio or at the request of the holder of the ruling, as appropriate, in the following cases:

(a) when the advance ruling was based on false or inaccurate information;

(b) when the circumstances or facts on which it was based change; or

(c) to comply with an administrative or judicial decision, or to conform to a change in the domestic law of the Party that issued the advance ruling.

7. The Party issuing the ruling may modify or revoke it and shall notify the applicant of the measure adopted, which shall take effect from the date on which it is notified or from a later date established by the ruling.

8. The modification or revocation of an advance ruling may not be applied retroactively, unless the person to whom it was issued has submitted incorrect or false information.

9. A Party may refuse to issue an advance ruling if the facts and circumstances that form the basis for the advance ruling are subject to review in administrative or judicial proceedings. In such cases, the Party shall notify the applicant in writing, stating the factual and legal reasons on which the decision is based.

10. Subject to confidentiality requirements under its domestic law, each Party shall make its advance rulings publicly available, including on the Internet.

11. If an applicant provides false information or omits relevant facts or circumstances relating to the advance ruling, or fails to act in accordance with the terms and conditions of the ruling, the Party issuing the ruling may apply appropriate measures, including civil, criminal and administrative actions, monetary penalties or other sanctions, in accordance with its domestic law.

Section B. Cooperation and Mutual Assistance In Customs Matters

Article 5.12. Scope of Application

1. The provisions of this Section shall be applicable in the territory of the Parties only for cooperation and mutual assistance in customs matters, in accordance with the national legislation of each Party.

2. The Parties, through their competent authorities, shall provide each other with mutual cooperation and assistance in customs matters in order to ensure the proper application of their customs legislation, the facilitation of customs procedures, and the prevention, investigation and punishment of customs offenses.

3. The information provided shall be used solely for the purposes set forth in this Section, including in cases where it is required in the framework of administrative, judicial or investigative proceedings. The information may also be used for other purposes or by other authorities, only in the event that the requested authority expressly authorizes it in writing.

4. Assistance in the collection of duties, taxes or fines is not covered by this Section.

5. The Parties shall cooperate to strengthen the capacity of each competent authority to enforce its regulations and procedures governing imports. In addition, the competent authorities shall establish and maintain other channels of communication to facilitate the secure and expeditious exchange of information and improve coordination with respect to the information and improve coordination with respect to matters relating to this Section.

Article 5.13. Customs Cooperation

1. Customs cooperation includes the exchange of information, legislation, and best practices in customs matters, as well as the exchange of experiences, training, and any kind of technical or material support appropriate for strengthening the customs management of the Parties.

2. The competent authorities of the Parties recognize that customs cooperation between them is essential to facilitate trade. To this end, they shall cooperate to achieve compliance with their respective customs laws and regulations, as well as those relating to compliance with this Chapter.

3. The Parties, in accordance with their national legislation and available resources, shall promote and facilitate cooperation between their respective competent authorities, in order to ensure the application of their customs legislation and in particular to:

(a) organize joint training programs on topics relating to trade facilitation and customs matters pertaining to this Chapter;

(b) contribute to the collection and exchange of statistics relating to the import and export of goods, the harmonization of documentation used in trade, and the standardization of data;

(c) prevent customs violations; and

(d) promote mutual understanding of each Party's customs legislation, procedures and best practices.

4. The competent authorities of the Parties shall cooperate in:

(a) training, inter alia, for the development of specialized skills of their customs officials;

(b) the exchange of technical information related to customs legislation, procedures and new technologies applied by the Parties;

(c) the harmonization of methods and the exchange of information and personnel between customs laboratories;

(d) collaboration in the areas of research, development and testing of new customs procedures;

(e) the development of effective mechanisms for communication with foreign trade operators and academia;

(f) any differences related to the tariff classification of goods; and

(g) the development of initiatives in mutually agreed areas.

Article 5.14. Mutual Assistance

1. Mutual assistance includes the exchange of information and other provisions set out in this Section for the prevention, investigation, and punishment of customs infractions.

2. When the competent authority of one of the Parties has reasonable indications of a customs infraction, it may request the competent authority of the other Party to provide it with information on the matter.

3. For purposes of paragraph 2, "prima facie evidence of a customs violation" means evidence 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 customs legislation or regulations by an importer or exporter, manufacturer or producer, or other person involved in the movement of goods from the territory of a Party into the territory of the other Party, or

(b) other information that the requesting authority and the requested authority agree is sufficient in the context of a particular request.

4. The mutual assistance set forth in this Section shall not cover requests for the arrest or detention of persons, judicial notices, seizure or detention of property, or the collection of duties, taxes, surcharges, fines, or any other sums for the account of a Party.

Article 5.15. Form and Content of Mutual Assistance Requests

1. Requests for mutual assistance under this Section shall be addressed directly from the requesting authority to the requested authority, in writing or by electronic means, attaching the necessary documents. The requesting authority shall execute electronic requests in writing. As long as the written formality has not been received, the requested authority may suspend the processing of the request.

2. The Parties shall exchange the name and address of the administrative office competent to coordinate mutual assistance requests and responses.

3. In cases of urgency, requests may also be made orally, and must be confirmed in writing within a period not exceeding 3 working days from the day following the date of receipt of the oral request. Otherwise, the execution of such requests may be suspended.

4. Requests made pursuant to this Article shall include, at a minimum, the following:

(a) from the requesting authority, the name, signature and position of the official making the request;

(b) from the requested authority, the name and title of the official to whom the request is addressed;

(c) the purpose of and the reason for the request;

(d) a brief description of the facts that are the subject of the investigation, as well as the investigations already carried out, if applicable;

(e) the grounds and reasons for the customs procedure in question;

(f) the names, addresses, identification documents or any other information known and relevant of the persons related to the facts in the subject matter of the application; and

(g) all necessary information available to identify the goods, means of transport or the customs declaration related to the application.

5. The requested authority shall provide, within the framework of its powers and legislation, information relating to:

(a) persons known to the applicant authority to have committed or to be involved in the commission of a customs offence;

(b) goods destined for the territory of the requesting authority, which are sent or intended to be sent to a warehouse for subsequent shipment to that territory;

(c) means of transport presumably used in the commission of customs offenses in the territory of the requesting authority;

(d) activities which are or appear to be customs infringements and which may be of interest to the requesting authority;

(e) the goods which are or may be transported and in respect of which there are reasonable indications to suppose that the same will be destined or used in the commission of customs infringements;

(f) whether the goods exported from the territory of the requesting authority have been properly imported into the territory of the requested authority, specifying, where applicable, the customs procedure applied to such goods;

(g) whether the goods imported into the territory of the requesting authority have been properly exported from the territory of the requested authority, specifying, where appropriate, the customs procedure applied to such goods;

(h) whether in the import, export or transit operations the observance of prohibitions and restrictions on imports, exports and transit of goods or their release from customs duties, taxes and other charges has been complied with;

(i) the determination of the customs duties of the imported goods and, in particular, information on the determination of the customs value contained in the customs declaration; and

(j) such other information as the Parties may agree.

6. If a request does not meet the formal requirements set out above, the requested authority may reject it or request that it

be corrected or supplemented.

Article 5.16. Execution of Requests

1. The requested authority shall respond to the requesting authority's request within a maximum period of 60 days from the date of receipt of the written request, or from the date of completion or correction of the request when the request did not initially meet the formal requirements set forth in this Section. In the event that the requested authority needs more time than that established to respond to the request, it shall communicate this situation to the requesting authority, informing it of the period of time required to respond to the request.

In the event that the requested authority needs more time to respond to the request, it shall communicate this situation to the requesting authority informing the term within which it may resolve the request, which may not exceed 30 additional days.

2. A Party may not make more than 15 requests for assistance per month to the other Party. This shall be considered the monthly response parameter to which either Party is obliged in accordance with the provisions of this Article.

3. In responding to a request, the requested authority shall, within the limits of its competence, provide the information in its possession, and shall carry out or arrange for the necessary investigations to be carried out.

4. At the request of the applicant authority, the requested authority shall conduct an investigation in accordance with its national legislation to obtain information relating to a possible customs infringement occurring within its territory, and shall provide the applicant authority with the results of such investigation and any related information it considers relevant.

5. Without prejudice to Article 5.17, the requested authority shall provide information in accordance with its national legislation.

Article 5.17. Exceptions to the Obligation to Provide Mutual Assistance

1. Mutual assistance may be refused or may be subject to compliance with certain conditions or requirements in cases where a Party considers that assistance under this Section would:

(a) be prejudicial to the sovereignty of the Party requested to provide assistance under this Section;

(b) be detrimental to public order, national security, and public health;

(c) violate a tax, industrial, commercial or professional secret duly protected by its domestic law; or

(d) be contrary to its national law.

2. The requested authority may postpone assistance where it considers that it may interfere with an ongoing investigation, criminal prosecution or administrative proceeding. In such a case, the requested authority shall consult with the requesting authority to determine whether assistance may be given in accordance with such terms and conditions as the requested authority may specify.

3. The requesting authority shall be in a position to provide the same assistance if so requested. Where the applicant authority seeks assistance which it would itself be unable to provide if so requested, it shall draw attention to that fact in its request. The requested authority may then either refuse to grant the assistance or decide how it may respond to such a request.

4. If any of the exceptions provided for in this Article are found to exist, the requested authority shall inform the requesting authority that it is not possible to comply with the request for assistance within 20 days of receipt of the request, stating expressly the reasons why the request cannot be complied with. Pursuant to the foregoing, upon receipt of the response issued by the requested authority, the request for assistance shall be deemed to have been exhausted.

Article 5.18. Files, Documents and other Materials

1. Documents provided under this Section shall not require for their evidentiary validity additional certification, authentication, or any other solemnity than that provided by the competent authority and shall be deemed authentic and valid.

2. At the request of the requesting authority, the requested authority may certify or authenticate the copies of the documents requested.

3. Any information to be provided pursuant to this Section may be accompanied by additional information that is relevant to its interpretation or use.

Article 5.19. Use of Information and Confidentiality

1. Where a Party provides information to the other Party in accordance with the provisions of this Chapter, and clearly and specifically designates it as confidential, the other Party shall maintain the confidentiality of such information in accordance with its domestic law.

2. A Party may refuse to provide information requested by another Party where that Party has not acted in accordance with the provisions of this Article.

3. Each Party shall, in accordance with its domestic law, adopt or maintain procedures whereby confidential information submitted by another Party, including information the disclosure of which would prejudice the competitive position of the person providing the information, is protected from disclosure contrary to the terms of this Article.

Article 5.20. Costs

1. The competent authorities shall not seek reimbursement for costs and/or expenses incurred in the execution of the requests provided for in this Section.

2. If it is necessary to incur costs and/or expenses of an exceptional nature to execute a request under this Section, the competent authorities shall consult to determine the terms and conditions under which such request shall be executed, as well as the manner in which such costs and/or expenses shall be covered.

Article 5.21. Compliance Verification Process

1. For the purposes of this Section, lack of mutual assistance between the competent authorities of the Parties shall be understood to mean the repeated refusal or unjustified delay in executing a request and/or communicating its result.

2. For the cases described in paragraph 1, the procedure described below shall be followed:

(a) the competent authorities shall communicate this circumstance to each other in writing or electronically, in order to be able to provide a mutually acceptable solution to the dispute;

(b) upon completion of subparagraph (a), the matter shall be referred to the Committee on Rules of Origin, Customs Procedures, Trade Facilitation and Customs Cooperation, which shall have 30 days to meet; and

(c) if the Committee on Rules of Origin, Customs Procedures, Trade Facilitation and Customs Cooperation fails to resolve the matter raised, the matter shall be referred to the Commission.

3. For the purposes of recourse to Chapter 18 (Dispute Settlement), the Parties shall exhaust the procedures provided for in this Article.

Chapter 6. TRADE DEFENSE

Section A. Bilateral Safeguard Measures

Article 6.1. Definitions

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

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

competent investigating authority:

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

(b) in the case of Panama, the Dirección General de Defensa Comercial del Ministerio de Comercio e Industrias;

or its successors;

serious injury: a significant general impairment of the situation of a domestic industry;

directly competitive merchandise: that which, not being similar to the merchandise that is the object of the application, is essentially equivalent for commercial purposes, because it is dedicated to the same use and is interchangeable with it;

similar merchandise: that which is identical to the merchandise that is the subject of the application that, not being similar, 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 reduction that corresponds to each good in accordance with the Tariff Elimination Program plus an additional period of 2 years; and

domestic industry: the aggregate of all domestic producers of like or directly competitive goods, or those whose collective production constitutes a major proportion of the total domestic production of such goods.

Article 6.2. Bilateral Safeguard Measures

1. A Party may apply a bilateral safeguard measure only during the transition period if, as a result of the implementation of the Tariff Elimination Program, the importation into the territory of a Party of goods originating in the other Party has increased in absolute and relative terms, in relation to the consumption or production of the importing country, and under such conditions as to cause serious injury or threat of serious injury to the domestic industry of like or directly competitive goods.

2. The importing Party may adopt bilateral safeguard measures, which shall be applied in accordance with the following rules:

(a) where necessary to prevent or remedy serious injury or threat thereof caused by imports of goods originating in the other Party and to facilitate adjustment; and

(b) the measure shall be exclusively of a tariff nature.

3. If the conditions set out in paragraphs 1 and 2 are met, a Party may only apply the lesser of the following options:

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

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

(i) the MFN customs duty applicable to it at the time the measure is applied; or

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

4. No Party may maintain a bilateral safeguard measure:

(a) except to the extent and for the period necessary to prevent or remedy serious injury and to facilitate adjustment,

(b) for a period exceeding 2 years, unless the competent investigating authority determines to extend it for an additional 1 year, and it is demonstrated, in accordance with the procedures set forth in its domestic law, that the measure continues to be necessary to prevent or remedy serious injury and to facilitate adjustment, provided that there is evidence that the domestic industry is adjusting. The total period of application of the bilateral safeguard measure shall not exceed 3 years including the provisional measure and the referred extension.

5. Upon termination of the application of a bilateral safeguard measure, the Party shall establish the customs duty that would have been in effect if the measure had not been applied, in accordance with the Tariff Elimination Program.

6. No Party may apply a bilateral safeguard measure before 1 year has elapsed from the date of entry into force of this Agreement.

7. The Parties may apply a bilateral safeguard measure only once to the same good.

8. No Party may maintain a bilateral safeguard measure after the expiration of the transition period.

9. In order to facilitate readjustment in a situation where the expected duration of a bilateral safeguard measure exceeds 1 year, the Party applying the measure shall progressively liberalize it at regular intervals during the period of application. If a bilateral safeguard measure is extended, it may not be more restrictive than it was at the end of the initial period of application of the measure and shall continue to be progressively liberalized.

Article 6.3. Investigation Procedures

1. In order to determine whether a bilateral safeguard measure should be applied, the competent investigating authority of the importing Party shall conduct an investigation, which may be ex officio or at the request of a party. The petitioners shall represent at least 25% of the total domestic production of the identical, similar or directly competitive merchandise produced by the domestic industry.

2. In the investigation described in paragraph 1, the Party shall comply with the following:

(a) determine that the growth of imports has caused or threatens to cause serious injury to a domestic industry. The competent investigating authorities shall evaluate all relevant factors of an objective and quantifiable nature having a bearing on the situation of the domestic industry, in particular, the rate of growth of imports in absolute and relative terms, the share of the domestic market taken by increased imports, changes in the level of sales, production, productivity, utilization of installed capacity, profits and losses and employment, and

(b) the determination referred to in subparagraph (a) shall not be made unless the investigation demonstrates, on the basis of objective evidence, the existence of a causal link between increased imports of the good and serious injury or threat thereof to the domestic industry. Where factors other than increased imports are at the same time causing injury to the domestic industry, such injury shall not be attributed to increased imports.

3. Interested parties providing confidential information shall be required to furnish non-confidential written summaries thereof, which shall enable the person consulting them to have a reasonable understanding of their contents. If the interested parties indicate the impossibility of summarizing this information, they shall explain the reasons why it is impossible to do so. For the purposes of this paragraph and provided that it is consistent with it, all information that by its nature is confidential shall be treated in accordance with the provisions of Article 3.2 of the Agreement on Safeguards and the provisions of the domestic legislation of the Parties.

4. The requests referred to in paragraph 1, and in any case, the determinations of initiation and the reports containing the technical reasoning on which the determination is based, shall contain sufficient background information to support and motivate the initiation of the investigation, including:

(a) the name and available address of the domestic producers of identical, like or directly competitive goods, which are representative of the domestic production, as established in paragraph 1; their share in the total domestic production of those goods and the reasons why they are considered representative of that sector;

(b) a clear and complete description of the goods subject to the investigation, their tariff classification and current tariff treatment, and the identification of the identical, like, or directly competitive goods and the reasons why they are considered as such;

(c) import data for the 3 years available closest to the filing of the application and including the period of investigation;

(d) the data in value and volume, on the total national production of the identical, similar or direct competitors merchandise, corresponding to the 3 years available closest to the filing of the application and including the period of investigation, as well as the percentage that the applicants represent in relation to the total national production, and the reasons that lead them to affirm that they are representative of the national production industry;

(e) the data demonstrating that there is reasonable evidence of serious injury or threat of serious injury caused by the imports to the domestic production in question, and the basis for alleging that the increase in imports of these goods in relative and absolute terms in relation to the domestic production, is the cause of the injury or threat of injury mentioned. Among the aspects to be analyzed are all relevant factors of an objective and quantifiable nature having a bearing on the situation of the domestic industry, in particular, the rate of growth of imports in absolute and relative terms, the share of the domestic market absorbed by the increased imports, changes in the level of sales, production, productivity, utilization of installed capacity, profits and losses, and employment, and (f) a description of the actions taken by the domestic industry to prevent the injury or threat of injury.

(f) a description of the actions that the domestic industry intends to take in order to adjust its competitive conditions.

5. Each Party shall establish or maintain equitable, timely, transparent and effective procedures for the application of bilateral safeguard measures, respecting at all times the principle of due process. This shall include, at the request of the other Party or its exporters, the holding of a public hearing at which interested parties, including the Party whose goods are being investigated, shall be allowed to present their arguments.

6. Each Party shall ensure that its competent investigating authorities complete any bilateral safeguard investigation within

the time limit set out in its domestic law, not to exceed 12 months from the date of initiation. This period may be extended for a maximum period of up to 2 additional months, by reasoned resolution of the competent investigating authority.

Article 6.4. Provisional Bilateral Safeguard Measures

1. A Party may adopt a provisional bilateral safeguard measure in critical circumstances where any delay would cause damage difficult to repair to the domestic industry from like or directly competitive goods, based on a preliminary determination that there is clear evidence that increased imports have caused or are threatening to cause serious injury to the domestic industry.

2. The duration of the provisional bilateral safeguard measure shall not exceed 200 days and shall take the form of tariff increases, which shall be promptly refunded if the investigation does not determine that increased imports have caused or threatened to cause serious injury to a domestic industry. This period shall be computed as part of the duration of the definitive measure and its extension.

Article 6.5. Notification and Consultation

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

(a) initiates a bilateral safeguard proceeding pursuant to this Section;

(b) adopts a provisional bilateral safeguard measure; and

(c) adopts a definitive bilateral safeguard measure or decides to extend it.

2. In addition to the notification referred to in paragraph 1, the Party taking any of the actions referred to in that paragraph shall publish its determination in the appropriate official publication.

3. In the notification referred to in paragraph 1, the Party conducting a bilateral safeguard proceeding shall provide the Party whose good is subject to such proceeding and its exporters with a copy of the public version of its determination and of the initial, interim or final technical report containing the technical reasoning underlying the determination.

4. The notification of initiation to the interested parties shall contain a copy of the public versions of the application and its annexes or, as the case may be, of the respective documents in the case of investigations initiated ex officio, as well as a questionnaire detailing the points on which the interested parties must provide information.

5. The Party conducting a bilateral safeguard proceeding pursuant to this Section shall, within 30 days following the expiration of the deadline for the submission of the response to the questionnaires, invite the other Party to hold consultations to discuss the possible adoption of a bilateral safeguard measure, which shall have a maximum duration of 30 days from the day following receipt by the exporting Party of such invitation.

6. Bilateral safeguard measures may only be imposed after the conclusion of the consultation period referred to in paragraph 5.

The holding of consultations shall not prevent the authority from concluding the investigation within the period referred to in Article 6.3.

Article 6.6. Compensation for Bilateral Safeguard Measures

1. A Party that intends to apply or intends to extend a bilateral safeguard measure shall, after consultation with that Party, provide to the other Party mutually agreed trade compensation consisting of temporary additional tariff concessions, the effects of which on the trade of the exporting Party are equivalent to the impact of the safeguard measure.

2. If the Parties fail to reach agreement on the compensation within 30 days, the Party proposing to take the bilateral safeguard measure shall have the authority to do so and the exporting Party may suspend tariff concessions having trade effects equivalent to those of the measure taken.

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

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

Section B. Global Safeguard Measures

Article 6.7. Global Safeguard Measures

1. Each Party retains its rights and obligations under Article XIX of the GATT 1994 and the Agreement on Safeguards, which govern exclusively the application of global safeguard measures, including the settlement of a dispute with respect to such a measure.

2. A Party may not adopt or maintain, with respect to the same good, and during the same period:

(a) a bilateral safeguard measure; and

(b) a global safeguard measure imposed pursuant to Article XIX of the GATT 1994 and the Agreement on Safeguards.

3. 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 as detailed in this Section.

4. The Party imposing a comprehensive safeguard measure shall exclude imports of a good originating in the other Party if such imports:

(a) do not represent a substantial part of total imports; and

(b) do not contribute importantly to serious injury or threat of serious injury.

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

(a) imports of a good from the other Party shall be considered not to account for a substantial part of total imports if such imports are not among the top five suppliers of the good subject to the proceeding, based on their share of total imports of such good during the immediately preceding 3 years, unless the Party conducting the investigation justifies through a reasoned resolution the need to include imports from the other Party on the grounds that their exclusion would affect the effectiveness of the measure;

(b) imports from the other Party shall normally be considered not 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 determining the material contribution to serious injury or threat of serious injury.

6. Requests for initiation, and in any event, determinations of initiation and reports containing the technical reasoning on which the determination is based, shall contain sufficient background information to support and motivate the initiation of the investigation, including:

(a) the name and address available of the domestic producers of identical, similar or directly competitive goods that are representative of the domestic production, their share in the total domestic production of those goods, and the reasons why they are considered representative of that sector;

(b) a clear and complete description of the goods subject to the investigation, their applicable tariff classification and current tariff treatment, as well as the identification of the identical, like, or directly competitive goods, and the reasons why they are considered as such;

(c) import data for the 3 years available closest to the filing of the application and including the period of investigation;

(d) the data, in value and volume, on the total national production of the identical, similar or direct competitors merchandise, corresponding to the 3 available years closest to the filing of the application, and including the period of investigation, as well as the percentage that the petitioners represent in relation to the total national production, and the reasons that lead them to affirm that they are representative of the national industry;

(e) the data demonstrating that there is reasonable evidence of serious injury or threat of serious injury caused by the imports to the domestic production in question, and the basis for alleging that the increase in imports of such merchandise, in relative and absolute terms in relation to the domestic production, is the cause of the mentioned injury or threat thereof. Among the aspects to be analyzed are those provided for in Article XIX of GATT 1994, as well as all relevant factors of an objective and quantifiable nature having a bearing on the situation of the domestic industry, in particular the rate of growth

of imports in absolute and relative terms, the share of the domestic market absorbed by the increased imports, changes in the level of sales, production, productivity, utilization of installed capacity, profits and losses, and employment, and (f) a description of the actions taken by the domestic industry to prevent the injury or threat of injury to the domestic industry.

(f) the description of the actions that the domestic industry intends to take in order to adjust its competitive conditions.

7. The Party conducting a safeguard proceeding pursuant to this Section shall, within 30 days following the expiration of the deadline for the submission of the response to the questionnaires, invite the other Party to hold consultations to discuss the possible adoption of a provisional safeguard measure, which shall have a maximum duration of 30 days from the day following receipt by the exporting Party of such invitation.

8. Global safeguard measures may only be adopted once the consultation period referred to in paragraph 7 has concluded. The holding of consultations shall not prevent the authority from concluding the investigation within the period established for such purpose in the Agreement on Safeguards.

Section C. Antidumping and Countervailing Measures

Article 6.8. 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 shall be construed to impose any rights or obligations on the Parties with respect to antidumping and countervailing measures.

3. Chapter 18 (Dispute Settlement) shall not apply to this Section.

Chapter 7. SANITARY AND PHYTOSANITARY MEASURES

Article 7.1. Definitions

The definitions in Annex A of the SPS Agreement are incorporated into and form part of this Chapter, mutatis mutandis.

Article 7.2. Objectives

The objectives of this Chapter are:

(a) to protect human, animal, and plant life and health in the territory of the Parties;

(b) to facilitate and increase trade in agricultural products between the Parties by addressing and resolving specific trade concerns regarding sanitary and phytosanitary measures;

(c) encourage the implementation of greater transparency in the application of sanitary and phytosanitary measures;

(d) establish a Committee to promote greater cooperation on sanitary and phytosanitary measures, and encourage activities between the authorities of the Parties; and

(e) increase technical cooperation at the bilateral level.

Article 7.3. Scope of Application

This Chapter applies to all sanitary and phytosanitary measures of a Party, in accordance with the SPS Agreement, that may, directly or indirectly, affect trade between the Parties.

Article 7.4. Rights and Obligations

For the effective implementation of this Chapter, the rights and obligations established in the SPS Agreement are incorporated into and form part of this Agreement, mutatis mutandis, without prejudice to the provisions of this Chapter.

Article 7.5. 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 enquiry points established pursuant to the SPS Agreement, the draft sanitary or phytosanitary regulations they intend to adopt. Each Party shall ensure that the draft sanitary or 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. In addition, the Parties shall notify each other of:

(a) changes occurring in the field of animal health and food safety, such as the occurrence 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) outbreaks of diseases scientifically proven to be caused by the consumption of imported processed or unprocessed foods;

(e) the causes or reasons for which 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 relating 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 7.6. Approval of Establishments

Renewal of approvals of establishments for the export of livestock products and by-products shall be requested at least 120 days prior to the date of expiration. If the exporting Party complies with the deadline stipulated in this provision, the importing Party shall allow it to continue exporting the product until its competent authorities complete the corresponding inspection procedures.

Article 7.7. Expedited Mechanism for Addressing Specific Trade Concerns.

1. The Parties may hold technical discussions on specific trade concerns regarding sanitary and phytosanitary measures, for which they shall meet in the modality they agree (such as face-to-face meetings, videoconferences, or others), in order to seek a mutually acceptable solution.

2. For such purpose, the Parties shall meet in the agreed modality within 30 days following the request made by any of them. If necessary, the Party to which the request for technical discussions has been made may request an additional period of time, which shall be agreed upon by both Parties.

Article 7.8. 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 both Parties with responsibilities for trade, sanitary, phytosanitary, and food safety matters, in accordance with Annex 7.8 of this Chapter.

2. The Committee shall assist the Commission in the performance of its functions.

3. The first meeting of the Committee shall be held no later than 90 days after the entry into force of this Agreement. For this meeting, the Parties shall accredit their representatives through an exchange of official communications.

4. The Committee shall establish at its first meeting, if it deems it appropriate, its rules of procedure.

5. Meetings of the Committee shall be held at the request of any of the Parties.

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 pursuant to paragraph 5. 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. The agreements of the Committee shall be adopted by consensus and shall be reported to the corresponding authorities.

8. The functions of the Committee shall include:

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

(b) serving as a forum to discuss problems related to the development or application of previously notified sanitary, phytosanitary, and food safety measures that affect or may affect trade between the Parties, to establish mutually acceptable solutions, and to evaluate progress in implementing such solutions;

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

(d) establish ad hoc technical working groups in the areas of animal health, plant health or food safety, and indicate their terms of reference and terms of reference, for the purpose of addressing a matter referred to them by the Committee;

(e) agree on actions, procedures and timelines 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) to consult on matters, positions and agendas for meetings of the Committee on Sanitary and Phytosanitary Measures of the WTO, the various Codex Alimentarius Committees (including meetings of the Codex Alimentarius Commission); the International Plant Protection Convention (IPPC); the World Organization for Animal Health (OIE) and other international and regional fora, as appropriate, on sanitary and phytosanitary measures;

(g) coordinate the exchange of information on sanitary and phytosanitary measures among the Parties;

(h) 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;

(i) seek to the greatest extent possible, technical assistance and cooperation from competent international and regional organizations when appropriate, in order to obtain scientific and technical advice;

(j) report annually to the Commission on the implementation of this Chapter;

(k) review the operation and implementation of this Chapter and, as appropriate, submit proposals for amendments to the Commission, taking into account the experience gained in its implementation; and

(l) any other matter related to this Chapter directed by the Commission.

Article 7.9. Technical Cooperation

1. The Parties shall:

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

(b) provide information on their technical assistance programs relating to sanitary and phytosanitary measures in areas of particular interest; and

(c) support the development, elaboration, adoption, and implementation of international and regional standards, where appropriate.

2. The costs of technical assistance activities shall be subject to the availability of financial resources and priorities for each Party. Likewise, the Party concerned shall bear the costs inherent to the technical assistance provided by the other Party.

Chapter 8. TECHNICAL BARRIERS TO TRADE

Article 8.1. Definitions

For the purposes of this Chapter, the terms and definitions in Annex 1 of the WTO TBT Agreement, ISO/IEC Guide 2 "Standardization and Related Activities - General Vocabulary", and ISO/IEC 17000 "Conformity Assessment - Vocabulary and General Principles", in force or those replacing them, shall apply.

Article 8.2. Objectives

The objectives of this Chapter are 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 and to promote cooperation between the Parties.

Article 8.3. Rights and Obligations

The TBT Agreement is incorporated into and forms an integral part of this Chapter, mutatis mutandis.

Article 8.4. Compliance with Recommendations of the Committee on Technical Barriers to Trade of the WTO

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

Article 8.5. Scope of Application

1. This Chapter shall apply to the standards, technical regulations, and conformity assessment procedures (1) developed, adopted, and applied by the Parties, such as those 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 shall not apply to sanitary and phytosanitary measures, nor to purchasing specifications established by governmental bodies 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 8.6. Use of International Standards

1. The Parties shall comply with the application of the principles set out in the Decisions and Recommendations adopted by the WTO Committee on Technical Barriers to Trade since January 1, 1995, Annex to Part I.2 of the Decision of the Committee on Principles for the Development of International Standards, Guides and Recommendations under Articles 2 and 5 and Annex 3 of the TBT Agreement (2) issued by the WTO Committee on Technical Barriers to Trade.

2. 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.

(2) Document G/TBT/1/Rev.11, dated 16 December 2013.

Article 8.7. Technical Regulations

1. Each Party shall favorably consider accepting as equivalent the technical regulations of the other Party, even if they differ from its own, provided that it is satisfied that they adequately fulfill the legitimate objectives of its own technical regulations.

2. When a Party does not accept a technical regulation of the other Party as equivalent to one of its own, it shall, at the request of the other Party, explain the reasons for its decision.

Article 8.8. 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 conducted in the territory of the other Party, it shall provide reasons for its decision.

3. Without prejudice to the provisions of paragraphs 1 and 2, the Parties may initiate 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 the WTO Committee on Technical Barriers to Trade.

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 provide reasons for its decision.

5. 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.

6. If a Party refuses to accredit, approve or, under its national law, recognize a conformity assessment body in the territory of the other Party, it shall provide reasons for its decision.

Article 8.9. Transparency

1. The Parties shall transmit to each other, preferably electronically, through the contact point established by each Party pursuant to Article 10 of the TBT Agreement, notifications of draft technical regulations and conformity assessment procedures and final technical regulations and conformity assessment procedures, at the same time as the Party notifies the WTO, under the terms of that Agreement. Such notification shall include an electronic link to the notified document, or a copy thereof.

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, guides, directives, guidelines or recommendations. 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.

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

4. 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 relevant international standards, guidelines, guides, directives, guidelines or recommendations.

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

6. Each Party shall, on request of the other Party, provide information about the objective and rationale 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 to facilitate the exchange of information at stages prior to the publication of draft technical regulations and/or conformity assessment procedures.

7. 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.

8. The authorities of the Parties in charge of the notification referred to in this Article are indicated in Annex 8.9.

9. When a Party detains at the port of entry a good originating in the territory of the other Party due to detected non-compliance with a technical regulation, it shall notify as soon as possible the importer of the reasons for the detention.

Article 8.10. Regulatory Cooperation

1. Regulatory cooperation between the Parties shall have as its objectives, inter alia:

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

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

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

2. The Parties, through the Committee on Technical Barriers to Trade, shall establish work programs, agreements or annexes on regulatory cooperation. These shall be established by the regulatory authorities involved and the corresponding sectors, in order to establish specific actions to facilitate trade between the Parties.

3. Regulatory cooperation activities may include, among others:

(a) in the area 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) developing mechanisms for technical assistance and confidence building between the Parties; and

(v) allowing persons outside the government of the other Party to participate in the development of its standards, technical regulations and conformity assessment procedures at the consultation stage, where persons outside its government are allowed to participate in the development of such measures;

(b) in the area of conformity assessment:

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

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

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

(iv) the adoption of accreditation procedures, in accordance with their national legislation, to qualify conformity assessment bodies located in the territory of the other Party, under terms no less favorable than those granted to conformity assessment bodies in their territory; and

(v) the designation of conformity assessment bodies and the recognition of the results of conformity assessment procedures conducted in the territory of the other Party.

Article 8.11. Cooperation and Technical Assistance

1. The Parties agree to provide each other with technical cooperation and assistance, on mutually agreed terms and conditions, to, inter alia:

(a) further the implementation of this Chapter;

(b) further the implementation of the TBT Agreement;

(c) strengthen the capacities of their respective standardizing, technical regulations, conformity assessment, metrology, and

information and notification systems bodies in the field of the TBT Agreement;

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

(e) collaborate in the development and application of international standards, guidelines, directives, guides, guidelines or recommendations;

(f) to 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.

2. The Parties shall encourage that the activities developed in the framework of technical cooperation and assistance serve as a reference in a process of recognition of conformity assessment, as established in Article 8.8 of this Chapter.

3. On request of a Party that has an interest in developing a technical regulation similar to the technical regulation of the other Party and to minimize duplication of costs, the other Party shall provide any available information, studies, or other relevant documents on which it has based the development of that technical regulation, except for confidential information.

Article 8.12. Committee on Technical Barriers to Trade

1. The Parties establish the Committee on Technical Barriers to Trade, which shall be composed of representatives of each Party, in accordance with Annex 8.12, and shall assist the Commission in the performance of its functions.

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

3. Meetings of the Committee shall be held at the request of the Commission, the Free Trade Agreement Coordinators or at the request of any of the Parties to address matters of interest to it.

4. The agreements of the Committee 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. 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.

7. Agreements arising from the meeting shall be adopted by consensus among the Parties.

8. The functions of the Committee shall include:

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

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

(c) facilitating technical consultations and issuing expeditious recommendations on specific technical barriers to trade issues, as well as serving as a forum for the discussion of problems arising from the application of particular 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 terms of reference 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 WTO Committee on Technical Barriers to Trade, the various international standardization bodies and other international and regional fora on technical barriers to trade;

(f) create work programs with respect to the activities referred to in this Chapter;

(g) to 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 technical regulations, standards and conformity assessment procedures;

(h) report annually to the Commission on the implementation of this Chapter; and

(i) any other matter directed by the Commission.

Article 8.13. Technical Consultations

1. The Parties may hold technical consultations on specific trade concerns of concern to Mexico and Panama with a view to finding a mutually appropriate solution. In this case, the Parties shall meet in the modality they agree upon (such as face-to-face meetings, videoconferences, or others).

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

Article 8.14. 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 60 days of the submission of such request and, if necessary, may request additional time.

Article 8.15. Sectoral Annexes

The Parties may negotiate Sectoral Annexes that include disciplines complementary to this Chapter on the basis of the work program established by the Committee on Technical Barriers to Trade referred to in Article 8.12(8)(f).

Chapter 9. CROSS-BORDER TRADE IN SERVICES

Article 9.1. Definitions

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

cross-border trade in services or cross-border supply of services: the supply of a service:

(a) from the territory of a Party into 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 into the territory of the other Party;

but does not include the supply of a service in the territory of a Party by a covered investment of the other Party, as defined in Article 10.1 (Definitions);

measures adopted or maintained by a Party: measures adopted or maintained by:

(a) the government at the central, regional or local level, or.

(b) a non-governmental body in the exercise of central, regional or local governmental authority;

national: a natural person who is a national of a Party in accordance with Article 2.1 (General Definitions), or a permanent resident of a Party;

service supplier of a Party: a person of the Party that intends to supply or does supply a service (1);

specialized air services: any air service other than transportation, such as firefighting, spraying, aerial spraying, aerial surveying, aerial mapping, aerial photography, parachute service, glider towing, log transport and construction services, and other services related to agriculture, industry and inspection;

aircraft repair and maintenance services: activities performed on an aircraft or part of an aircraft while the aircraft is out of service, but does not include so-called line maintenance;

computer reservation system (CRS) services: services provided through computerized systems containing information about air carriers' schedules, available seats, fares and fare setting rules, and through which reservations can be made or tickets issued;

professional services: services which for their supply require specialized higher education (2) 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;

services 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; and

sale or marketing of an air transport service: the opportunities for the air carrier concerned to freely sell and market its air transport services, and all aspects of marketing, such as market research, advertising and distribution, but does not include the pricing of air transport services or the applicable conditions.

(1) The Parties understand that for the purposes of this Chapter, service supplier means the same as services and service suppliers in the GATS.

(2) For greater certainty, specialized higher education includes education subsequent to secondary school education that is related to a specific area of knowledge.

Article 9.2. Scope of Application

1. This Chapter shall apply to measures adopted or maintained by a Party affecting cross-border trade in services supplied by service suppliers of the other Party. Such measures include those affecting:

(a) the production, distribution, marketing, marketing, sale and supply of a service;

(b) the purchase or use of, or payment for, a service;

(c) access to and use of distribution and transportation systems, or telecommunications networks and services related to the supply of a service;

(d) the presence in its territory of a service supplier of the other Party, or

(e) the provision of a bond or other form of financial security as a condition for the supply of a service.

2. This Chapter shall not apply to:

(a) financial services as defined in Chapter 11 (Financial Services);

(b) air services (3) , including air transport services, domestic and international, scheduled and non-scheduled, and related services in support of air services, except:

(i) aircraft repair and maintenance services while the aircraft is out of service;

(ii) the sale and marketing of air transport services;

(iii) computer reservation system (CRS) services; and

(iv) specialized air services;

(c) public procurement;

(d) services provided in the exercise of governmental authority such as, but not limited to, law enforcement, social rehabilitation services, income security or insurance, social security services, social welfare, public education, public training, public health and child care or child protection; and

(e) subsidies or grants provided by a Party or a State enterprise, including government-backed loans, guarantees or insurance.

3. This Chapter does not impose any obligation on a Party with respect to a national of the other Party seeking to enter its labor market or to have 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. Articles 9.4, 9.8, and 9.12 shall apply to measures of a Party affecting the supply of a service in its territory by a covered investment, as defined in Article 10.1 (Definitions).(4)

5. Nothing in this Chapter shall be construed to prevent a Party from applying immigration measures, including measures necessary to protect the integrity of its borders and to ensure the orderly movement of persons across its borders. (5)

(3) For greater certainty, the term air services includes traffic rights.

(4) The Parties understand that nothing in this Chapter, including this paragraph, is subject to the investor-state dispute settlement of Chapter 10 (Investment).

(5) The mere fact of requiring a visa for persons of the other Party shall not be considered as nullification or impairment of benefits under this Agreement.

Article Article 9.3: 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 a 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 Article 9.4: Market Access

No Party shall adopt or maintain measures that:

(a) impose limitations on:

(i) the number of service suppliers, whether in the form of numerical quotas, monopolies or exclusive service suppliers or by requiring an economic needs test;

(ii) the total value of assets or service transactions in the form of numerical quotas or through the requirement of an economic needs test;

(iii) the total number of service transactions 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 (6);

(iv) the total number of natural persons that may be employed in a particular service sector or that a service supplier may employ that are necessary for, and directly related to, the supply 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 supplier may supply a service.

(6) Subparagraph (ii) does not cover measures of a Party that limit inputs intended for the supply of services.

Article 9.5. National Treatment

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.

Article 9.6. Local Presence

No Party may require a service supplier of the other Party to establish or maintain a representative office or other form of business, or to reside in its territory, as a condition for the cross-border supply of a service.

Article 9.7. Nonconforming Measures

1. Articles 9.3, 9.4, 9.5, and 9.6 do not apply to:

(a) any existing non-conforming measure that is maintained by a Party in:

(i) the government at the central level, as set out by that Party in its Schedule to Annex I;

(ii) the government at the regional level, as set out by that Party in its Schedule to Annex I; or

(iii) a local level government;

(b) the continuation or prompt renewal of any non-conforming measure referred to in subparagraph (a), or

(c) the modification of any non-conforming measure referred to in subparagraph (a), provided that such modification does not diminish the conformity of the measure with Articles 9.3, 9.4, 9.5 and 9.6 as in effect immediately before the modification.

2. Articles 9.3, 9.4, 9.5, and 9.6 do not apply to any measure that a Party adopts or maintains in relation to sectors, sub-sectors, or activities as set out in its Schedule to Annex II.

Article 9.8. Domestic Regulation

1. Each Party shall ensure that all measures of general application affecting trade in services are administered in a reasonable, objective, and impartial manner.

2. Where a Party requires authorization for the supply of a service, the competent authorities of that Party shall:

(a) within a reasonable time after the submission of an application that is considered complete under its laws and regulations, inform the applicant of the decision regarding the applicant's application;

(b) upon request of the applicant, provide, without undue delay, information concerning the status of the application;

3. 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 that such measures:

(a) are based on objective and transparent criteria, such as competition and the ability to supply the service;

(b) are no more burdensome than necessary to ensure the quality of the service; and

(c) in the case of licensing procedures, do not in themselves constitute a restriction on the supply of the service.

4. The Parties recognize their mutual obligations relating to domestic regulation set out in Article VI:4 of the GATS and affirm their commitment to the development of any necessary disciplines thereunder. To the extent that any such disciplines are adopted by WTO Members, the Parties shall jointly review them, as appropriate, with a view to determining whether such results should be incorporated into this Agreement.

5. This Article shall not apply to non-conforming aspects of measures adopted or maintained by a Party pursuant to its Schedules to Annexes I and II.

Article 9.9. Recognition

1. For purposes of complying, in whole or in part, with its standards or criteria for the authorization or certification of, 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 country. Such recognition, which may be effected through harmonization or otherwise, may be based on an agreement or arrangement with the country concerned or may be granted autonomously.

2. Where a Party recognizes, autonomously or by agreement or arrangement, education or experience obtained, qualifications completed, or licenses or certificates granted in the territory of a non-Party, nothing in Article 9.3 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 the other Party is interested, to negotiate its accession to such agreement or arrangement or to negotiate comparable agreements or arrangements with the other Party. 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 constitutes a means of discrimination between countries in the application of its standards or criteria for the authorization or certification of, or the licensing of service suppliers, or a disguised restriction on trade in services.

5. Annex 9.9 shall apply to measures adopted or maintained by a Party relating to the licensing or certification of professional service suppliers, as set out in the provisions of that Annex.

Article 9.10. Denial of Benefits

Subject to prior notification in accordance with Article 16.4 (Notification, Provision of Information, and Confidentiality), a Party may deny the benefits of this Chapter to a service supplier of the other Party if the service supplier is an enterprise owned or controlled by a person of a non-Party or of the denying Party, and that does not have substantial business activities in the territory of the other Party.

Article 9.11. Transfers and Payments

1. Each Party shall permit all transfers and payments relating to the cross-border supply of services to be made freely and without delay into and out of its territory.

2. Each Party shall permit all transfers and payments related to the cross-border supply of services to be made in freely usable currency at the market rate of exchange prevailing on the date of the transfer.

3. Notwithstanding paragraphs 1 and 2, a Party may prevent or delay the completion of the transfer or payment by the equitable, non-discriminatory and good faith application of its domestic law with respect to:

(a) bankruptcy, insolvency or protection of creditors' rights;

(b) issuance, trading or dealing in securities, futures, options or derivatives;

(c) financial reporting or record keeping of transfers when necessary to assist law enforcement or financial regulatory authorities;

(d) criminal violations; or

(e) ensuring compliance with judicial or administrative orders or judgments.

Article 9.12. Transparency

1. Each Party shall establish or maintain appropriate mechanisms to respond to inquiries from interested persons concerning its regulations relating to matters covered by this Chapter, in accordance with its laws and regulations on transparency. (7)

2. At the time of adopting final regulations relating to the subject matter of this Chapter, each Party shall respond in writing, to the extent practicable, upon request, to substantive comments received from interested persons with respect to the draft regulations.

3. To the extent possible, each Party shall allow a reasonable period of time between the publication of final regulations and the date on which they become effective.

4. In the event that a Party makes an amendment to any existing non-conforming measure as set out in its Schedule to Annex I pursuant to Article 9.7(1)(c), the Party shall notify the other Party, as soon as practicable, of such amendment.

5. In the event that a Party adopts any measure after entry into force of this Agreement with respect to sectors, subsectors, or activities as set out in its Schedule to Annex II, the Party shall, to the extent possible, notify the other Party of such measure.

(7) The implementation of the obligation to establish appropriate mechanisms shall take into account budgetary and resource constraints in the case of small administrative agencies.

Article 9.13. Subsidies

The Parties recognize their mutual obligations relating to subsidies in Article XV of the GATS and affirm their commitment to the development of any necessary disciplines under that Article. To the extent that any such disciplines are adopted by WTO Members or developed in another multilateral forum in which the Parties participate, the Parties shall jointly review them, as appropriate, with a view to determining whether such results should be incorporated into this Agreement.

Article 9.14. Complementary Services

Through their promotion agencies, the Parties shall endeavor to publish, update and exchange available information on their service suppliers that they consider relevant, in particular services provided to businesses, with the objective of promoting the formation of value chains in the business sector. The foregoing, without prejudice to the protection of confidential information, in accordance with the national legislation of each Party.

Article 9.15. Trade In Services Statistics

The Parties shall endeavor to encourage their competent authorities to work jointly to exchange information on trade in services, as well as to share methodologies and publish statistics on international trade in services, based on international standards.

Annex 9.9. PROFESSIONAL SERVICES

Development Standards and Criteria for the Supply of Professional Services

1. Each Party shall encourage the relevant bodies in its respective territory to develop mutually acceptable standards and criteria for the licensing and certification of professional service suppliers, as well as to submit recommendations to the Commission on their mutual recognition.

2. The standards and criteria referred to in paragraph 1 may be developed in relation to the following:

(a) education: accreditation of educational institutions or academic programs;

(b) examinations: qualifying examinations for licensing, including alternative methods of evaluation, such as oral examinations and interviews;

(c) experience: length and nature of experience required to obtain a license;

(d) conduct and ethics: standards of professional conduct and the nature of disciplinary action in the event that professional service providers contravene them;

(e) professional development and recertification: continuing education and the corresponding requirements for maintaining professional certification;

(f) scope of practice: extent and limits of authorized activities;

(g) local knowledge: requirements regarding knowledge of such things as laws and regulations, language, geography, or local climate; and

(h) consumer protection: alternative requirements to residency, such as bonding, professional liability insurance and client reimbursement funds to ensure consumer protection.

3. Upon receipt of a recommendation referred to in paragraph 1, the Commission shall review it within a reasonable time to decide whether it is consistent with the provisions of this Agreement. On the basis of the Commission's review, each Party shall encourage its respective competent authorities to implement that recommendation in appropriate cases within a mutually agreed period of time.

Granting of Temporary Licenses

4. Where agreed by the Parties, each Party shall encourage the relevant agencies in their respective territories to develop procedures for the issuance of temporary licenses to professional service suppliers of another Party.

Temporary Licensing of Engineers and Architects

5. The Parties agree to use their best efforts to establish a work program jointly with the relevant professional bodies in their territories to develop procedures for the issuance of temporary licenses by the competent authorities of one Party to Engineers and Architects of the other Party.

6. To this end, each Party shall consult with relevant professional bodies in its territory to obtain their recommendations on:

(a) the development of procedures for granting temporary licenses to Engineers and Architects of the other Party to practice their engineering and architectural specialties in the territory of the consulting Party;

(b) the development of model procedures for its competent authorities to adopt throughout its territory to facilitate the granting of temporary licenses to engineers and architects of the other Party; and

(c) other matters of mutual interest to the Parties relating to the temporary licensing of engineers and architects identified by the consulting Party in such consultations.

7. The Commission shall promptly review any recommendation pursuant to paragraph 6 to ensure its compatibility with this Agreement. Based on that review, each Party shall encourage its respective competent authorities, as appropriate, to implement the recommendation within a mutually agreed timeframe.

8. In the case of Mexico, the Secretaría de Educación Pública shall be the competent authority and shall define the professional body for the purposes of this Annex.

9. In the case of Panama, the professional body shall be the Panamanian Society of Engineers and Architects, and the competent authority shall be the Technical Board of Engineering and Architecture.

Revision

10. The Parties shall periodically review, at least once every 3 years, the implementation of the provisions of this Annex.

Chapter 10. INVESTMENT

Section A. General Provisions

Article 10.1. Definitions

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

designated appointing authority: the authority which, in accordance with the applicable arbitration rules or otherwise designated by the disputing parties, shall appoint the arbitrator or arbitrators necessary for the constitution of the arbitral tribunal;

ICSID: the International Centre for Settlement of Investment Disputes;

UNCITRAL: the United Nations Commission on International Trade Law;

New York Convention: the United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards, concluded in New York on June 10, 1958;

Inter-American Convention: the Inter-American Convention on International Commercial Arbitration, done at 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 on March 18, 1965;

respondent: the respondent 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;

protected information:

(a) confidential business information, or

(b) information that is privileged or otherwise protected from disclosure under the Party's domestic law;

investment: the following assets owned or controlled by an investor, directly or indirectly, that have 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:

(a) an enterprise;

(b) shares, equity and other forms of participation in the equity of an enterprise;

(c) debt instruments of an enterprise:

(i) where the enterprise is an affiliate of the investor, or.

(ii) where 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 an enterprise:

(i) where the enterprise is an affiliate of the investor, or.

(ii) where 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;

(e) an interest in an enterprise, which entitles the owner to share in the income or profits of the enterprise, or in the equity of that enterprise in a liquidation, provided that it does not arise from an obligation or loan excluded under subparagraphs (c) or (d);

(f) real estate or other property rights, tangible or intangible (including intellectual property rights), real or personal, and rights related to property, such as leases, mortgages, liens and pledges;

(g) participation resulting from capital or other resources in the territory of a Party intended for the development of an economic activity in such territory, inter alia, pursuant to:

(i) contracts involving the presence of an investor's property in the territory of a Party, including concessions, construction and turnkey contracts; or

(ii) contracts where the remuneration depends substantially on the production, revenues or profits of an enterprise;

(h) concessions, licenses, authorizations, permits and similar instruments granted in the territory of a Party, to the extent that they create rights protected under the domestic law of that Party (1);

but investment does not mean:

(i) an order or judgment within a judicial or administrative proceeding;

(j) loans granted by a Party to the other Party;

(k) public debt and debt of public institutions;

(l) 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 a national or 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 subparagraph (d), or

(m) any other pecuniary claim, not involving the interest rates set forth in subparagraphs (a) through (h);

a modification in the manner in which the 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;

covered investment: with respect to a Party, an investment in its territory of an investor of the other Party existing on the date of entry into force of this Agreement, as well as investments made or acquired thereafter;

investor of a Party: a Party or an enterprise of the State of such Party, or a national or enterprise of such Party, that intends to make, through specific actions (2), is making or has made an investment in the territory of the other Party; provided, however, that a natural person having dual nationality shall be deemed to be exclusively a national of the State of his dominant and effective nationality;

investor of a non-Party: with respect to a Party, an investor that intends to make, through specific actions (3) , is making or has made an investment in the territory of that Party, that is not an investor of a Party;

freely usable currency: "freely usable currency" as determined by the International Monetary Fund under the Articles of Agreement of the International Monetary Fund;

disputing party: the claimant or the respondent;

non-disputing party: the Party that is not a party to an investment dispute under Section C of this Chapter;

disputing party: the claimant and the respondent;

UNCITRAL Arbitration Rules: the Arbitration Rules of the United Nations Commission on International Trade Law, adopted by the General Assembly of the United Nations on December 15, 1976;

ICSID Additional Facility Rules: the Arbitration Rules of the Additional Facility for the Administration of Proceedings by the ICSID Secretariat;

Secretary-General: the Secretary-General of ICSID; and

Tribunal: an arbitral tribunal established under Article 10.20 or 10.26.

(1) Whether a type of concession, license, authorization, permit or similar instrument has the characteristics of an investment depends on such factors as the nature and extent of the holder's rights under the Party's domestic law. Among the concessions, licenses, authorizations, permits or similar instruments that do not have the characteristics of an investment are those that do not create rights protected by domestic law. For greater certainty, the foregoing is without prejudice to whether an asset associated with such concession, license, authorization, permit or similar instrument has the characteristics of an investment.

(2) It is understood that an investor intends to make an investment when it has carried out the essential and necessary actions to make the referred investment, such as the provision of funds to constitute the capital of the enterprise, 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 essential and necessary actions to make the referred investment, such as the provision of funds to constitute the capital of the enterprise, the obtaining of permits and licenses, among others.

Article 10.2. Scope of Application

1. This Chapter shall apply to measures adopted or maintained by a Party relating to:

(a) investors of the other Party;

(b) covered investments; and

(c) with respect to Articles 10.7 and 10.9, all investments in the territory of the Party.

2. This Chapter shall be subject to and construed in accordance with Annexes 10.5, 10.11, 10.21, and 10.29.

3. The obligations of a Party under Section B shall apply to a state enterprise or other person where it exercises regulatory, administrative or other governmental authority delegated to it by that Party, such as the authority to expropriate, grant licenses, approve commercial transactions, or impose fees, dues or other charges.

4. This Chapter shall not apply to:

(a) a measure that a Party adopts or maintains if that measure is covered by Chapter 11 (Financial Services);

(b) a measure adopted or maintained by a Party to restrict the participation of investments of the other Party in its territory for reasons of national security or public order, or in pursuance of its duties to maintain or restore international peace and security; and

(c) any controversy, claim, suit or dispute arising prior to the entry into force of this Agreement, even if its effects remain after the entry into force of this Agreement.

5. For greater certainty, nothing in this Chapter shall be construed to:

(a) to impose an obligation on a Party to privatize any investment that it owns or controls, or to prevent a Party from designating a monopoly, or

(b) to prevent a Party from providing social services or carrying out functions such as law enforcement and implementation,

social rehabilitation services, pension or unemployment insurance or social security services, social welfare, public education, public training, health, and child protection, when performed in a manner not inconsistent with this Chapter.

6. In the event of any inconsistency between this Chapter and another Chapter of this Agreement, the other Chapter shall prevail to the extent of the inconsistency.

7. A requirement by a Party that a service supplier of the other Party post a bond or other form of financial security as a condition for supplying a cross-border service does not, of itself, make this Chapter applicable to measures adopted or maintained by the Party with respect to the cross-border supply of the service. This Chapter shall apply to measures adopted or maintained by the Party with respect to the bond or financial security, to the extent that such bond or financial security constitutes an investment covered by the Agreement.

Section B. Substantive Obligations

Article 10.3. National Treatment

1. Each Party shall accord to investors of the other Party treatment no less favorable than that it accords, in like circumstances, to its own investors with respect to the establishment, acquisition, expansion, management, conduct, operation, and sale or other disposition of investments in its territory.

2. Each Party shall accord to covered investments treatment no less favorable than that it accords, in like circumstances, to investments of its own investors with respect to the establishment, acquisition, expansion, management, conduct, operation and sale or other disposition of investments in its territory.

3. Treatment accorded by a Party under paragraphs 1 and 2 means, with respect to a state, department, or government at the regional level, treatment no less favorable than the most favorable treatment accorded, in like circumstances, by that state, department, or government at the regional level to investors and covered investments of which it is a constituent part.

Article 10.4. Most-Favored-Nation Treatment

1. Each Party shall accord to investors of the other Party treatment no less favorable than that it accords, in like circumstances, to investors of a non-Party with respect to the establishment, acquisition, expansion, management, conduct, operation, and sale or disposal of a covered investment, management, conduct, operation and sale or other disposition of investments in its territory.

2. Each Party shall accord to covered investments treatment no less favorable than that it accords, in like circumstances, to investments of investors of a non-Party with respect to the establishment, acquisition, expansion, management, conduct, operation and sale or other disposition of investments in its territory.

3. For greater certainty, the treatment accorded by a Party under paragraphs 1 and 2 does not extend to dispute settlement procedures provided for in international treaties, such as that provided for in Section C.

Article 10.5. Minimum Standard of Treatment

1. Subject to Annex 10.5, each Party shall accord to covered investments treatment consistent with customary international law, including fair and equitable treatment and full protection and security.

2. Treatment accorded by a Party in accordance with paragraph 1 means that the minimum standard of treatment of aliens under customary international law is the minimum standard of treatment that may be accorded to covered investments. 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 significant additional rights. The obligation in paragraph 1 to accord:

(a) fair and equitable treatment includes the obligation not to deny justice in criminal, civil or administrative adjudicatory proceedings, in accordance with the principle of due process embodied in the principal legal systems of the world, and.

(b) full protection and security requires each Party to provide the level of police protection that is required by customary international law.

3. A finding of a violation of another provision of this Treaty or of a separate international agreement does not establish a violation of this Article.

Article 10.6. Senior Executives and Boards of Directors

1. No Party may require an enterprise of that Party that is a covered investment to appoint natural persons of a particular nationality to senior management positions.

2. A Party may require that a majority of the members of the boards of directors, or any committees thereof, of an enterprise of that Party that is a covered investment be of a particular nationality or 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 10.7. Performance Requirements

1. No Party may impose or enforce any requirement or enforce any obligation or commitment, 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 to:

(a) export a specified level or percentage of goods or services;

(b) to achieve a given level or percentage of domestic content;

(c) to purchase, use or accord preference to goods produced in its territory, or to purchase goods from producers or services supplied by 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 provides by relating such sales in any way to the volume or value of its exports or to the foreign exchange earnings it generates;

(f) to transfer a particular technology, production process or other proprietary knowledge to a person in its territory, unless:

(i) the requirement is imposed, or the obligation or commitment is enforced by a judicial or administrative tribunal or competition authority, to remedy a practice that has been found to be anticompetitive under the Party's domestic competition laws (4); or

(ii) 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 information of private property that fall within the scope of, and are consistent with, Article 39 of the TRIPS Agreement. (5)

(g) act as the exclusive supplier in its territory of the goods the investment produces or the services it provides to a specific regional market or to the world market.

2. A measure that requires an investment to use a technology to comply with general regulations applicable to health, safety or the environment shall not be considered inconsistent with subparagraph 1(f).

3. Nothing in paragraph 1 shall be construed to prevent a Party, in connection with the establishment, acquisition, expansion, management, conduct, operation or sale or other disposition of a covered investment or an investment of an investor of a non-Party in its territory, from imposing or enforcing a requirement or enforcing an obligation or commitment to train workers in its territory.

4. No Party may condition the receipt of an advantage, or the 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) attaining a certain degree or percentage of domestic content;

(b) to purchase, use or grant preferences to goods produced in its territory or to purchase goods from persons in its territory;

(c) to relate, in any manner, 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 provides by relating such sales in any way to the volume or value of its exports or to foreign exchange earnings.

5. Nothing in paragraph 4 shall be construed to prevent a Party from conditioning the receipt of an advantage, or the continued receipt of an advantage, in connection with an investment in its territory by an investor of the other Party, or of a non-Party, to compliance with a requirement that it locate production, provide services, train or employ workers, construct or expand particular facilities, or carry out research and development, in its territory.

6. Paragraphs 1 and 4 shall not apply to any requirement other than the commitment, obligation or requirements set forth in those paragraphs. In particular, the provisions of

(a) subparagraphs 1(a), 1(b) and 1(c), and 4(a) and 4(b) shall not apply to requirements for qualification of goods or services with respect to export promotion programs and foreign aid programs;

(b) subparagraphs 4(a) and 4(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; and

(c) subparagraphs 1(b), 1(c), 1(f) and 1(g), and 4(a) and 4(b) shall not apply to government procurement.

7. Provided that such measures are not applied in an arbitrary or unjustified manner and provided that such measures do not constitute a disguised restriction on international trade or investment, nothing in subparagraphs 1(b), 1(c) and 1(f), and 4(a) and 4(b) shall be construed to prevent a Party from adopting or maintaining measures, including measures of an environmental nature:

(a) necessary to secure compliance with laws and regulations that are not inconsistent with the provisions of this Agreement;

(b) necessary to protect human, animal, or plant life or health, or

(c) related to the preservation of living or non-living non-renewable natural resources.

8. 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.

(4) The Parties recognize that a patent does not necessarily confer market power.

(5) For greater certainty, the reference to Article 31 of the TRIPS Agreement includes footnote 7 to that Article. Also, the reference to the TRIPS Agreement in this paragraph includes the provisions of the Protocol Amending the TRIPS Agreement, done at Geneva on December 6, 2005.

Article Article 10.8: Nonconforming Measures

1. Articles 10.3, 10.4, 10.6, and 10.7 shall not apply to:

(a) any non-conforming measure existing or maintained by a Party in:

(i) the government at the central level, as set out by that Party in its Schedule to Annex I;

(ii) the government at the regional level, as set out by that Party in its Schedule to Annex I; or

(iii) a local level government;

(b) the continuation or prompt renewal of any non-conforming measure referred to in subparagraph (a), or

(c) the modification of any non-conforming measure referred to in subparagraph (a) provided that such modification does not decrease the degree of conformity of the measure, as in effect immediately before the modification, with Articles 10.3, 10.4, 10.6 and 10.7.

2. Articles 10.3, 10.4, 10.6 and 10.7 shall not apply to any measure that a Party adopts or maintains, in relation to sectors, sub-sectors or activities, as set out in its Schedule to Annex II.

3. Articles 10.3 and 10.4 shall not apply to any measure that constitutes an exception to or derogation from the obligations set out in the TRIPS Agreement, as specifically provided for in that Agreement.

4. No Party may, pursuant to any measure adopted after the date of entry into force of this Agreement and included in its Schedule to Annex II, require 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.

5. The provisions of Articles 10.3, 10.4, and 10.6 shall not apply to:

(a) subsidies or grants provided by a Party, including government-backed loans, guarantees and insurance, or.

(b) government procurement.

Article 10.9. Environmental Measures

1. The Parties recognize that it is inappropriate to promote investment by weakening or reducing protections under their domestic environmental laws. Accordingly, each Party shall endeavor to ensure that it shall not waive or derogate from, or offer to waive or derogate from, such laws in a manner that weakens or reduces the protection afforded by such laws as a means of encouraging the establishment, acquisition, expansion, or retention of an investment in its territory.

2. 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 investments in its territory are made taking into account environmental concerns.

Article 10.10. Treatment In the Event of a Dispute

1. Notwithstanding Article 10.8(5)(a), each Party shall accord to investors of the other Party and to covered investments non-discriminatory treatment with respect to any measures it adopts or maintains relating to losses suffered by investments in its territory as a result of war, armed conflict, or civil strife. For this purpose, the Party shall grant the investor restitution or compensation in accordance with Article 10.11.

2. Paragraph 1 shall not apply to existing measures relating to subsidies or grants that would be inconsistent with Article 10.3, with the exception of Article 10.8(5)(a).

Article 10.11. Expropriation and Compensation (6)

1. No Party shall nationalize or expropriate a covered investment, either directly or indirectly through measures tantamount to expropriation or nationalization, except:

(a) in the public interest or for a public purpose (7);

(b) in a non-discriminatory manner;

(c) in accordance with the principle of due process and Article 10.5; and

(d) by payment of compensation in accordance with paragraphs 2 through 5.

2. The compensation referred to in subparagraph 1(d) shall:

(a) be paid promptly, fully liquidable and freely transferable;

(b) be equivalent to the fair market value of the expropriated investment immediately before the expropriation took place (date of expropriation); and

(c) not reflect any change in value because the intention to expropriate was known prior to the date of expropriation.

3. The valuation criteria shall include current value, asset value (including the stated tax value of tangible property ownership), as well as such criteria as may be appropriate for determining fair market value.

4. If the fair market value is denominated in a freely usable currency, the compensation referred to in subparagraph 1(d) shall not be less than the fair market value on the date of expropriation, plus interest at a commercially reasonable rate for that currency, accrued from the date of expropriation to the date of payment.

5. If the fair market value is denominated in a currency that is not freely usable, the compensation referred to in subparagraph 1(d) (converted into the currency of payment at the market rate of exchange prevailing on the date of payment) shall not be less than:

(a) the fair market value on the date of expropriation, converted into a freely usable currency at the market rate of exchange prevailing on that date, plus.

(b) interest calculated at a commercially reasonable rate for that freely usable currency, accrued from the date of

expropriation to the date of payment.

6. The provisions of this Article shall not apply to the issuance of compulsory licenses granted in relation to 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 15 (Intellectual Property).

(6) For greater certainty, Article 10.11 shall be interpreted in accordance with Annex 10.11.

(7) National legislation may express these concepts using different terms, such as public necessity, public interest, social interest or public order.

Article 10.12. Transfers

1. Each Party shall permit all transfers relating to a covered investment to be made freely and without delay into and within its territory. Such transfers include:

(a) initial capital contributions and additional amounts to maintain or increase the investment;

(b) profits, dividends, interest, capital gains, royalty payments, management fees, technical assistance and other charges, returns in kind, and other amounts derived from the investment;

(c) proceeds from the sale or liquidation, in whole or in part, of the covered investment;

(d) payments made pursuant to a contract entered into by the investor, or the covered investment, including a loan agreement;

(e) payments made pursuant to Articles 10.10 and 10.11; and

(f) payments arising from the application of Section C.

2. Each Party shall permit transfers related to a covered investment to be made in freely usable currency at the market rate of exchange prevailing on the date of the transfer.

Notwithstanding paragraphs 1 and 2, a Party may prevent or delay a transfer in currency or in kind through the equitable, non-discriminatory and good faith application of its laws relating to:

(a) bankruptcy, insolvency or protection of creditors' rights, including rights arising under social security, public pension or compulsory savings programs;

(b) issuing, trading or dealing in securities, futures, options or derivatives;

(c) criminal, administrative or judicial violations;

(d) financial reporting or record keeping of transfers when necessary to assist law enforcement or financial regulatory authorities; and

(e) compliance with awards or judgments rendered in contentious proceedings.

4. Neither Party may require its investors to make transfers of their income, earnings or profits or other amounts derived from, or attributable to, investments made in the territory of the other Party, and shall not penalize them for failure to make such transfers.

Article 10.13. Special Formalities and Reporting Requirements

1. Nothing in Article 10.3 shall be construed to prevent a Party from adopting or maintaining a measure that prescribes special formalities in connection with a covered investment, such as a requirement that investors be residents of the Party or that covered investments be constituted under the domestic law or regulation of the Party, provided that such formalities do not significantly impair the protection afforded by a Party to investors of the other Party and to covered investments under this Agreement.

2. Notwithstanding Articles 10.3 and 10.4, a Party may require an investor of the other Party, or its covered investment, to provide information relating to that investment solely for informational or statistical purposes. The Party shall protect

information that is confidential from any disclosure that could adversely affect the competitive position of the investor or the covered investment. Nothing in this paragraph shall be construed to prevent a Party from obtaining or disclosing information relating to the equitable and good faith application of its domestic law.

Article 10.14. Subrogation

1. If a Party or a designated agency of the Party makes a payment to any of its investors under a guarantee, insurance contract, or any other form of compensation provided in respect of an investment of an investor of that Party, the other Party shall recognize the subrogation or transfer of any right or claim 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 the 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 other Party that has made the payment.

Article 10.15. Denial of Benefits

A Party, after notice to and consultation with the other Party, may deny the benefits of this Chapter to an investor of the other Party that is an enterprise of that Party and to investments of that investor, if investors of a non-Party own or control the enterprise and the enterprise does not have substantial business activities in the territory of the Party under whose domestic law it is incorporated or organized.

Section C. Investor-State Dispute Settlement

Article 10.16. Consultation and Negotiation

1. In the event of a dispute concerning an investment, the disputing parties shall first seek to resolve the dispute through consultation and negotiation with the aim of resolving the dispute amicably, which may include the use of procedures of a non-binding nature, such as good offices, conciliation, and mediation.

2. The consultation and negotiation procedure shall be initiated by a written request which shall be sent to the respondent and shall include the information set forth in Article 10.17 (2) (a) and 2 (b) and a brief description of the facts giving rise to the initiation of the consultations.

3. Consultations shall be held for a minimum period of 6 months and may include face-to-face meetings in the capital city of the Respondent.

4. For greater certainty, the commencement of consultations and negotiations shall not be construed as recognition of the jurisdiction of the Tribunal.

Article 10.17. Submission of a Claim to Arbitration

1. After the minimum period of time referred to in Article 10.16(3), if a disputing party considers that an investment dispute cannot be resolved by consultation and negotiation:

(a) the claimant, at its own expense, may submit to arbitration a claim alleging:

(i) that the respondent has breached an obligation under Section B, other than an obligation under Article 10.8; and

(ii) that the claimant has suffered loss or damage by reason of, or as a result of, such breach.

(b) the claimant, on behalf of an enterprise 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:

(i) that the respondent has breached an obligation under Section B, other than an obligation under Article 10.8; and

(ii) that the enterprise has suffered loss or damage by reason of, or as a result of, such breach.

For greater certainty, no claim may be submitted to arbitration under this Section alleging a breach of any provision of this Agreement other than an obligation under Section B.

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 intention 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 corporation, the name, address and place of incorporation of the corporation;

(b) for each claim, the provision of Section B alleged to have been violated and any other applicable provision;

(c) the legal and factual issues on which each claim is based;

(d) the relief sought and the approximate amount of damages claimed; and

(e) evidence establishing that it is an investor of the other Party and the existence of a covered investment.

3. Provided that at least 6 months have elapsed since the events giving rise to the claim took place, and provided that the claimant has complied with the conditions set out in Article 10.19, the claimant may submit the claim referred to in paragraph 1:

(a) in accordance with the ICSID Convention and the Rules of Procedure Applicable to ICSID Arbitration Proceedings, provided that both the respondent and the Party of the claimant are parties to the ICSID Convention;

(b) pursuant to the ICSID Additional Facility Rules, provided that either the respondent or the Party of the claimant is a party to the ICSID Convention;

(c) in accordance with the UNCITRAL Arbitration Rules; or

(d) if the disputing parties so agree, before any other arbitration institution or under any other arbitration rules.

4. A claim shall be deemed to be submitted to arbitration under this Section when the claimant's notice or request for arbitration (notice of arbitration) referred to in:

(a) Article 36(1) of the ICSID Convention, is received by the Secretary-General;

(b) Article 2 of Annex C of the ICSID Additional Facility Rules, is received by the Secretary-General;

(c) 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; or

(d) any other arbitration institution or any other arbitration rules selected under subparagraph 3(d) is received by the arbitration institution or the respondent, as applicable.

The Claimant shall deliver with the notice of arbitration the name of the arbitrator appointed by it, or its written consent to the appointment of such arbitrator by the Secretary-General.

5. 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, including with respect to the award of costs and, where applicable, the award of costs, except to the extent modified or supplemented by this Agreement.

6. Where, subsequent to the submission of a claim to arbitration, an additional claim is submitted under the same arbitral procedure, it shall be deemed submitted to arbitration under this Section on the date of its receipt, subject to the applicable arbitral rules and the conditions and limitations of Article 10.19.

7. For greater certainty, where a claim is submitted to arbitration under subparagraph (1)(a), only loss or damage suffered by the claimant as an investor in respect of an investment in the territory of the respondent is claimable under that provision.

Article 10.18. Consent of Each Party to Arbitration

1. Each Party consents to the submission of a claim to arbitration under this Section in accordance with 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 out in:

(a) Chapter II of the ICSID Convention (Jurisdiction of the Centre) and the ICSID Additional Facility Rules, which require the written consent of the parties to the dispute;

(b) Article II of the New York Convention, which requires an "agreement in writing"; and

(c) Article I of the Inter-American Convention, which requires an "agreement".

Article 10.19. Conditions and Limitations on Each Party's Consent

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 knew or should have known of the alleged breach under Article 10.17(1) and knew that the claimant or the enterprise, as the case may be, suffered loss or damage.

2. No claim may be submitted to arbitration under this Section unless:

(a) the claimant consents in writing to arbitration in accordance with the procedures provided in this Agreement; and

(b) the notice of arbitration referred to in Article 10.17(4) is accompanied by:

(i) for claims submitted to arbitration pursuant to Article 10.17(1)(a), the claimant's written waiver, and.

(ii) for claims submitted to arbitration pursuant to Article 10.17 (1) (b), the written waivers of the claimant and the enterprise,

of any right to initiate before any judicial or administrative tribunal under the national law of any Party, or any other dispute resolution procedures, or other dispute settlement procedures, any action with respect to any measure alleged to constitute a breach referred to in Article 10.17(1).

3. Notwithstanding subparagraph 2(b), the claimant, for claims brought under Article 10.17(1)(a), and the claimant or the enterprise, for claims brought under Article 10. 17 (1) (b), may initiate or continue a proceeding seeking injunctive relief of any nature whatsoever, provided that it does not involve the payment of monetary damages, before a judicial or administrative tribunal of the respondent, provided that such proceeding is brought for the sole purpose of preserving the rights and interests of the claimant or the enterprise while the arbitration is pending. (8)

4. No claim may be submitted to arbitration under this Section if the claimant or the enterprise, in the case of claims submitted under Article 10.17(1)(a) and (1)(b), as applicable, has previously submitted the same alleged violation to an administrative or judicial tribunal of the respondent, or to any other binding dispute resolution procedure. For greater certainty, the choice thus made by the claimant or the enterprise shall be considered final and may not submit the same claim under this Section.

(8) For greater certainty, in a proceeding in which the application of an interim measure, including measures seeking to preserve evidence and property pending the resolution of the claim submitted to arbitration, is sought, a court or administrative tribunal of the respondent in a dispute submitted to arbitration pursuant to Section B shall apply the national law of that Party.

Article 10.20. Selection of Arbitrators

1. Unless the disputing parties agree otherwise, the Tribunal shall consist of 3 arbitrators, one arbitrator to be appointed by each of the disputing parties and the third, who shall be the presiding arbitrator, to be appointed by agreement of the disputing parties.

2. Unless the disputing parties designate another appointing authority, the Secretary-General shall serve as appointing authority for the arbitrators in arbitration proceedings established pursuant to this Section.

3. In any arbitration conducted pursuant to this Section, the arbitrators shall:

(a) have expertise or specialized knowledge in public international law, international investment rules, or the settlement of disputes arising under international investment agreements, and

(b) not be dependent on any of the Parties or the Claimant, nor be bound by or receive instructions from any of them.

4. Where a Tribunal is not constituted within 90 days from the date on which the claim is submitted to arbitration under this Section, the Secretary-General shall, at the request of either disputing party, appoint, in his discretion, the arbitrator or arbitrators not yet appointed. The President of the Tribunal shall not be a national of either Party, unless otherwise agreed by the Parties.

5. 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 member of the tribunal established in accordance with the ICSID

Convention or the ICSID Additional Facility Rules;

(b) the claimant referred to in Article 10.17(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 10.17(1)(b) 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 and the enterprise consent in writing to the appointment of each of the members of the Tribunal.

Article 10.21. Conduct of the Arbitration

1. The disputing parties may agree on the legal place where any arbitration is to be held in accordance with the arbitration rules applicable under Article 10.17(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 with respect to the interpretation of this Treaty.

3. The Tribunal shall have the authority to accept and consider written amicus curiae briefs, which may assist the Tribunal in determining questions of fact or law relating to the scope of the dispute from a person or entity that is not a disputing party. Any person or entity wishing to make written submissions to a Tribunal may apply to the Tribunal for permission in accordance with Annex 10.21.

4. Where such submissions are admitted by the Tribunal, the Tribunal shall afford disputing parties an opportunity to respond to such written submissions.

5. Without prejudice to the Tribunal's power to hear other objections as preliminary questions, such as an objection that the dispute is not within the jurisdiction of the Tribunal, 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 in accordance with Article 10.27. The following rules shall apply:

(a) the 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 referred to in Article 10.17(4), the date the Tribunal fixes for the Respondent to file its Reply to the amendment;

(b) upon receipt of an objection under this paragraph, the Tribunal shall suspend any proceedings 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 out 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 not in dispute, and

(d) the Respondent does not waive any objection with respect to jurisdiction or any argument on the merits merely because it has or has not raised an objection under this paragraph, or avails itself of the expedited procedure set forth in paragraph 6.

6. If the Respondent so requests, the Tribunal shall, within 45 days after the date of the constitution of the Tribunal, decide, in an expeditious manner, an objection under paragraph 5 and any other objection that the dispute is not within the jurisdiction of the Tribunal. The Tribunal shall suspend any action on the merits of the dispute and shall render a decision or award on such objection, stating the basis therefor, not later than 150 days after the date of the request. 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.

7. When the Tribunal decides a respondent's objection under paragraph 5 or 6, it may, if warranted, award to the prevailing disputing party reasonable costs and fees incurred in making 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.

8. The Tribunal may order interim measures 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 jurisdiction of the Tribunal. The Tribunal may not order the attachment or prevent the enforcement of a measure that is considered a breach referred to in Article 10.17(1). For the purposes of this paragraph, an order includes a recommendation.

9. At the request of any disputing party, the Tribunal shall, before rendering a decision or award on liability, communicate its proposed decision or award to the disputing parties and to the non-disputing Party. Within 60 days after such proposed decision or award is communicated, the disputing parties may submit written comments to the Tribunal concerning any aspect of its proposed decision or award. The Tribunal shall consider such comments and render its decision or award no later than 45 days after the expiration of the 60-day comment period.

Article 10.22. Transparency In Arbitral Proceedings

Subject to paragraphs 2 and 4, the respondent shall, after receiving the following documents, make available to the non-disputing Party and the public:

(a) the notice of intent referred to in Article 10.17(2);

(b) the notice of arbitration referred to in Article 10.17(4);

(c) the pleadings, statements of claim and explanatory notes submitted to the Tribunal by a disputing party and any written communications submitted pursuant to Article 10.21 and Article 10.26;

(d) orders, awards, and decisions of the Tribunal; and

(e) minutes or transcripts of hearings of the Tribunal, when available.

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 intending 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, including closing the hearing during any discussion of confidential information.

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 Articles 19.3 (National Security) and 19.4 (Disclosure of Information).

4. Any Protected Information that is submitted to the Tribunal shall be protected from disclosure in accordance with the following procedures:

(a) pursuant to subparagraph (d), neither the disputing parties nor the Tribunal shall disclose to the non-disputing Party or the public any protected information, where the disputing party providing the information clearly so designates it pursuant to subparagraph (b);

(b) any disputing party claiming that particular 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 it submits a document that contains 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 rule on 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) withdraw all or part of the submission containing such information, or.

(ii) agree to resubmit complete and redacted documents with corrected designations in accordance with the Tribunal's determination and subparagraph (c).

In either case, the other disputing party shall, where necessary, either resubmit complete and redacted documents, which omit the information withdrawn pursuant to subparagraph (d)(i) by the disputing party that first submitted the information, or redesignate the information in a manner consistent with the designation made pursuant to subparagraph (d)(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 10.23. Applicable Law

1. Subject to paragraph 2, where a claim is brought pursuant to Article 10.17, the Tribunal shall decide the issues in dispute in accordance with this Agreement and applicable rules of international law.

2. A decision of the Commission declaring the interpretation of a provision of this Agreement in accordance with Article 17.1(3)(c) (Administrative Commission) shall be binding on a Tribunal established under this Section and any decision or award rendered by a Tribunal shall be consistent with that decision.

Article 10.24. Interpretation of Annexes

1. Where the respondent raises as a defense that the measure alleged to be in violation is within the scope of its Schedules to Annexes I and II, the Tribunal shall, at the request of the respondent, request an interpretation of the matter from the Commission. Within 60 days after delivery of the request, the Commission shall submit in writing to the Tribunal any decision stating its interpretation pursuant to Article 17.1.(3) (c) (Administrative Commission).

2. The decision rendered by the Commission pursuant to paragraph 1 shall be binding on the Tribunal, and any decision or award rendered by the Tribunal shall be consistent with that decision. If the Commission fails to issue such a decision within the 60-day period referred to in paragraph 1, the Tribunal shall decide the matter.

Article 10.25. Expert Reports

Without prejudice to the appointment of other types of experts where authorized by the applicable arbitration rules, the Tribunal may, at the request of a disputing party or, on its own initiative, unless both disputing parties do not agree, 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 10.26. Consolidation of Proceedings

1. Where two or more separate claims have been submitted to arbitration under Article 10.17(1), and the claims raise in common a question of fact or law and arise out of the same facts or circumstances, any disputing party may seek a joinder order, in accordance with the agreement of all disputing parties in respect of which the joinder order is sought or in accordance with paragraphs 2 through 10.

2. A disputing party seeking a consolidation order pursuant to this Article shall deliver a written request to the Secretary-General, with a copy to all other disputing parties in respect of which the consolidation order is sought. The request shall specify the following:

(a) the name and address of all disputing parties in respect of which the order of joinder is sought;

(b) the nature of the order of joinder sought; and

(c) the basis on which the request is made.

3. Unless the Secretary-General determines, within 30 days after receipt of a request pursuant to paragraph 2, that the request is manifestly unfounded, a Tribunal shall be established under this Article.

4. Unless otherwise agreed by all disputing parties in respect of which the order for consolidation is sought, the Tribunal to be established pursuant to this Article shall consist of 3 arbitrators:

(a) one 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, at the request of any disputing party in respect of which the consolidation order 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 respondent 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 two or more claims have been submitted to arbitration under Article 10.17(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 procedural 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 considers would contribute to the resolution of the other claims; or

(c) direct a Tribunal established under Article 10.20 to assume jurisdiction over, hear and determine jointly all or part of the claims, provided that:

(i) that Tribunal, upon the request of any claimant that was not previously a disputing party before that Tribunal, is reinstated with its original members, except that the arbitrator by the claimant parties is appointed pursuant to subparagraph 4(a) and paragraph 5; and

(ii) that Tribunal decides whether to repeat any previous hearing.

7. Where a Tribunal has been established pursuant to this Article, a claimant who has submitted a claim to arbitration pursuant to Article 10.17(1), and whose name is not mentioned in a request made pursuant to paragraph 2, may make a written request to the Tribunal that such claimant be included in any procedural order to be made pursuant to paragraph 6 and shall specify in the request:

(a) the name and address of the claimant;

(b) the nature of the order sought; and

(c) the grounds on which the application is based.

The claimant shall deliver a copy of its application to the Secretary-General and to the disputing parties in accordance with paragraph 2.

8. A Tribunal established under Article 10.20 shall not have jurisdiction to decide a claim, or part of a claim, over which a Tribunal established or instructed under this Article has assumed jurisdiction.

9. 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 10.20 be adjourned, unless the latter Tribunal has already adjourned its proceedings.

10. A Tribunal established under this Article shall conduct the proceedings in accordance with the UNCITRAL Arbitration Rules, except as modified by this Section.

Article 10.27. Awards

1. Where a Tribunal makes a final award against the Respondent, the Tribunal may award, separately or in combination, only:

(a) monetary damages and interest, if any; and

(b) restitution of property, in which case the award shall provide that the respondent may pay monetary damages plus interest in lieu of restitution.

The 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 10.17(1)(b):

(a) the award providing for restitution of property shall provide that restitution shall be awarded to the enterprise;

(b) the award providing for monetary damages and interest thereon shall provide that the sum of money be paid to the

enterprise; and

(c) the award shall provide that the award is without prejudice to any right of any person to relief under applicable domestic law.

3. For greater certainty, the Tribunal is not authorized to order the payment of punitive damages, nor shall it have jurisdiction to rule on the legality of the measure under domestic law.

Article 10.28. Finality and Enforcement of an Award

1. An award rendered by a Tribunal shall be binding only on the disputing parties and only in respect of the particular case.

2. Subject to paragraph 3 and to the review procedure applicable to a final award, the disputing party shall comply with and enforce the award without delay.

3. The disputing party may not request enforcement of the final award until:

(a) in the case of a final award made 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 revision or annulment proceedings have been completed; and

(b) in the case of a final award made under the ICSID Additional Facility Rules, the UNCITRAL Arbitration Rules, or the rules selected under Article 10.17(3)(d):

(i) 90 days have elapsed from the date on which the award was rendered and no disputing party has commenced proceedings to revise, set aside or annul the award; or

(ii) a Tribunal has dismissed or allowed an application for revision, setting aside or annulment of the award and this decision is not subject to appeal, in accordance with applicable law.

4. Each Party shall provide for the proper enforcement of an award in its territory.

5. Where the respondent fails to comply with or abide by a final award, upon delivery of a request by the Party of the claimant, an Arbitral Panel shall be established in accordance with Article 18.8 (Request for Establishment of Arbitral Panel). The requesting Party may invoke Chapter 18 (Dispute Settlement) for:

(a) a determination that the failure or disregard of the terms of the final award is contrary to the obligations of this Agreement; and

(b) a recommendation that the Respondent abide by or comply with the Final Award pursuant to Article 18.15 (Final Report).

6. A disputing party may seek enforcement of an arbitral award under the ICSID Convention, the New York Convention, if both Parties are parties to those treaties, or the Inter-American Convention, as applicable, whether or not the procedures referred to in paragraph 5 have been initiated.

7. For the purposes of Article I of the New York Convention and Article I 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 10.29. Service of Documents

Delivery of notice and other documents to a Party shall be made at the place designated by it in Annex 10.29 in accordance with Section C.

Annex 10.5. CUSTOMARY INTERNATIONAL LAW

1. The Parties confirm their common understanding that customary international law, generally and as specifically referred to in Article 10.5, results from a general and consistent practice of States, followed by them in the sense of a legal obligation.

2. With respect to Article 10.5, the minimum standard of treatment accorded to aliens by customary international law refers to all principles of customary international law that protect the economic rights of aliens.

Annex 10.11. EXPROPRIATION AND COMPENSATION

The Parties confirm their common understanding that:

(a) Article 10.11 addresses two situations:

(i) the first, is direct expropriation, where an investment is nationalized or otherwise directly expropriated through the formal transfer of title or right of ownership; and

(ii) the second is indirect expropriation, where a measure or series of measures of a Party has an effect equivalent to a direct expropriation without the formal transfer of title or right of ownership;

(b) a measure or series of measures of a Party may not 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) the determination of whether a measure or series of measures of a Party, in a specific factual situation, constitutes an indirect expropriation requires a factual, case-by-case inquiry that considers among other factors:

(i) the economic impact of a Party's measure or series of measures, although the mere fact that a measure or series of measures of a Party has an adverse effect on the economic value of an investment, standing alone, does not establish that an indirect expropriation has occurred; and

(ii) the extent to which the measure or series of measures of a Party interferes with unambiguous and reasonable expectations of the investment; and (iii) the extent to which the measure or series of measures of a Party interferes with unambiguous and reasonable expectations of the investment.

(d) except in exceptional circumstances, such as where a measure or series of measures are disproportionate in light of their objective such that they cannot reasonably be considered to have been adopted and applied in good faith, non-discriminatory regulatory actions of a Party that are designed and applied to protect legitimate public welfare objectives (9), such as, the public health, safety, and the environment, among others, do not constitute an indirect expropriation.

(9) For greater certainty, the list of legitimate public welfare objectives in this subparagraph is not exhaustive.

Annex 10.21. SUBMISSIONS BY PERSONS OR ENTITIES THAT ARE NOT DISPUTING PARTIES

1. An application for leave to file written submissions by persons or entities that are not disputing parties shall be submitted within the time limit established by the Tribunal and:

(a) be in writing, be dated and signed by the applicant, and include the address as well as other contact details of the applicant;

(b) be no longer than 5 pages in length;

(c) describe the applicant, including, where relevant, its membership and legal status (e.g., company, trade association or other non-governmental organization), its general objectives, the nature of its activities, and any parent organization (including any organization that the applicant directly or indirectly controls);

(d) disclose whether the applicant has any affiliation, directly or indirectly, with any disputing Party;

(e) identify any government, person or organization that has provided financial or other assistance during the preparation of the submission;

(f) specify the nature of the applicant's interest in the arbitration;

(g) identify the specific factual or legal issues in the arbitration to which the applicant will refer in its written submission; and

(h) be in the language of the arbitration.

2. A written submission by a person or entity that is not a disputing party shall:

(a) be submitted within the time limit set by the Tribunal;

(b) be dated and signed by the applicant;

(c) be concise and in no case exceed 20 pages, including annexes and appendices;

(d) duly substantiate its position; and

(e) refer only to the matters indicated in its application, pursuant to subparagraph 1(g).

Annex 10.29. SERVICE OF DOCUMENTS

Notices and other documents in disputes between a Party and an investor of the other Party arising out of an alleged breach of an obligation under Section B shall be served by delivery to:

(a) in the case of Mexico, the Dirección General de Consultoría Jurídica de Comercio Internacional (DGCJCI) of the Secretaria de Economía of Mexico, located at Alfonso Reyes No. 30, Piso 17 Delegación Cuauhtémoc, Mexico, Distrito Federal, and

(b) in the case of Panama, the Dirección Nacional de Administración de Tratados Comerciales Internacionales y de Defensa Comercial (DINATRADEC) of the Ministry of Commerce and Industries of Panama, located at Edificio Plaza Edison, Second Floor, Avenida El Paical, Panama, Republic of Panama;

or its successors.

Chapter 11. FINANCIAL SERVICES

Article 11.1. Definitions

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

cross-border trade or supply of financial services: the supply of a financial service:

(a) from the territory of a Party into 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 financial service in the territory of a Party by an investment in that territory;

public entity: a central bank, a monetary authority of a Party or any financial institution owned or controlled by a Party;

financial institution: a financial intermediary or other enterprise that is authorized to do business and that is regulated or supervised as a financial institution under the domestic law of the Party in whose territory it is located;

financial institution of the other Party: a financial institution, including a branch or subsidiary, that is located in the territory of a Party and that is controlled by a person of the other Party;

investment: as defined in Article 10.1 (Definitions), except that:

(a) a loan to, or debt instrument issued by, a financial institution is an investment only when it is treated as capital for regulatory purposes by the Party in whose territory the financial institution is located; and

(b) a loan made by a financial institution, or a debt instrument owned by a financial institution, is not an investment unless it is covered by subparagraph (a);

for greater certainty:

(a) a loan made to a Party, or a debt instrument issued by a Party or a State enterprise of that Party, is not an investment; and

(b) a loan made by, or a debt instrument owned by, a cross-border financial service supplier, other than a loan to, or a debt instrument issued by, a financial institution, is an investment if such loan or debt instrument meets the criteria for investments set out in Article 10.1 (Definitions).

investor of a Party: as defined in Article 10.1 (Definitions);

new financial service: a financial service not supplied in the territory of the Party, but that is supplied in the territory of the

other Party, and includes a new form of supply of a financial service or the sale of a financial product that is not sold in the territory of the Party;

self-regulatory organization: a non-governmental entity, including any exchange or stock exchange or any financial derivatives market, clearing house or other body or association that exercises proprietary or delegated regulatory or supervisory authority over financial service suppliers or financial institutions;

person of a Party: a national or company of a Party. For greater certainty, does not include a branch of an enterprise of a non-Party;

financial service supplier: includes a service supplier of a Party and a cross-border financial service supplier;

financial service supplier of a Party: a person of a Party engaged in the business of supplying a financial service in the territory of that Party;

cross-border financial service supplier of a Party: a person of a Party that is engaged in the business of supplying a financial service in the territory of the Party and that seeks to supply or does supply a financial service through the cross-border supply of such service; and

financial service: a service of a financial nature. Financial services include insurance and insurance-related services, and banking and other financial services (except insurance), as well as services incidental or auxiliary to a service of a financial nature. Financial services include the following activities:

Insurance and insurance-related services.

(a) direct insurance (including coinsurance):

(i) life insurance

(ii) non-life insurance;

(b) reinsurance and retrocession;

(c) insurance intermediation activities, such as those of insurance brokers and agents; and

(d) services auxiliary to insurance, such as consulting, actuarial, risk assessment and claim settlement services;

Banking and other financial services (excluding insurance); (e) acceptance of deposits and other financial services (excluding insurance); and

(e) acceptance of deposits and other repayable funds from the public;

(f) lending of all types, including personal loans, mortgage loans, factoring and financing of commercial transactions;

(g) leasing services;

(h) all payment and money transfer services, including credit, charge and debit cards, traveler's checks and bank drafts;

(i) guarantees and commitments;

(j) trading for its own account or for the account of customers, whether on an exchange, in an over-the-counter market or otherwise, of the following:

(i) money market instruments (including checks, bills and certificates of deposit);

(ii) foreign currencies;

(iii) derivative products, including, but not limited to, futures and options;

(iv) interest rate and foreign exchange market instruments, including products such as swaps and forward rate agreements;

(v) transferable securities;

(vi) other negotiable instruments and financial assets, including metal;

(k) participation in issues of all kinds of securities, including underwriting and placement as agents (publicly or privately), and the provision of services related to such issues;

(l) foreign exchange brokerage;

(m) asset management, such as cash or portfolio management, collective investment management in all its forms, pension fund management, depository and custodial services, and trust services;

(n) payment and clearing services in respect of financial assets, including securities, derivatives and other negotiable instruments;

(o) provision and transfer of financial information, and financial data processing and related software, by suppliers of other financial services; and

(p) advisory, intermediation and other auxiliary financial services in respect of any of the activities referred to in subparagraphs (e) through (o), including credit reporting and analysis, investment and portfolio research and advice, and advice on acquisitions and on corporate restructuring and strategy.

Article 11.2. Scope of Application

1. This Chapter shall apply to a measure adopted or maintained by a Party relating to:

(a) a financial institution of the other Party;

(b) an investor of the other Party, or an investment of such investor, in a financial institution in the territory of the Party; and

(c) cross-border trade in financial services.

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

3. Chapters 9 (Cross-Border Trade in Services) and 10 (Investment) shall apply to the measures described in paragraph 1 only to the extent that those Chapters are incorporated into this Chapter:

(a) Articles 10.9 (Environmental Measures), 10.11 (Expropriation and Compensation), 10.12 (Transfers (1)), 10.13 (Special Formalities and Information Requirements), and 10.15 (Denial of Benefits) are incorporated into and made an integral part of this Chapter, mutatis mutandis (2);

(b) Section C (Investor-State Dispute Settlement) of Chapter 10 (Investment) is incorporated into and made a part of this Chapter only for cases alleging a Party's breach of Articles 10.11 (Expropriation and Compensation), 10.12 (Transfers), 10.13 (Special Formalities and Disclosure Requirements), and 10.15 (Denial of Benefits), as incorporated into this Chapter; and

(c) Articles 9.10 (Denial of Benefits) and 9.11 (Transfers and Payments) are incorporated into and made part of this Chapter, mutatis mutandis, to the extent that cross-border trade in financial services is subject to the obligations under Article 11.7 (Cross-Border Trade).

(1) For the purposes of this Chapter, the Parties understand that the term transfers does not include transfers in kind.

(a) activities or services that are part of public retirement or pension plans, or social security systems established by law, nor.

(b) activities or services carried out for the account or with the guarantee of, or using the financial resources of, the Party, including its public entities.

However, this Chapter shall apply to activities or services referred to in subparagraph (a) or (b) that the Party permits to be performed by its financial institutions in competition with a public entity or a financial institution.

Furthermore, this Chapter shall not prevent a Party, including its public entities, from carrying out or providing such activities exclusively in its territory.

Article 11.3. National Treatment

1. Each Party shall accord to investors of the other Party treatment no less favorable than that it accords, in like circumstances, to its own investors with respect to the establishment, acquisition, expansion, management, conduct, operation, and sale or other disposition of financial institutions and investments in financial institutions in its territory.

2. Each Party shall accord to financial institutions of the other Party, and to investments of investors of the other Party in financial institutions of the Party, treatment no less favorable than that it accords, in like circumstances, to its own financial institutions and to investments of its own investors in financial institutions with respect to the establishment, acquisition, expansion, management, conduct, operation, and sale or other disposition of financial institutions and investments.

Article 11.4. Most-Favored-Nation Treatment

Each Party shall accord to investors of the other Party, to financial institutions of the other Party, to investments of investors of the other Party in financial institutions of the other Party, and to cross-border financial service suppliers of the other Party, treatment no less favorable than that it accords, in like circumstances, to investors, to financial institutions, to investments of investors in financial institutions, and to cross-border financial service suppliers of a non-Party.

Article 11.5. Recognition of Prudential Measures

1. A Party may recognize a prudential measure of the other Party or of a non-Party in the application of a measure covered by this Chapter. Such recognition may be:

(a) granted unilaterally;

(b) achieved through harmonization or other means, or

(c) based on an agreement or arrangement with the other Party or a non-Party.

2. A Party granting recognition of a prudential measure of a non-Party shall provide the other Party with adequate opportunity to demonstrate that circumstances exist in which there is or will be equivalent regulation, supervision and enforcement of regulation and, if appropriate, that there are or will be procedures relating to the exchange of information between the Parties.

3. Where a Party grants recognition to prudential measures of a non-Party in accordance with subparagraph 1(c) and the circumstances set out in paragraph 2 exist, the Party shall provide adequate opportunity for the other Party to negotiate accession to the convention or agreement, or to negotiate a comparable convention or agreement.

Article 11.6. Right of Establishment

1. A Party shall permit an investor of the other Party to establish in its territory a financial institution through any of the modes of establishment and operation that its law permits at the time of establishment, without the imposition of numerical restrictions or requirements of specific types of legal form. The obligation not to impose a requirement to adopt a specific legal form does not preclude a Party from imposing a condition or requirement in connection with the establishment of a particular type of entity chosen by an investor of the other Party.

2. For greater certainty, a Party shall permit an investor of the other Party that owns or controls a financial institution in the Party's territory to establish such additional financial institutions as may be necessary to enable the full range of financial services permitted under the Party's domestic law to be provided at the time of the establishment of the additional financial institutions. Subject to Article 11.3, a Party may impose a term or condition on the establishment of additional financial institutions and determine the institutional and legal form to be used for the supply of a specified financial service or the conduct of a specified activity.

3. The right of establishment under paragraphs 1 and 2 shall include the acquisition of an existing entity.

4. Subject to Article 11.3, a Party may prohibit a particular financial service or activity. Such prohibition may not apply to the entire financial sector or to an entire subsector of financial services, such as the banking subsector.

5. For the purposes of this Article, without prejudice to other forms of prudential regulation, a Party may require that an investor of the other Party be engaged in the business of supplying financial services in the territory of that other Party, where so provided in applicable law.

6. For purposes of this Article, numerical restrictions means limitations imposed on the number of financial institutions whether in the form of a numerical quota, a monopoly, an exclusive service supplier, or the requirements of an economic needs test.

Article 11.7. Cross-Border Trade

1. Each Party shall permit, on terms and conditions that accord national treatment, cross-border financial service suppliers of the other Party to supply the services specified in Annex 11.7.

2. Each Party shall permit a person located in its territory, and its nationals wherever located, to purchase financial services from cross-border financial service suppliers of the other Party located in the territory of the other Party. This does not oblige a Party to allow such cross-border financial service suppliers to do business or advertise in its territory. Each Party may define doing business and advertising for the purposes of this obligation, provided that such definitions are not inconsistent with paragraph 1.

3. Without prejudice to other means of prudential regulation of cross-border trade in financial services, a Party may require the registration or authorization of cross-border financial service suppliers of the other Party and of financial instruments.

Article 11.8. New Financial Services

1. Each Party shall permit a financial institution of the other Party to supply any new financial service that the Party would, in like circumstances, permit its financial institutions to supply in accordance with its domestic law, provided that the introduction of the financial service does not require a new law or the amendment of an existing law.

2. Each Party may determine the legal and institutional form through which the new financial service may be supplied and may subject the supply of the new financial service to authorization or notification. Where authorization is required, the decision shall be made within a reasonable period of time and may be withheld only for prudential reasons.

3. Nothing in this Article shall prevent a financial institution of a Party from requesting the other Party to authorize the supply of a financial service that is not supplied in the territory of either Party. Such a request shall be subject to the domestic law of the Party to which the request is made and, for greater certainty, shall not be subject to the obligations of this Article.

Article 11.9. Treatment of Certain Types of Information

Nothing in this Chapter obliges a Party to disclose or allow access to:

(a) information relating to the financial affairs and accounts of an individual customer of a financial institution or cross-border financial service supplier, or.

(b) any confidential information the disclosure of which would impede compliance with domestic law or otherwise be contrary to the public interest or would prejudice the legitimate commercial interests of a particular enterprise.

Article 11.10. Senior Executives and Boards of Directors or Boards of Directors

1. No Party may require financial institutions of the other Party to employ personnel of a particular nationality to fill senior executive or other key personnel positions.

2. No Party may require that the board of directors or board of trustees of a financial institution of the other Party be composed of more than a simple majority of nationals of the Party, residents of its territory, or a combination of both.

Article 11.11. Nonconforming Measures

1. Articles 11.3, 11.4, 11.6, 11.7, and 11.10 shall not apply to:

(a) any existing non-conforming measure that is maintained by a Party at the central level, as indicated in Section A of its Schedule to Annex III;

(b) the continuation or prompt renewal of a non-conforming measure referred to in subparagraph (a); or

(c) a modification of any nonconforming measure referred to in subparagraph (a) provided that such modification does not diminish the conformity of the measure as it was in effect:

(i) immediately before the modification, with Articles 11.3, 11.4, 11.6, and 11.10; or

(ii) on the date of entry into force of this Agreement, with Article 11.7.

2. Articles 11.3, 11.4, 11.6, 11.7, and 11.10 shall not apply to any measure that a Party adopts or maintains with respect to sectors, subsectors, or activities as set out in Section B of its Schedule to Annex III.

3. A non-conforming measure established by a Party in its Schedule to Annex I or II with respect to Articles 9.3 (Most-Favored-Nation Treatment), 9.5 (National Treatment), 10.3 (National Treatment), or 10.4 (Most-Favored-Nation Treatment), shall be treated as a non-conforming measure not subject to Articles 11.3 or 11.4, as the case may be, to the extent that the measure, sector, subsector, or activity set out in the non-conforming measure is covered by this Chapter.

Article 11.12. Exceptions

1. Nothing in this Agreement shall be construed to prevent a Party from adopting or maintaining measures for prudential reasons, such as:

(a) the protection of investors, depositors or other creditors users of the financial market, policy holders or beneficiaries, or persons who are creditors of fiduciary obligations owed by a financial service supplier;

(b) the maintenance of the safety, soundness, solvency, integrity or financial responsibility of financial service suppliers; or

(c) to ensure the integrity and stability of the financial system.

Where such measures are not in accordance with the provisions of this Agreement, they shall not be used as a means of avoiding the commitments or obligations of the Parties under this Chapter.

2. Nothing in this Agreement shall apply to non-discriminatory measures of general application taken by any public entity in pursuance of monetary and related credit or exchange rate policies. This paragraph shall not affect the obligations of the Parties under Article 10.7 (Performance Requirements) with respect to measures covered by Chapter 10 (Investment), or under Article 10.12 (Transfers), or Article 9.11 (Transfers and Payments).

3. Notwithstanding Articles 9.11 (Transfers and Payments) and 10. 12 (Transfers), as incorporated into this Chapter, a Party may prevent or limit transfers by a financial institution or cross-border financial service supplier to or for the benefit of a person related or connected to such institution or supplier through the equitable, non-discriminatory and good faith application of measures relating to the maintenance of the safety, soundness, strength, integrity or financial responsibility of financial institutions or cross-border financial service suppliers. The provisions of this paragraph shall be without prejudice to any other provision of this Agreement that permits a Party to restrict transfers.

4. For greater certainty, nothing in this Chapter shall be construed to prevent a Party from adopting or applying measures necessary to secure compliance with laws or regulations that are not inconsistent with this Chapter, including a measure relating to the prevention of deceptive and fraudulent practices or to address the effects of a breach of financial services contracts. A Party shall not apply the measures in a manner that would constitute a means of arbitrary or unjustifiable discrimination between countries where like conditions prevail, or a disguised restriction on investment in a financial institution or on cross-border trade in financial services.

Article 11.13. Transparency

1. The Parties recognize that transparent regulations and policies governing the activities of financial institutions and financial service suppliers are important to facilitate financial institutions and financial service suppliers' access to and operations in their respective markets. Each Party undertakes to promote regulatory transparency in financial services.

2. In lieu of Article 16.3 (Publication), each Party shall, to the extent practicable and in accordance with its domestic law:

(a) publish in advance any regulations of general application relating to matters in this Chapter that it proposes to adopt;

(b) provide interested persons and the other Party a reasonable opportunity to comment on the proposed regulations; and

(c) provide a reasonable period of time between the publication of final regulations and their entry into force.

3. The regulatory authorities of each Party shall make publicly available all information regarding the requirements, including any necessary documentation, for completing and submitting applications relating to the supply of financial services.

4. Upon request, the relevant authority of a Party shall inform the applicant of the status of its application. Where the authority requires additional information from the applicant, it shall notify the applicant without undue delay.

5. Within 120 days, the relevant authority of a Party shall make an administrative decision on a complete application of an investor in a financial institution, a financial institution or a cross-border financial service supplier of the other Party relating to the provision/supply of a financial service, and shall notify the applicant of the decision in a timely manner. An application

shall not be considered complete until all relevant hearings have been held and all necessary information has been received. Where it is not practicable to make a decision within 120 days, the relevant authority shall notify the applicant without undue delay and shall endeavor to make the decision within a reasonable time thereafter.

6. Each Party shall maintain or establish appropriate mechanisms to respond to inquiries from interested parties, as soon as practicable, with respect to measures of general application covered by this Chapter.

7. Each Party shall endeavor to ensure that standards of general application adopted or maintained by self-regulatory organizations of the Party are published in a timely manner or otherwise made available so that interested persons may become aware of them.

8. Each Party shall ensure that all measures of general application to which this Chapter applies are administered in a reasonable, objective, and impartial manner.

Article 11.14. Self-Regulatory Organizations

Where a Party requires a financial institution or cross-border financial service supplier of the other Party to be a member of, participate in, or have access to a self-regulatory organization in order to provide a financial service in or into its territory, the Party shall ensure that such self-regulatory organization complies with the obligations in Articles 11.3 and 11.4.

Article 11.15. Payment and Clearing Systems

Subject to terms and conditions that accord national treatment, each Party shall grant to a financial institution of the other Party established in its territory access to payment and clearing systems administered by public entities and to official financing and refinancing facilities available in the normal course of business. This Article does not confer access to the Party's lender of last resort services.

Article 11.16. Financial Services Committee

1. The Parties establish the Financial Services Committee. The principal representative of each Party shall be an official of the competent authority of the Party set out in Annex 11.16. Representatives of other institutions may also participate as the competent authorities deem appropriate.

2. The Committee shall:

(a) shall oversee the implementation of this Chapter and its further development;

(b) consider matters relating to financial services referred to it by a Party, and

(c) participate in dispute settlement procedures in accordance with Article 11.19; and (d) consider matters relating to financial services referred to it by a Party.

3. The Committee shall meet as it so decides to evaluate the operation of this Agreement with respect to financial services. The Committee shall report to the Commission on the results of each meeting.

Article 11.17. Consultations

1. A Party may request consultations with the other Party with respect to any matter under this Agreement affecting a financial service. The other Party shall give due consideration to the request. The Parties shall inform the Committee of the results of the consultations.

2. In consultations under this Article, officials of the competent authorities specified in Annex 11.16 shall participate.

3. A Party may request that the regulatory authorities of the other Party participate in consultations under this Article with respect to measures of general application of that other Party that may affect the operations of financial institutions or cross-border financial service providers in the territory of the Party requesting the consultation. The other Party shall give due consideration to such request.

4. Nothing in this Article shall be construed to require regulatory authorities involved in consultations under paragraph 3 to disclose information or to act in a manner that would interfere with particular regulatory, supervisory, administrative or enforcement matters.

5. Where a Party requires information for supervisory purposes relating to a financial institution in the territory of the other Party or a cross-border financial service supplier in the territory of the other Party, nothing in this Article shall be construed to prevent the Party from approaching the relevant authority in the territory of that other Party to request the information.

6. Nothing in this Article shall be construed to require a Party to derogate from or amend its domestic law relating to the exchange of information between financial regulators or the requirements of an agreement or arrangement between the Parties' financial authorities.

Article 11.18. Data Processing

1. Subject to prior authorization by the relevant regulator or authority, where required, each Party shall permit financial institutions of the other Party to transfer information into or out of the territory of the Party, using any means authorized therein, for processing, where necessary to carry out the ordinary business activities of those institutions.

2. For greater certainty, where the information referred to in paragraph 1 consists of or contains personal data or confidential information, the transfer of such information shall be carried out in accordance with the national legislation on the protection of individuals with respect to the transfer and processing of personal data of the Party in or from whose territory the information is transferred.

Article 11.19. Settlement of Disputes between Parties

1. Chapter 18 (Dispute Settlement) applies, as modified by this Article, to the settlement of disputes arising out of the application of this Chapter.

2. For purposes of Article 18.10 (Arbitral Panel Membership), arbitrators, in addition to Article 18.9 (Panelists' List and Qualifications), shall have expertise or experience in financial law or financial services practice, which may include the regulation of financial institutions unless otherwise agreed by the Parties.

3. For the purposes of Article 18.10 (Membership of the Arbitral Panel), the time limit for appointing an arbitrator and for proposing candidates to act as chairperson of the Arbitral Panel shall be 30 days in each case.

4. In any dispute in which the Arbitral Panel has found a measure to be inconsistent with the obligations of this Agreement, where the suspension of benefits referred to in Article 18.17 (Non-Compliance and Suspension of Benefits) is appropriate and the measure affects:

(a) the financial services sector and any other sector, the complaining Party may suspend benefits in the financial services sector that have an effect equivalent to the effect of the measure on the Party's financial services sector; or

(b) only to a sector other than the financial services sector, the complaining Party may not suspend benefits in the financial services sector.

Article 11.20. Financial Services Investment Disputes

1. Where an investor of a Party submits a claim to arbitration under Section C (Investor-State Dispute Settlement) of Chapter 10 (Investment) and the respondent Party invokes an exception under Article 11.12, the Tribunal shall refer the matter in writing to the Committee for a decision under paragraph 2 of this Article.3 The Tribunal may not proceed until it receives a decision or report under this Article.

2. On referral of the matter under paragraph 1, the Committee shall decide whether Article 11.12 is a valid defense to the investor's claim. The Committee shall transmit a copy of its decision to the Tribunal and to the Commission. The decision shall be binding on the Tribunal.

3. Where the Committee has not decided the matter within 60 days after receipt of the referral in terms of paragraph 1, any Party may request, within 10 days thereafter, the establishment of a panel under Article 18.8 (Request for Establishment of Arbitral Panel), to decide the matter. The Arbitral Panel shall be constituted in accordance with Article 18.8 (Request for Establishment of Arbitral Panel). In addition to the provisions of Article 18.15 (Final Report), the Arbitral Panel shall transmit its final report to the Committee and to the Tribunal. The report shall be binding on the Tribunal.

3 For the purposes of this Article, decision means a joint determination by the competent authorities listed in Annex 11.16.

4. Where a request for the establishment of a panel under paragraph 3 has not been made within 10 days after the expiration of the 60-day period referred to in paragraph 3, the Tribunal may proceed to decide the matter.

5. Each disputing Party shall take the necessary steps to ensure that the members of the Arbitral Tribunal have the expertise or experience described in Article 11.19(2). The expertise or experience of particular candidates with respect to financial services shall be taken into account to the extent possible in the case of the appointment of the presiding arbitrator of the Arbitral Tribunal.

Annex 11.17. CROSS-BORDER TRADE

Insurance and insurance-related services

1. Article 11.7 applies to cross-border trade or supply of financial services, as defined in subparagraph (a) of the definition of cross-border trade or supply of financial services in Article 11.1, with respect to:

(a) insurance against risks relating to:

(i) international maritime transport, international commercial aviation, and space launching and transportation (including satellites), covering any or all of the following: the goods being transported, the vehicle transporting the goods, and the liability that may arise therefrom, and.

(ii) goods in international transit;

(b) reinsurance and retrocession;

(c) consulting, actuarial services, risk assessment; and

(d) brokerage of insurance included in subparagraphs (a) and (b).

Annex 11.16. FINANCIAL SERVICES COMMITTEE

Competent Authorities for the Administration of this Chapter

1. The competent authorities of each Party shall be:

(a) for the case of Mexico, the Secretaría de Hacienda y Crédito Público.

(b) in the case of Panama, the Dirección Nacional de Administración de Tratados Comerciales Internacionales y Defensa Comercial (DINATRADEC) of the Ministerio de Comercio e Industrias, in consultation with the Superintendencia de Bancos, the Superintendencia de Seguros y Reaseguros, and the Superintendencia del Mercado de Valores,

or their respective successors.

It shall be the responsibility of each Party to keep this Annex updated. For such purposes, the Parties shall notify in writing any changes to the information contained in paragraph 1.

Chapter 12. TELECOMMUNICATIONS

Article 12.1. Definitions

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

telecommunications regulatory authority: the body or bodies, in the telecommunications services sector, entrusted with any of the regulatory tasks assigned in accordance with the domestic law of each Party;

authorization: the licenses, concessions, permits, registrations or other types of authorizations that a Party may require to supply public telecommunications services;

leased circuits: telecommunications facilities between two or more designated points that are intended for the dedicated use or availability to a particular customer or to other users chosen by that customer;

authorization: the licenses, concessions, permits, registrations or other types of authorizations that a Party may require to supply public telecommunications services;

leased circuits: telecommunications facilities between two or more designated points that are intended for the dedicated use or availability to a particular customer or to other users chosen by that customer;

co-location: access to and use of physical space for the purpose of installing, maintaining or repairing equipment on premises owned or controlled and used by another major supplier for the provision of public telecommunications services;

network element: any facility or equipment used for the provision of a public telecommunications service, the technical definition of which shall include its characteristics, functions and capabilities that are provided by such facilities or equipment;

undertaking: as defined in Article 2.1 (Definitions of General Application);

essential elements: those elements of the public telecommunications network or service that:

(a) are indispensable for the provision of public telecommunications services;

(b) are supplied exclusively or predominantly by a single supplier or a limited number of suppliers; and

(c) it is not economically or technically feasible to substitute them for the purpose of supplying a service;

interconnection: the link between two or more public telecommunications networks for the purpose of enabling the users of one supplier to communicate with the users of another supplier and also to have access to the services supplied by another supplier;

non-discriminatory: treatment no less favorable than that accorded to any other user of similar public telecommunications networks or services, under similar circumstances;

reference interconnection offer: an interconnection offer offered by a major supplier and registered with or approved by the telecommunications regulatory body that is sufficiently detailed to enable suppliers of public telecommunications services who wish to accept such rates, terms and conditions to obtain interconnection without having to engage in negotiations with the supplier in question;

standard interconnection offer: an interconnection offer offered by a major supplier that is sufficiently detailed to enable suppliers of public telecommunications services who wish to accept such rates, terms and conditions to obtain interconnection without having to engage in negotiations with the supplier in question;

cost-oriented: cost-based, and may include a reasonable utility and involve different costing methodologies for different facilities or services;

number portability: the ability of end users of public telecommunication services to keep, in the same geographical area (1) , the same telephone numbers when switching to a similar public telecommunication service provider;

(1) For greater certainty, the geographic area shall be defined by the national legislation or regulation of each Party.

dominant (2) or major supplier: a supplier of public telecommunications services that has the ability to significantly affect the conditions of participation, from the point of view of prices and supply in the relevant market of public telecommunications networks or services, as a result of:

(a) the control of essential elements, or.

(b) the use of its position in the market;

(2) In the case of Panama, the concept of dominant supplier shall apply.

network termination point: the point where a public telecommunications network is connected to the facilities and equipment of end users or, as the case may be, the point where other telecommunications networks are connected to it;

public telecommunications network: the infrastructure used to provide public telecommunications services;

public telecommunications service: any telecommunications service offered to the general public. These services may include, among others, telephony and data transmission, without any end-to-end change in the form or content of such information, but does not include information services;

telecommunications: the emission, transmission and reception of signals by any physical, electromagnetic or optical means;

user: the natural or legal person who uses telecommunication services, which may be a supplier of public

telecommunication services; and

end user: a user who consumes, as a final recipient, a telecommunication service.

Article 12.2. Scope of Application

1. This Chapter shall apply to:

(a) measures that a Party adopts or maintains relating to access to, and use of, public telecommunications networks or services;

(b) measures adopted or maintained by a Party relating to obligations of suppliers of public telecommunications networks or services; and

(c) other measures that a Party adopts or maintains relating to public telecommunications networks or services. (3)

2. This Chapter shall not apply to measures that a Party adopts or maintains relating to the broadcasting and cablecasting of radio or television programming intended for the public, except to ensure that enterprises providing such services have continued access to and use of public telecommunications networks and services as set out in Article 12.3.

3. Nothing in this Chapter shall be construed to:

(a) obligating a Party, or obligating a Party to require any enterprise, to establish, construct, acquire, lease, operate or supply public telecommunications networks or services, where such networks or services are not offered to the general public; or

(b) require a Party to require any enterprise engaged exclusively in the broadcasting or cablecasting of radio or television programming to make its broadcasting or cablecasting facilities available as a public telecommunications network.

4. Furthermore, this Chapter shall not be construed to prevent a Party from prohibiting persons operating private networks from using their networks to provide public telecommunications networks or services to third persons.

(3) For greater certainty, this Chapter does not impose obligations with respect to value-added services, which shall be subject to the domestic law of each Party. Value-added services may be defined and authorized by each Party in its territory.

Article 12.3. Access to and Use of Public Telecommunications Networks and Services

1. Subject to a Party's right to restrict the supply of a service in accordance with the reservations set out in its Schedules to Annexes I and II, a Party shall ensure that enterprises supplying telecommunications services of the other Party have access to and may use public telecommunications networks or services offered in its territory or on a cross-border basis on reasonable and non-discriminatory terms and conditions, including, inter alia, as set out in paragraphs 2 through 6.

2. Each Party shall ensure that such enterprises are permitted to:

(a) purchase or lease and connect terminals or other equipment interfacing with public telecommunications networks;

(b) supply services to individual or multiple end-users over owned or leased circuits;

(c) to interconnect privately owned or leased circuits with that Party's public telecommunications networks and services, or with circuits leased or owned by another enterprise; and

(d) perform switching, signaling, processing, and conversion functions; and use operating protocols of its choice.

3. Each Party shall ensure that enterprises of the other Party may use public telecommunications networks and services to transmit information in its territory or across its borders, and to access information contained in databases or otherwise stored in machine-readable form in the territory of either Party.

4. Notwithstanding paragraph 3, a Party may take measures necessary to:

(a) ensure the security and confidentiality of messages, or.

(b) protect the privacy of personal data of telecommunications end-users;

provided that such measures are not applied in a manner that would constitute a means of arbitrary or unjustifiable discrimination or a disguised restriction on trade in services.

5. Each Party shall ensure that no conditions are imposed on access to and use of public telecommunications networks or services other than those deemed necessary to:

(a) safeguard the public service responsibilities of suppliers of public telecommunications networks or services, in particular their ability to make their networks or services available to the general public;

(b) protect the technical integrity of public telecommunications networks or services; or

(c) ensuring that service suppliers of the other Party do not supply services that are restricted by the reservations listed by the Parties in their Schedules to Annexes I and II.

6. Provided that they satisfy the criteria set out in paragraph 5, conditions for access to and use of public telecommunications networks or services may include:

(a) a requirement to use specific technical interfaces, including interface protocols, for interconnection with such networks and services;

(b) requirements, where necessary, for the interoperability of such services;

(c) type approval or approval of terminal equipment or other equipment interfacing with the network and technical requirements relating to the connection of such equipment to such networks; and

(d) restrictions on the interconnection of privately owned or leased circuits with such networks or services, or with circuits owned or leased by another company.

7. Nothing in this Article shall prevent a Party from requiring notification, license, concession, permit, registration, or other authorization for an enterprise to supply any type of public telecommunications service in its territory.

Article 12.4. Procedures Regarding Authorizations

1. Where a Party requires a supplier of public telecommunications services to have a license, concession, permit, registration, or other type of authorization to supply public telecommunications networks or services, the Party shall make publicly available:

(a) all applicable criteria and procedures for the granting of the license or concession, permit, registration or other type of authorization;

(b) the time period normally required to make a decision with respect to an application for a license, concession, permit, registration or other type of authorization; and

(c) the terms and conditions of all licenses, concessions, permits, registrations or other types of authorizations it has issued.

2. The Party shall ensure that, upon request of the applicant, the reasons for a decision denying a license, concession, permit, registration or other type of authorization are communicated to the applicant, in accordance with the procedures of each Party.

Article 12.5. Behavior of Dominant Suppliers (4)

Treatment of Dominant Suppliers

1. Each Party shall ensure that dominant suppliers in its territory accord to public telecommunications service suppliers of the other Party treatment no less favorable than that accorded by such suppliers, in like circumstances, to their subsidiaries, their affiliates or non-affiliated service suppliers, with respect to:

(a) the availability, supply, rates, or quality of like public telecommunications networks or services; and

(b) the availability of technical interfaces necessary for interconnection.

Competitive Safeguards

1. Each Party shall maintain appropriate measures to prevent suppliers that, individually or jointly, are dominant suppliers in its territory from employing or continuing to employ anti-competitive practices.

2. The anticompetitive practices referred to in paragraph 1 include:

(a) engaging in anticompetitive cross-subsidization activities;

(b) using information obtained from competitors with anticompetitive results, and

(c) failing to make available to other suppliers of public telecommunications services, in a timely manner, technical information on the essential elements and commercially relevant information that they need to supply public telecommunications services.

Interconnection with Dominant or Major Suppliers

A. General Terms and Conditions

1. Each Party shall ensure that a dominant or major supplier provides interconnection:

(a) at any technically feasible point in the network;

(b) on terms, conditions (including technical standards and specifications), and at rates that are non-discriminatory with respect to other suppliers;

(c) of a quality no less favorable than that supplied to its own similar services, to similar services of unaffiliated service providers of its subsidiaries or other affiliates;

(d) in a timely manner, on terms, conditions (including technical standards and specifications), and at cost-oriented rates that:

(i) are transparent and reasonable, taking into account economic feasibility; and.

(ii) are sufficiently unbundled so that the supplier need not pay for network components or facilities that it does not require for the services to be provided; and

(e) upon request, at points in addition to the network termination points offered to the majority of users, subject to charges reflecting the cost of constructing the necessary additional facilities.

B. Interconnection Options

2. Each Party shall ensure that suppliers of public telecommunications services of the other Party may interconnect their facilities and equipment with those of dominant suppliers in its territory in accordance with at least one of the following options:

(a) a reference interconnection offer or other standard interconnection offer containing rates, terms and conditions that dominant suppliers offer to suppliers of public telecommunications services;

(b) the terms and conditions of an existing interconnection agreement; or

(c) through the negotiation of a new interconnection agreement.

C. Public Availability of Interconnection Negotiation Procedures

3. Each Party shall make publicly available the applicable procedures for interconnection negotiations with dominant suppliers in its territory.

D. Public Availability of Interconnection Agreements Concluded with Dominant Suppliers

4. Each Party shall require dominant suppliers in its territory to register all Interconnection Agreements to which they are a party with its telecommunications regulatory body or other competent regulatory body.

5. Each Party shall make publicly available the Interconnection Agreements in force concluded between dominant suppliers in its territory and any other suppliers of public telecommunications services in its territory.

(4) This Article shall apply with respect to suppliers of commercial mobile services once they are defined as dominant or major suppliers. Furthermore, this Article does not affect any rights and obligations that a Party may have under the GATS and 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.

Article 12.6. Supply and Pricing of Leased Circuits

1. Each Party shall ensure that dominant or major suppliers in its territory supply leased circuits, which are public telecommunications services, to enterprises of the other Party on terms, conditions, and rates that are reasonable and nondiscriminatory.

2. For the purposes of paragraph 1, each Party shall give its telecommunications regulatory body the authority to require dominant or major suppliers in its territory to offer leased circuits to enterprises of the other Party at flat-rate or capacity-based, cost-oriented prices.

Article 12.7. Co-location

1. Each Party shall ensure that dominant or major suppliers in its territory provide to suppliers of public telecommunications services of the other Party the physical co-location of equipment necessary to interconnect with or access unbundled network elements on reasonable, non-discriminatory, and transparent terms, conditions, and cost-oriented rates.

2. Where physical co-location is not feasible for technical reasons or due to space limitations, each Party shall ensure that dominant or major suppliers in its territory provide an alternative solution, such as facilitating virtual co-location, on reasonable, non-discriminatory and transparent terms, conditions and cost-oriented tariffs.

3. Each Party may specify, in accordance with its domestic laws and regulations, the elements subject to paragraphs 1 and 2.

Article 12.8. Access to Poles, Ducts, Pipelines, and Rights-of-Way

Each Party shall ensure that dominant suppliers in its territory provide access to its poles, ducts, conduits, and rights-of-way to suppliers of public telecommunications services of the other Party on terms, conditions, and rates that are reasonable and non-discriminatory.

Article 12.9. Resale

Each Party shall ensure that dominant suppliers in its territory:

(a) offer for resale, at reasonable rates (5), to suppliers of public telecommunications services of the other Party, public telecommunications services that such dominant suppliers supply at retail to end-users; and

(b) do not impose discriminatory or unjustifiable conditions or limitations on the resale of such services. (6)

(5) A Party may determine reasonable rates through any methodology it considers appropriate.

(6) Where its domestic law or regulation so provides, a Party may prohibit a reseller that obtains, at wholesale rates, a public telecommunications service that is available at the retail level only to a limited category of users from offering that service to a different category of users.

Article 12.10. Unbundling of Network Elements

1. Each Party shall give its telecommunications regulatory body the authority to require dominant suppliers in its territory to provide to suppliers of public telecommunications services of the other Party access to network elements on an unbundled basis on reasonable, non-discriminatory, and transparent terms, conditions, and cost-oriented rates for the supply of public telecommunications services.

2. Each Party may determine which network elements shall be available in its territory and which suppliers may obtain such elements, in accordance with its domestic laws and regulations.

Article 12.11. Interconnection

1. Each Party shall ensure that suppliers of public telecommunications services in its territory provide, directly or indirectly, interconnection to suppliers of public telecommunications services of the other Party.

2. Each Party shall give its telecommunications regulatory body the authority to require interconnection at cost-oriented rates, provided that there is no agreement between suppliers of public telecommunications services.

3. Each Party shall provide its telecommunications regulatory body with the authority to require suppliers of public telecommunications services to register their Interconnection Agreements.

4. For purposes of paragraph 1, each Party shall ensure that suppliers of public telecommunications services in its territory take reasonable steps to protect the confidentiality of commercially sensitive information of, or relating to, suppliers and end-users of public telecommunications services, and only use such information to provide those services.

Article 12.12. Number Portability

Each Party shall ensure that suppliers of public telecommunications services in its territory provide number portability in a timely manner and on reasonable and non-discriminatory terms and conditions.

Article 12.13. Dialing Parity

Each Party shall ensure that suppliers of public telecommunications services of the other Party are afforded non-discriminatory access to the dialing format of each Party's telephone numbers.

Article 12.14. Flexibility In Choice of Technologies

1. No Party may prevent suppliers of public telecommunications services from having the flexibility to choose the technologies that they use to supply their services, including mobile wireless services, subject to the technical regulations in force in each Party.

2. Nothing in this Article shall be construed to prevent the regulatory body from requiring an additional license or other appropriate authorization to provide such public telecommunications service if an operator intends to provide a service different from that for which it was authorized.

Article 12.15. Universal Service

1. Each Party has the right to define the kind of universal service obligations it wishes to adopt or maintain.

2. Each Party shall administer any universal service obligation it adopts or maintains in a transparent, non-discriminatory, and competitively neutral manner, and shall ensure that any universal service obligation is not more burdensome than necessary for the type of universal service defined by the Party.

Article 12.16. Allocation, Assignment, and Use of Scarce Resources

1. Each Party shall administer its procedures for the allocation, assignment, and use of scarce telecommunications resources, including frequencies, numbers, and rights of way, in an objective, timely, transparent, and nondiscriminatory manner, except for those related to governmental uses.

2. A Party's measures relating to spectrum allocation and assignment and frequency management are not per se inconsistent with Article 9.4 (Market Access), which applies to cross-border trade in services, and Chapter 10 (Investment) as provided in Article 9.2 (Scope of Application).

3. Accordingly, each Party retains the right to establish, implement, and maintain spectrum and frequency management policies that may have the effect of limiting the number of suppliers of public telecommunications services, provided that this is done in a manner consistent with other provisions of this Agreement. Likewise, each Party retains the right to allocate and assign frequency bands taking into account present and future needs and spectrum availability.

4. Each Party shall make available to the public the current status of allocated and assigned frequency bands but shall not be obliged to provide detailed identification of allocated and assigned frequencies for specific governmental uses.

5. When allocating spectrum for non-governmental telecommunications services, each Party shall endeavor to rely on an open and transparent public comment process that considers the public interest. Each Party shall seek to rely, in general, on market-based approaches in assigning spectrum for terrestrial nongovernmental telecommunications services.

Article 12.17. Regulatory Authority

1. Each Party shall ensure that its telecommunications regulatory authority is independent and separate from and not accountable to any supplier of public telecommunications services.

2. To this end, each Party shall ensure that its telecommunications regulatory authority has no financial interest in, and no operational role in, any supplier of public telecommunications services.

3. Each Party shall ensure that the decisions and procedures of its regulatory authority are impartial with respect to all market participants. To this end, each Party shall ensure that any financial interest that the Party has in a supplier of public telecommunications services does not influence the decisions and procedures of its regulatory authority for telecommunications.

4. No Party shall accord to a supplier of public telecommunications services more favorable treatment than that accorded to a like supplier of the other Party on the ground that the supplier receiving the more favorable treatment is owned in whole or in part by the national government of either Party.

Article 12.18. Domestic Telecommunications Dispute Settlement

Each Party shall ensure that domestic dispute settlement mechanisms are in place, in accordance with its domestic legislation in force.

Article 12.19. Transparency

In addition to the provisions of Chapter 16 (Transparency), each Party shall ensure that:

(a) regulation established by the telecommunications regulatory authority, including the basis for such regulation, is promptly published or made available to the public;

(b) interested persons are provided, to the extent practicable, by adequate advance public notice, with an opportunity to comment on any regulation proposed by the telecommunications regulatory authority; and

(c) measures relating to public telecommunications networks or services are made available to the public, including measures relating to:

(i) tariffs and other terms and conditions of service;

(ii) technical interface specifications;

(iii) conditions for the connection of terminal or other equipment to the public telecommunications network;

(iv) notification, licensing, permit, registration or other authorization requirements, if any;

(v) information on the bodies responsible for the development, modification, and adoption of measures related to standardization or standards affecting access and use; and

(vi) the procedures related to the settlement of telecommunication disputes referred to in Article 12.18.

Article 12.20. Relationship with other Chapters

In the event of any inconsistency between this Chapter and another Chapter in this Agreement, this Chapter shall prevail to the extent of the inconsistency.

Article 12.21. International Standards and Organizations

The Parties recognize the importance of international standards for the global compatibility and interoperability of telecommunications networks or services, and undertake to promote these standards through the work of relevant international organizations, including the International Telecommunication Union and the International Organization for Standardization.

Chapter 13. ENTRY AND TEMPORARY STAY OF BUSINESS PERSONS

Article 13.1. 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 market. It does not include the possibility of obtaining employment, nor salary or remuneration from a labor source in the territory of the other Party;

temporary entry: the entry of a business person of one Party into the territory of the other Party, without the intention of establishing temporary and permanent residence;

executive functions: those functions assigned within an organization, under which the person has primarily the following responsibilities:

(a) directing the administration of the organization or a relevant component or function thereof;

(b) to establish the policies and objectives of the organization, component or function; or

(c) receive general supervision or direction only from higher-level executives, the organization's board of directors or board of trustees, or the organization's shareholders;

managerial functions: those functions assigned within an organization, under which the person has primarily the following responsibilities:

(a) directing the organization or an essential function within the organization;

(b) supervising and controlling the work of other professional employees, supervisors or managers;

(c) to have the authority to hire and fire, or recommend such actions, as well as other actions with respect to the management of personnel being directly supervised by that person and to perform functions at a higher level within the organizational hierarchy or with respect to the function for which he or she is responsible; or

(d) perform actions at his or her discretion with respect to the day-to-day operation of the function over which that person has authority;

functions involving specialized knowledge: those functions that involve special knowledge of the merchandise, services, research, equipment, techniques, administration of the organization or its interests and their application in international markets, or an advanced level of knowledge or experience in the organization's processes and procedures;

immigration measure: any law, regulation, procedure, provision, requirement or practice that regulates the entry, stay and departure of foreigners;

national: as defined in Article 2.1 (Definitions of General Application);

business person: a national of a Party who engages in trade in goods or services, or in investment activities in the other Party. It does not include the possibility of obtaining employment or wages or remuneration from a labor source in the territory of the other Party;

persons engaged in a specialty occupation: a national of a Party who is engaged in a specialty occupation that requires:

(a) the theoretical and practical application of a body of specialized knowledge, and.

(b) the attainment of a post-secondary degree or university degree, which requires 4 years or more of study (or the equivalent of such degree) as a minimum for the practice of the occupation;

remuneration: any receipt or income received for the rendering of a subordinate or independent personal service; and

technician: the national of a Party who carries out a specialized occupation that requires:

(a) the theoretical and practical application of a body of specialized knowledge, and.

(b) the attainment of a post-secondary or technical degree requiring at least 2 years or more of study (or the equivalent of such a degree) for the practice of the occupation.

Article 13.2. General Principles

In addition to the provisions of Chapters 1 (Initial Provisions) and 2 (General Definitions), this Chapter reflects the preferential commercial relationship that exists between the Parties, the convenience of facilitating the temporary entry of business persons in accordance with the principle of reciprocity, and the need to establish transparent criteria and procedures to that effect. It also reflects the need to ensure border security and to protect the national labor force and permanent employment in their respective territories.

Article 13.3. Scope of Application

1. This Chapter shall apply to measures regulating the entry, temporary stay, and departure of nationals of a Party entering the other Party for business purposes.

2. This Chapter shall not apply to measures regulating natural persons of a Party seeking access to the labor market of the other Party, nor to measures relating to citizenship, nationality, permanent residence, or permanent employment.

Article 13.4. General Obligations

1. Each Party shall apply the measures relating to the provisions of this Chapter in accordance with Article 13.2 and, in particular, shall apply them expeditiously to avoid undue delay or prejudice to trade in goods and services or to investment activities covered by this Agreement.

2. The Parties shall endeavor to develop and adopt common criteria, definitions, and interpretations for the application of this Chapter.

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.

4. Nothing in this Chapter shall be construed to prevent a Party from imposing a visa or equivalent document requirement for nationals of the other Party.

Article 13.5. Temporary Entry Authorization

1. In accordance with the provisions of this Chapter, including that contained in Annex 13.5, each Party shall authorize temporary entry for business persons who comply with existing immigration measures applicable to temporary entry, and other applicable measures relating to public health and safety, as well as those relating to national security.

2. Without prejudice to applicable national legislation, a Party may deny temporary entry to a business person where temporary entry would adversely affect:

(a) the settlement of any ongoing labor dispute at the place where he is employed or is to be employed; or

(b) the employment of any person involved in that dispute.

3. Authorization for temporary entry under this Chapter does not replace the requirements for the exercise of a profession or activity in accordance with the specific regulations in force in the territory of the Party authorizing temporary entry.

4. Each Party shall ensure that the fees charged by its competent authorities for processing applications for entry and temporary stay of business persons of the other Party take into account the administrative costs involved in such processing.

Article 13.6. Provision of Information

1. In addition to Article 17.3 (Publication), and recognizing the importance to the Parties of transparency of information on temporary entry, each Party shall, after the date of entry into force of this Agreement, make available, through electronic means or otherwise, information on its measures relating to this Chapter.

2. Each Party shall collect, maintain and make available to the other Party, upon request, information regarding the granting of temporary entry authorizations pursuant to this Chapter to business persons of the other Party who have been issued immigration documentation. This collection shall include, to the extent possible, information for each authorized category.

Article 13.7. Dispute Settlement

1. A Party may not initiate proceedings under Chapter 18 (Dispute Settlement) with respect to a refusal of temporary entry authorization under this Chapter unless:

(a) the matter concerns a recurring practice; and

(b) the affected business person has exhausted available administrative remedies with respect to that particular matter. The

administrative remedies referred to do not include judicial remedies.

2. The administrative remedies referred to in subparagraph 1 (b) shall be deemed to have been exhausted where the competent authority has not issued a final decision within 1 year from the commencement of the administrative procedure and the decision has not been delayed for reasons attributable to the business person concerned.

Article 13.8. Relationship to other Chapters

1. Nothing in this Agreement shall impose any obligation on the Parties with respect to their migration measures except as provided in this Chapter and Chapters 1 (Initial Provisions), 2 (General Definitions), 16 (Transparency), 17 (Treaty Administration), 18 (Dispute Settlement), and Chapter 20 (Final Provisions).

2. Nothing in this Chapter shall be construed to impose any obligations or commitments with respect to other Chapters of this Agreement.

Annex 13.5. TEMPORARY ENTRY OF BUSINESS PERSONS

Section A. Business Visitors

1. Each Party shall authorize the temporary entry of a business person who intends to carry out a business activity referred to in Appendix 13.5.1, without any requirements other than those established by the immigration measures in force applicable to temporary entry, provided that he or she exhibits:

(a) proof of nationality of a Party;

(b) documentation showing that the business person will engage in any business activity set forth in Appendix 13.5.1 and indicating the purpose of entry; and

(c) proof of the international character of the business activity proposed to be undertaken and that the person does not intend to enter the local labor market.

2. Each Party shall stipulate that a business person meets the requirements set out in subparagraph 1(c) where it demonstrates that:

(a) the source of remuneration for that activity is outside the territory of the Party authorizing temporary entry, and.

(b) the principal place of business and the place where most of the profits are actually earned is outside the territory of the Party authorizing temporary entry.

For the purposes of this paragraph, the Party authorizing temporary entry shall normally accept a declaration as to the principal place of business and the place where most of the profits are derived. Where the Party requires additional verification, a letter from the employer stating such circumstances shall normally be considered sufficient evidence.

No Party may:

(a) require, as a condition for authorizing temporary entry pursuant to paragraph 1, prior approval procedures, petitions, proof of labor certification or other procedures of similar effect; or

(b) impose or maintain numerical restrictions on temporary entry pursuant to paragraph 1.

4. Notwithstanding paragraph 3, a Party may require a business person requesting temporary entry under this Section to obtain a visa or equivalent document prior to entry.

Section B. Traders and Investors (1)

1. Each Party shall authorize temporary entry for a business person exercising supervisory, executive or specialized knowledge functions, provided that the person also complies with the immigration measures in force applicable to temporary entry and intends to:

(a) carry on a substantial commercial exchange of goods or services, principally between the territory of the Party of which the business person is a national and the territory of the other Party from which entry is sought; or

(b) to establish, develop, manage, or provide key technical advice or services to manage an investment in which the person

or its enterprise has committed, or is in the process of committing, a substantial amount of capital.

2. No Party may:

(a) require proof of labor certification or other procedures of similar effect as a condition for authorizing temporary entry under paragraph 1, or.

(b) impose or maintain numerical restrictions on temporary entry under paragraph 1.

Notwithstanding paragraph 2, a Party may require a business person requesting temporary entry under this Section to obtain a visa or equivalent document prior to entry.

(1) Does not include the rendering of professional services which by law are reserved to nationals of either Party.

Section C. Transfers of Personnel Within an Enterprise (2)

1. Each Party shall authorize temporary entry and issue supporting documentation or other authorization, subject to the applicable national legislation of each Party, to a business person, employed by a company legally incorporated and operating in its territory, who intends to perform managerial or executive functions, involving specialized knowledge, or a management trainee in training in that company or in one of its subsidiaries, affiliates or parent company, provided that he or she complies with the immigration measures in force applicable to temporary entry.

2. No Party may:

(a) require proof of labor certification or other procedures of similar effect as a condition for authorizing temporary entry under paragraph 1, or.

(b) impose or maintain numerical restrictions on temporary entry under paragraph 1.

Notwithstanding paragraph 2, a Party may require a business person requesting temporary entry under this Section to obtain a visa or equivalent document prior to entry.

(2) Does not include the rendering of professional services that by law are reserved to nationals of either Party.

Section D. Persons Engaged In a Specialty Occupation (3)

1. Each Party shall authorize temporary entry and issue the applicable immigration documentation to a business person who intends to carry out activities, in accordance with the national legislation of the Party, as a person engaged in a specialty or technical occupation, under a subordinate or independent relationship, or to perform training functions related to a particular specialty or technical occupation, including conducting seminars, when the business person, in addition to complying with the current immigration requirements applicable to temporary entry, exhibits:

(a) proof of nationality of a Party;

(b) documentation showing that the person will undertake such activities and stating the purpose of entry; and

(c) documentation that such person possesses the relevant minimum academic requirements or alternative qualifications.

2. No Party may:

(a) require proof of labor certification or other procedures of similar effect as a condition for authorizing temporary entry under paragraph 1, nor.

(b) impose or maintain numerical restrictions on temporary entry under paragraph 1.

3. For greater certainty, the temporary entry of a person under this Section does not imply the recognition of qualifications or certificates, nor the granting of licenses for the conduct of his or her business.

(3) Does not include the provision of professional services that by law are reserved to nationals of a Party pursuant to Article 9.7 (Nonconforming Measures).

Time Limits for Entry and Temporary Stay of Business Persons

Mexico

For the purposes of entry and temporary stay under Sections A, B, C and D, a stay of up to 180 days will be authorized without being renewable.

Panama

In the case of Panama, the length of stay is established on a discretionary basis by the National Immigration Service within the following time periods:

Section A: Business Visitors.

Term of up to 90 days, renewable up to the maximum possible duration in accordance with the applicable provisions in force.

Section B: Traders and Investors

1. Term of up to ninety 90 days, renewable up to the maximum possible duration in accordance with the applicable provisions in force.

2. In the case of investors seeking to develop or manage an investment, they shall be granted the period of stay established by the applicable national immigration legislation.

Section C: Transfers of Personnel within a Company

Term of up to 180 days, renewable up to the maximum possible duration in accordance with the applicable provisions in force.

Appendix 13.5.1. BUSINESS VISITORS

Research and Design

- Technical, scientific and statistical researchers conducting research independently or for an enterprise established in the territory of the other Party.

Cultivation, manufacturing and production

- Purchasing and production personnel, at management level, conducting business operations for an enterprise established in the territory of the other Party.

- Specialized services previously agreed or contemplated in a contract for the transfer of technology, patents and trademarks, purchase and sale of machinery and equipment, technical training of personnel or any other production process of an enterprise established in the territory of the other Party.

Marketing

- Market researchers and analysts who conduct research or analysis independently or for an enterprise established in the territory of the other Party.

- Trade fair and promotional personnel attending trade conventions.

Sales

- Sales representatives and sales agents who take orders or negotiate contracts for goods and services for an enterprise established in the territory of the other Party, but do not deliver the goods or provide the services.

- Buyers making purchases for an enterprise established in the territory of the other Party.

Post-sale services

- Installation, repair, maintenance, and supervisory personnel who have the technical expertise essential to fulfill the seller's contractual obligation; and who provide services, or train workers to provide such services, under a warranty or other service contract in connection with the sale of commercial or industrial equipment or machinery, including computer software purchased from an enterprise established outside the territory of the other Party, but who do not

deliver goods or provide services.

The Party from which temporary entry is requested, during the term of the warranty or service contract.

Management and Supervision

- Management and supervisory personnel engaged in business operations for an enterprise established in the territory of the other Party.

Business Consultants

- Consultants engaged in business activities at the cross-border service provision level.

Financial Services

- Financial services personnel involved in commercial operations for an enterprise established in the territory of the other Party.

Public Relations and Advertising

- Public relations and advertising personnel providing advice to clients or attending or participating in conventions.

Tourism

- Tourism personnel (tour and travel agents, tour guides or tour operators) who attend or participate in conventions or conduct an excursion that has been initiated in the territory of the other Party.

Chapter 14. ELECTRONIC COMMERCE

Article 14.1. Definitions

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

electronic commerce: any agreement, transaction, or exchange of information for commercial purposes in which the Parties interact using the Internet or other information and communications technologies;

personal data: any information about an identified or identifiable natural person; and

digital products: computer programs, text, video, images, sound recordings, and other products that are digitally encoded. (1)

(1) For greater certainty, digital products do not include digitized representations of financial instruments. The definition of digital products is without prejudice to ongoing discussions in the WTO as to whether trade in digital products transmitted electronically constitutes a good or a service.

Article 14.2. Scope of Application

This Chapter shall apply to measures to promote electronic commerce, without prejudice to the provisions on services and investment that are applicable under this Agreement.

Article 14.3. General Provisions

1. The Parties recognize the economic growth and opportunities provided by electronic commerce, in particular for businesses and consumers; as well as the potential for increasing international trade; and therefore undertake to intensify their cooperation on electronic commerce for their mutual benefit.

2. Considering the potential of electronic commerce as an instrument of social and economic development, the Parties recognize the importance of:

(a) the clarity, transparency and predictability of their domestic regulatory frameworks to facilitate, to the greatest extent possible, the development of electronic commerce;

(b) promote self-regulation in the private sector to foster confidence in electronic commerce, taking into account the

interests of users, through initiatives such as industry guidelines, model contracts, codes of conduct, and trust seals;

(c) technological compatibility, innovation, and competition to facilitate electronic commerce;

(d) promoting national e-commerce policies that take into account the interest of all users, including businesses, consumers, nongovernmental organizations, and relevant public institutions;

(e) facilitate the use of electronic commerce by micro, small, and medium-sized enterprises;

(f) promote confidence in a secure environment for users of electronic commerce, taking into account international practices for the protection of personal data; and

(g) avoid unnecessary barriers to the use and development of electronic commerce.

3. Each Party shall endeavor to adopt measures to facilitate electronic commerce.

4. The Parties recognize the importance of avoiding unnecessary barriers to electronic commerce. Taking into account its domestic policy objectives, each Party shall endeavor to avoid measures that are intended to limit trade conducted by electronic means in a more restrictive manner than trade conducted by other means.

Article 14.4. Customs Duties

No Party may apply customs duties, fees, or charges on the import or export by electronic means of digital products.

Article 14.5. Transparency

Each Party, in accordance with its domestic legislation in force, shall make publicly available its laws, regulations, procedures, and administrative decisions of general application that relate directly or indirectly to electronic commerce.

Article 14.6. Consumer Protection

1. The Parties recognize the importance of maintaining and adopting transparent and effective measures to protect consumers from fraudulent and deceptive commercial practices in electronic commerce.

2. The Parties shall promote, to the extent possible, alternative mechanisms for the resolution of cross-border disputes by electronic means and for consumer protection in cross-border electronic transactions.

Article 14.7. Paperless Trade Administration

1. Each Party shall endeavor to make all documents for the administration of cross-border trade publicly available in electronic form.

2. Each Party shall promote the recognition of trade administration documents submitted electronically in accordance with its domestic law as the legal equivalent of the paper version of such documents.

Article 14.8. Protection of Personal Data

The Parties shall encourage the adoption or maintenance of laws and regulations for the protection of personal data of users of electronic commerce. The Parties shall take into consideration existing international practices in this area.

Article 14.9. Authentication and Certification

1. No Party shall adopt or maintain legislation on electronic authentication that prevents the parties to a transaction conducted by electronic means from having the opportunity to prove before the appropriate judicial or administrative authorities that such electronic transaction complies with the authentication requirements established in its domestic law.

2. The Parties shall promote the use of electronic authentication mechanisms, in accordance with international standards. For this purpose, they may consider the recognition of electronic signature certificates, which may be advanced or qualified as appropriate, issued by duly accredited certification service providers, in accordance with the procedure determined by their national legislation.

Article 14.10. Cross-Border Flow of Information

Each Party shall allow its persons and the persons of the other Party to transmit electronic information to and from its territory, when required by such person, in accordance with applicable legislation on the protection of personal data and taking into consideration international practices.

Article 14.11. Cooperation

Recognizing the global nature of electronic commerce, the Parties affirm the importance of:

(a) working together to facilitate the use of electronic commerce by micro, small, and medium-sized enterprises;

(b) share information and experiences on laws, regulations, systems, and programs in the sphere of electronic commerce, including those related to personal data protection, consumer protection, security in electronic communications, authentication, intellectual property rights, and e-government;

(c) work to maintain cross-border information flows as an essential element in fostering a dynamic environment for electronic commerce;

(d) encourage electronic commerce by promoting the adoption of codes of conduct, model contracts, trust seals, guidelines, and enforcement mechanisms in the private sector; and

(e) actively participate in regional and multilateral forums to promote the development of electronic commerce.

Article 14.12. Organization

The following authorities shall be responsible for coordinating the organization of the activities described in Article 14.11, through any appropriate means they deem appropriate and have at their disposal:

(a) for the case of Mexico, the Dirección General de Innovación, Servicios y Comercio Interior of the Secretaría de Economía, and.

(b) in the case of Panama, the Dirección General de Comercio Electrónico del Ministerio de Comercio e Industrias and the Dirección Nacional de Firma Electrónica of the Public Registry of Panama, within the scope of their competence;

or their successors.

Article 14.13. Relation with other Chapters

In case of incompatibility between this and another Chapter, the other Chapter shall prevail to the extent of the incompatibility.

Chapter 15. INTELLECTUAL PROPERTY

Article 15.1. Definitions

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

Nice Classification: the Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks of 1979, as revised and amended;

Berne Convention: the Convention for the Protection of Literary and Artistic Works, in accordance with the Paris Act of July 24, 1971;

Brussels Convention: the Convention Relating to the Distribution of Program-Carrying Signals Transmitted by Satellite, adopted on May 21, 1974;

Geneva Convention: the Convention for the Protection of Producers of Phonograms Against Unauthorized Duplication of their Phonograms, adopted in the city of Geneva on October 29, 1971;

Paris Convention: the Paris Convention for the Protection of Industrial Property, in accordance with the Stockholm Act, dated July 14, 1967;

UPOV Convention: the International Convention for the Protection of New Varieties of Plants of December 2, 1961, as

revised at Geneva on November 10, 1972, either under the Act of October 23, 1978, or under the Act of March 19, 1991;

Rome Convention: the International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations, adopted at Rome on October 26, 1961;

Intellectual Property Rights: all categories of intellectual property that are the object of protection in this Chapter, under the terms indicated;

WIPO: the World Intellectual Property Organization;

WCT: the WIPO Copyright Treaty, adopted on December 20, 1996; and

WPPT: WIPO Performances and Phonograms Treaty, adopted on December 20, 1996.

Article 15.2. Basic Principles

1. The Parties recognize that the protection and enforcement of intellectual property rights shall contribute to the generation of knowledge, the promotion of innovation, transfer and dissemination of technology and to cultural progress, to the mutual benefit of producers and users of technological and cultural knowledge, furthering the development of social and economic welfare and the balance of rights and obligations.

2. The Parties recognize the need to maintain a balance between the rights of right holders and the interests of the general public; in particular, in education, research, public health and access to information within the framework of the exceptions, limitations and flexibilities established in the national legislation of each Party.

3. The Parties, in formulating or amending their laws and regulations, may adopt measures necessary to protect public health and nutrition of the population, or to promote the public interest in sectors of vital importance to their socioeconomic and technological development, provided that such measures are consistent with the provisions of this Chapter.

4. The Parties recognize that the transfer of technology contributes to the strengthening of national capabilities to establish a sound and viable technological base.

5. The Parties, in interpreting and implementing the provisions of this Chapter, shall observe the principles set out in the Declaration on the TRIPS Agreement and Public Health, adopted on 14 November 2001 at the Fourth Ministerial Conference of the WTO.

6. The Parties shall contribute to the implementation of and respect for the Decision of the WTO General Council of 30 August 2003 on paragraph 6 of the Declaration on the TRIPS Agreement and Public Health, and the Protocol amending the TRIPS Agreement, signed in Geneva on 6 December 2005. They also recognize the importance of promoting the gradual implementation of Resolution WHA61.21, Global Strategy and Plan of Action on Public Health, Innovation and Intellectual Property, adopted by the 61st World Health Assembly on May 24, 2008.

7. The Parties shall ensure that the interpretation and implementation of the rights and obligations assumed under this Chapter shall be consistent with paragraphs 1 through 6 of this Article.

Article Article 15.3: General Provisions

1. Each Party shall apply the provisions of this Chapter and may, but shall not be obligated to, provide in its domestic law for more extensive protection than is required by this Chapter, provided that such protection does not contravene the provisions of this Chapter.

2. The Parties reaffirm the rights and obligations provided in the TRIPS Agreement; the Berne Convention; the Paris Convention; the Rome Convention; and the Geneva Convention. In that sense, nothing in this Chapter shall be detrimental to the provisions of such multilateral treaties.

3. Each Party, in formulating or amending its laws and regulations, may make use of the exceptions, limitations and flexibilities permitted by the multilateral treaties related to the protection of intellectual property to which both Parties are party.

4. A Party shall accord to nationals of the other Party treatment no less favorable than that it accords to its own nationals with respect to the protection of Intellectual Property. Exceptions to this obligation shall be established in accordance with the relevant provisions referred to in Articles 3 and 5 of the TRIPS Agreement.

5. With respect to the protection and enforcement of the intellectual property rights referred to in this Chapter, any advantage, favor, privilege or immunity granted by a Party to nationals of any other country shall be accorded immediately and unconditionally to nationals of the other Party. Exceptions to this obligation shall be established in accordance with the relevant provisions referred to in Articles 4 and 5 of the TRIPS Agreement.

6. Nothing in this Chapter shall prevent a Party from taking measures necessary to prevent the abuse of intellectual property rights by right holders or the resort to practices that unreasonably restrain trade or adversely affect the international transfer of technology. Likewise, nothing in this Chapter shall be construed to diminish the protections that the Parties agree or have agreed to benefit the conservation and sustainable use of biodiversity, nor shall it prevent the Parties from adopting or maintaining measures to this end.

Article 15.4. Marks

1. The Parties shall protect trademarks in accordance with the TRIPS Agreement.

2. Panama shall make all reasonable efforts to accede to the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks, adopted in Madrid on June 27, 1989, as amended on October 3, 2006 and November 12, 2007.

3. Article 6 bis of the Paris Convention shall apply, mutatis mutandis, to goods or services that are not identical or similar to those identified by a well-known mark, provided that the use of such mark in relation to goods or services indicates a connection between those goods or services and the owner of the mark, and provided that the interests of the owner of the mark could be injured by such use. For greater certainty, the Parties may also apply this protection to well-known unregistered trademarks, provided that the national legislation of each Party so permits.

4. In determining whether a trademark is well-known (1), no Party shall require that the reputation of the trademark extend beyond the sector of the public that normally deals with the relevant goods or services. For greater certainty, the sector of the public that normally deals with the relevant goods or services is determined in accordance with the national legislation of each Party.

5. Each Party shall provide a system for the registration of trademarks, which shall provide for:

(a) written notification to the applicant stating the reasons for the refusal to register the trademark. If national law so permits, notifications may be made by electronic means;

(b) an opportunity for interested parties to oppose an application for registration of a trademark or to request the invalidation of the trademark after it has been registered;

(c) that decisions in registration and invalidity proceedings be reasoned and in writing; and

(d) the opportunity for interested parties to challenge administratively or judicially, as provided for in the national legislation of each Party, the decisions issued in trademark registration and invalidation proceedings.

6. Each Party shall provide that applications for registration, publications of such applications and registrations shall specify the goods and services, grouped in accordance with the classes established by the Nice Classification.

7. Goods or services shall not be considered as similar to each other solely on the basis that in any registration or publication they are classified in the same class of the Nice Classification system. Goods or services shall not be considered dissimilar to each other solely on the basis that in any registration or publication they are classified in different classes of the Nice Classification system.

8. The initial registration of a trademark shall have a duration of 10 years from the date of filing of the application and may be renewed for periods of the same duration, provided that the conditions for renewal as required by the national legislation of each Party are satisfied.

(1) Notoriety shall be demonstrated within the territorial scope determined by the national legislation of each Party.

Article 15.5. Geographical Indications, Appellations of Origin, and Indications of Source.

1. In accordance with the provisions of Article 22.1 of the TRIPS Agreement and Article 1(2)(2) of the Paris Convention, the names listed in Section A of Annex 15.5 are protected appellations of origin or indications of source in Mexico; and the

names listed in Section B of Annex 15.5 are protected appellations of origin in Panama.

2. Mexico shall grant the protection provided for in Article 15.6 to the appellations of origin or indications of source referred to in Section B of Annex 15.5, as of the entry into force of this Agreement. Panama shall grant the protection provided in Article 15.6 to the appellations of origin referred to in Section A of Annex 15.5, subject to the requirements and procedures provided in its national legislation.

3. Pending the entry into force of its national legislation on the protection of foreign geographical indications, Mexico shall grant the protection provided for in Article 15.6, to new geographical indications, appellations of origin and indications of source of Panama, provided that it is demonstrated that they are protected in accordance with the national legislation of Panama and there are no precedents of conflicting marks in the databases of Mexico. Once such protection procedures are concluded, Mexico shall notify Panama.

Article 15.6. Content of the Protection of Geographical Indications, Appellations of Origin, and Indications of Source

1. Each Party shall protect geographical indications, appellations of origin, and indications of source under the terms of its national legislation.

2. In relation to geographical indications, appellations of origin and indications of source, each Party shall establish the legal means for interested persons to prevent:

(a) the use of any means which, in the designation or presentation of the product, indicates or suggests that the product in question comes from a territory, region or locality other than the true place of origin, so as to mislead the public as to the geographical origin of the product; even when the geographical indication, appellation of origin or indication of source is translated or accompanied by terms such as "kind", "type", "style", "mode", "imitation", "method", "genre", "manner" or other analogous expressions that include graphic symbols that may cause confusion, and

(b) any other use that constitutes an act of unfair competition within the meaning of Article 10bis 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 cancel the registration of a trademark containing or consisting of a geographical indication, appellation of origin or indication of source in respect of goods not originating in the territory indicated, if the use of such indication or appellation in the trademark for those goods in that Party is of such a nature as to mislead the public as to the true place of origin.

4. With respect to geographical indications, appellations of origin and indications of source, each Party shall establish the means to prevent the importation, manufacture or sale of a good that uses a geographical indication, appellation of origin or indication of source protected in the other Party, unless it has been produced in that Party, in accordance with the laws, rules and regulations applicable to such goods.

5. Nothing in this Article shall prevent the Parties from maintaining or adopting in their domestic legislation measures relating to homonymous geographical indications.

Article 15.17. Distinctive Goods

The Parties recognize the products mentioned in Sections A and B of Annex 15.5 as distinctive products of Panama and Mexico, respectively. Consequently, they shall not allow the sale of such products, unless they have been manufactured in Panama and Mexico, in accordance with the laws and regulations applicable to their manufacture. Likewise, the Parties shall take the necessary measures to avoid the registration of distinctive signs that may cause confusion as to their origin and any other act that may be considered unfair competition with respect to the aforementioned products, under the terms of their national legislation.

Article 15.8. Plant Varieties

In accordance with its national legislation, each Party shall grant protection to plant varieties. Each Party shall endeavor, to the extent that its systems are compatible, to comply with the substantive provisions in force of the UPOV Convention (1961), as revised in 1972, 1978 and 1991.

Article 15.9. Copyright and Related Rights

1. The Parties recognize the existing rights and obligations under the Berne Convention; the Rome Convention; the Brussels

Convention; the Geneva Convention; the TODA Treaty; and the TOIEF Treaty.

2. In accordance with the international conventions referred to in paragraph 1 and with its national legislation, each Party shall provide adequate and effective protection to authors of literary and artistic works, to performers, and to producers of phonograms and broadcasting organizations, in their artistic performances, phonograms and broadcasts, respectively.

3. The enjoyment and exercise of the rights provided for in this Treaty shall not be subject to any formality.

4. Parties shall provide adequate legal protection and effective legal remedies against devices or systems that are intended to defeat technological protection measures that are used by authors, performers and producers of phonograms in connection with the exercise of their rights under this Agreement and that, in respect of their works, performances or phonograms, restrict acts that are not authorized by the authors, performers and producers of phonograms concerned or permitted by the national law of each Party.

5. Independently of the economic rights of the author, and even after the transfer of these rights, the author shall retain, at least, the right to claim authorship of the work and to object to any distortion, mutilation or other modification, or any attack upon it, that would be prejudicial to his honor or reputation.

6. The rights recognized to the author in accordance with paragraph 5 shall be maintained after his death in accordance with the national legislation of each Party, and shall be exercised by the persons or institutions to whom the national legislation of the country in which protection is claimed recognizes rights.

7. The rights granted under paragraphs 5 and 6 shall be granted, mutatis mutandis, to performers in respect of their live performances or performances fixed in phonograms or audiovisual material.

8. Each Party shall ensure that a broadcasting organization in its territory shall have at least the exclusive right to authorize the following acts: fixation on a physical medium, reproduction and retransmission of its broadcasts.

9. The Parties may provide in their national legislation for limitations and exceptions to the rights provided for in this Article only in certain cases and provided that they do not conflict with a normal exploitation of the work and do not unreasonably prejudice the legitimate interests of the owner of the rights.

10. The Parties recognize the importance of collective management societies of copyright and related rights, for the purpose of ensuring effective management of the rights entrusted to them, in accordance with the national legislation of each Party.

Article 15.10. Enforcement

1. Without prejudice to the rights and obligations established under the TRIPS Agreement, in particular Part III, the Parties may develop in their national legislation measures, procedures and remedies necessary to ensure the enforcement of intellectual property rights.

2. The Parties shall adopt procedures that allow the right holder, who has valid grounds for suspecting that the importation of counterfeit trademarks or pirated goods infringing copyright (2) is being prepared, to submit to the competent authorities, an application or complaint, according to the national legislation of each Party, in order that the customs authorities suspend the release of such goods. The Parties may also establish similar procedures for the competent authorities to suspend the release of goods destined for export from or in transit through their territory.

3. Each Party shall provide that the competent authorities shall have the authority to require the right holder who has initiated the procedure referred to in paragraph 2 of this Article to provide a bond or equivalent security sufficient to protect the defendant and the competent authorities and to prevent abuse. The bond or equivalent security shall not unduly deter access to such proceedings.

4. It is understood that this Article does not impose any obligation to establish a judicial system for the enforcement of intellectual property rights different from that already in place for the enforcement of national law, nor does it affect the ability of the Parties to enforce their national law in general. Nothing in this Article creates any obligation with respect to the allocation of resources between the means for the enforcement of intellectual property rights and those for the enforcement of national law.

(2) For the purposes of paragraphs 2 and 3: (a) counterfeit trademark goods means any goods, including their packaging, bearing without authorization a mark which is identical to the trademark validly registered for such goods, or which is indistinguishable in its essential aspects from such trademark, and which thereby infringes the rights granted by the law of the country of importation to the owner of the trademark in question; and (b) pirated copyright infringing goods means any copies made without the consent of the owner of the right or of a person duly

authorized by it in the country of production and which are made directly or indirectly from an article where the making of such a copy would have constituted an infringement of copyright or a related right under the law of the country of importation.

Article 15.11. Cooperation, Science and Technology

1. The Parties, recognizing the importance of intellectual property rights as a factor in social, economic, and cultural development, agree to intensify their cooperation in the field of intellectual property rights on the basis of equity and mutual benefit, on such terms and conditions as their competent authorities may mutually agree.

2. In accordance with the possibilities of the Parties, the areas of cooperation may include the following activities:

(a) exchange of information on legal frameworks and exchange of experiences on legislative processes related to intellectual property rights;

(b) exchange of experiences and facilitation of technical assistance on intellectual property rights;

(c) exchange of information on experiences regarding the enforcement of intellectual property rights;

(d) exchange of information and training of personnel in offices related to intellectual property rights;

(e) exchange of experience in the field of patents; and

(f) institutional cooperation and exchange of information on intellectual property policy and development.

3. The implementation of this Article shall be subject to the availability of financial resources and the applicable laws and regulations of each Party.

4. The costs of cooperative activities pursuant to this Article shall be borne in such manner as the Parties may mutually agree.

5. The competent intellectual property authorities shall be responsible for establishing the details and procedures for cooperative activities pursuant to this Article.

Chapter 16. TRANSPARENCY

Article 16.1. Definitions

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

administrative resolution of general application: an administrative resolution 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 adjudicates with respect to a particular act or practice.

Article 16.2. Contact Points

1. Each Party designates a Contact Point, set out in Annex 16.2, to facilitate communications between the Parties on any matter covered by this Agreement.

2. To that end, unless otherwise provided, the Parties shall endeavor to ensure that all communications or notifications between them are made through their Points of Contact. Communications shall be deemed to have been delivered upon receipt by the Contact Point.

3. When requested by a Party, the Contact Point of the other Party shall indicate the unit or official responsible for the matter and shall provide such support as may be required to facilitate communication with the other Party.

Article 16.3. 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 otherwise made available for the information of the

Parties and any interested party.

2. To the extent practicable, each Party shall:

(a) publish in advance any measure it proposes to adopt; and

(b) provide reasonable opportunity for persons and the other Party to comment on the proposed measures.

Article 16.4. Notification, Provision of Information, and Confidentiality

1. Each Party shall, to the extent practicable, notify the other Party of any proposed or existing measure that the Party considers may substantially affect or affect the operation of this Agreement or the interests of the other Party under this Agreement.

2. Each Party shall, upon request of the other Party, provide information and promptly respond to its questions concerning any measure in force or contemplated, whether or not it has been previously notified of such measure.

3. The notification or provision of information referred to in this Article shall be without prejudice to whether or not the measure is consistent with this Agreement.

4. Except as otherwise provided in this Agreement, the Parties shall treat confidential information provided by a Party as confidential.

Article 16.5. Hearing, Legality, and Due Process Guarantees

1. The Parties reaffirm the guarantees of hearing, legality, and due process provided for in their respective laws.

2. Each Party shall maintain judicial or administrative procedures for the review and, where appropriate, correction of final acts relating to this Agreement.

Article 16.6. Administrative Proceedings

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 16.3 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 receive, in accordance with domestic law, reasonable notice of the initiation of the proceeding, including a description of the nature of 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) its procedures are in accordance with its national law.

Article 16.7. Review and Challenge

1. Each Party shall establish or maintain judicial, quasi-judicial, or administrative tribunals or procedures for the purpose of the prompt review and, where warranted, correction of final administrative actions relating to matters covered by this Agreement. Such 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 tribunals or in such proceedings, the parties are entitled to:

(a) a reasonable opportunity to support or defend their respective positions; and

(b) a decision based on the evidence and arguments or, in cases where required by domestic law, 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.

Annex 16.2. CONTACT POINTS

1. The Points of Contact shall be:

(a) for the case of Mexico, the Head of the International Negotiations Unit of the Ministry of Economy, or the person designated by him or her, and.

(b) in the case of Panama, the National Director of Administration of International Trade Treaties and Commercial Defense of the Ministry of Commerce and Industries, or his or her designee;

or their successors.

2. It shall be the responsibility of each Party to keep this Annex updated. To this end, the Parties shall notify in writing of any changes to the information contained in paragraph 1.

Chapter 17. ADMINISTRATION OF THE TREATY

Article 17.1. Administrative Commission

1. The Parties establish the Commission, composed of the officials of each Party at the ministerial level referred to in Annex 17.1, or the persons designated by them.

2. The Commission shall have the following functions:

(a) to ensure compliance with and proper implementation of the provisions of this Agreement;

(b) evaluate the results achieved in the implementation of this Agreement, monitor its development and review any proposed amendments and, if appropriate, recommend their adoption to the Parties;

(c) propose measures aimed at the proper administration and development of this Agreement;

(d) contribute to the settlement of disputes arising out of the interpretation and application of this Agreement;

(e) supervise the work of all committees established pursuant to this Agreement;

(f) fix the amounts of remuneration and expenses to be paid to panelists, their assistants and experts in accordance with Annex 17.3; and

(g) to deal with any other matter that may affect the operation of this Agreement, or that may be entrusted to it by the Parties.

3. The Commission may:

(a) establish and delegate responsibilities to committees;

(b) adopt, in furtherance of the objectives of this Agreement, decisions necessary to:

(i) incorporate goods into the Tariff Elimination Program set out in the schedules to Annex 3.4 (Tariff Elimination Program), as appropriate, and improve the conditions of access to originating goods contained in that Annex;

(ii) approve the recommendations proposed by the Committee on Rules of Origin, Customs Procedures, Trade Facilitation, and Customs Cooperation, in accordance with Article 4.29(2)(b)(b)(i) (Committee on Rules of Origin, Customs Procedures, Trade Facilitation, and Customs Cooperation); and

(iii) implement other provisions of this Agreement that grant it specific powers, other than those mentioned above.

(c) issue interpretations of the provisions of this Agreement;

(d) seek the advice of persons or groups with no governmental connection; and

(e) take any other action that contributes to the better implementation of this Agreement and to the exercise of its functions.

4. Each Party shall implement, in accordance with its domestic legal procedures, any decision taken pursuant to paragraph 3(b).

5. The Commission shall establish and amend its rules and procedures, and all decisions of the Commission shall be taken by consensus.

6. The Commission shall meet at least once a year in regular session and, at the request of any Party, in special session. These meetings may be held in person or by any technological means. The ordinary sessions shall be chaired successively by each Party.

Article 17.2. Free Trade Agreement Coordinators

1. Each Party shall designate a Free Trade Agreement Coordinator, in accordance with Annex 17.2.

2. The Coordinators shall provide appropriate follow-up to the decisions of the Commission and shall work jointly on the development of agendas, as well as on other preparations for the meetings of the Commission.

3. The Coordinators shall meet when necessary, in person or through any technological means, at the instruction of the Commission or at the request of any of the Parties.

Article 17.3. Administration of Dispute Settlement Procedures

1. Each Party shall:

(a) designate a permanent office to provide administrative support to the arbitration panels referred to in Chapter 18 (Dispute Settlement), and perform other functions at the direction of the Commission; and

(b) notify the Commission of the address of its designated office and the official responsible for 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 experts appointed in accordance with Chapter 18 (Dispute Settlement), and as set out in Annex 17.3.

3. The designated offices shall:

(a) upon request, provide assistance to the Commission in accordance with the provisions of Chapter 18 (Dispute Settlement);

(b) upon instructions from the Commission, support the work of working groups or expert groups established in accordance with the provisions of Chapter 18 (Dispute Settlement); and

(c) carry out such other functions as the Commission may direct.

Annex 17.1. OFFICERS OF THE ADMINISTRATIVE COMMISSION

1. The Commission shall be composed of:

(a) for the case of Mexico, the Secretary of Economy, and.

(b) in the case of Panama, the Minister of Commerce and Industry; or his or her successor.

2. It shall be the responsibility of each Party to keep this Annex updated. To this end, the Parties shall notify in writing any changes to the information contained in paragraph 1.

Annex 17.2. FREE TRADE AGREEMENT COORDINATORS

1. The Free Trade Agreement Coordinators shall be:

(a) in the case of Mexico, the Head of the International Negotiations Unit of the Secretaría de Economía, or his or her designee, and.

(b) in the case of Panama, the Head of the Office of International Trade Negotiations of the Ministry of Commerce and Industries, or his designee;

or their successors.

2. It shall be the responsibility of each Party to keep this Annex updated. To this end, the Parties shall notify in writing any changes to the information contained in paragraph 1.

Annex 17.3. REMUNERATION AND PAYMENT OF EXPENSES

1. The remuneration of the panelists, their assistants and experts, their transportation and lodging expenses, and all general expenses of the arbitration panels shall be borne equally by the disputing Parties.

2. Each panelist and expert shall keep a record and submit a final account of his or her time and expenses. The arbitration panel shall keep a record and render a final account of all overhead expenses.

Chapter 18. DISPUTE RESOLUTION

Article 18.1. Definitions

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

Code of Conduct: the Code of Conduct established by the Commission pursuant to Article 17.1 (Administrative Commission);

Dispute Settlement Understanding: the Understanding on Rules and Procedures Governing the Settlement of Disputes, which forms 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 17.3 (Administration of Dispute Settlement Procedures);

Arbitral Panel: the Arbitral Panel established pursuant to Article 18.8 and, if applicable, pursuant to Article 18.18;

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; and

Complaining Party: the party against which a complaint is made; and

Article 18.2. 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 Commission within 15 days of the agreement of the Parties.

Article 18.3. 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 relating to the application or interpretation of this Agreement;

(b) where a Party considers that an existing or proposed measure of the other Party is or may be inconsistent with the obligations of this Agreement, or

(c) where a Party considers that an existing or proposed measure of the other Party causes or would cause nullification or impairment in accordance with Annex 18.3.

Article 18.4. Choice of Forum

1. Disputes arising under this Agreement, the WTO Agreement, or any other trade agreement to which the Parties are party may be resolved in the forum of the complaining Party's choice.

2. Once the complaining Party has requested the establishment of an arbitration panel under this Chapter or any other trade agreement referred to in paragraph 1, or has requested the establishment of a panel under the Dispute Settlement Understanding, the forum selected shall be exclusive of any other forum with respect to the same matter.

Article 18.5. 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 18.6. Consultations

1. Any Party may request in writing to the other Party consultations with respect to any measure in force or in the pipeline, or with respect to any other matter that it considers may affect the operation of this Agreement in accordance with Article 18.3.

2. The consulting Party shall deliver the request to the Party consulted, through the designated office. 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.

3. Through the consultations provided for in this Article, the consulting Parties shall make every effort to reach a mutually satisfactory resolution of any matter. For such purposes, the consulting Parties shall:

(a) shall examine with due diligence the consultations submitted to them;

(b) provide sufficient information to examine how the existing or proposed measure or any other matter could affect the operation of this Agreement; and

(c) treat confidential information exchanged in the course of consultations in the same manner as the Party providing the information.

4. A consulting Party may request the other Party, to the extent possible, to make available to it personnel of its government agencies or other regulatory bodies that have competence in the matter that is the subject of the consultations.

5. Consultations may be conducted in person or by technological means. If conducted in person, the Parties shall endeavor to hold the consultations in the capital of the Party consulted, unless otherwise agreed by the Parties.

6. The period for consultations shall not exceed 30 days following the date of receipt of the request for consultations, unless the consulting Parties agree to extend this period.

7. The consultations shall be confidential and without prejudice to the rights of any Party in any other possible proceedings.

8. Consultations held under any other Chapter shall not replace the consultations referred to in this Article.

Article 18.7. Intervention by the Administrative Commission - Good Offices, Conciliation and Mediation

1. Any consulting Party may request in writing, through the designated office, that the Commission be convened whenever a matter is not resolved in accordance with Article 18.6 within:

(a) 30 days after receipt of the request for consultations; or

(b) such other period as the consulting Parties may agree.

2. A consulting Party may also request in writing, through the designated office, that the Commission be convened where consultations have been held in accordance with Article 18.6.

3. The requesting Party shall deliver the request to the other Party through the designated office. 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. Unless the Parties agree on a different time limit, the Commission shall meet within 10 days of receipt of the request, and with a view to reaching a mutually satisfactory resolution of the dispute may:

(a) convene technical advisors or establish such working or expert groups as it deems necessary;

(b) resort to good offices, conciliation, mediation or other alternative means of dispute settlement; or

(c) make recommendations.

5. Unless it decides otherwise, the Commission may join 2 or more proceedings before it under this Article relating to the same measure in force or proposed measure or other matter in question. Likewise, the Commission may join 2 or more proceedings concerning other matters before it under this Article, when it considers it appropriate to consider them together.

Article 18.8. Request for the Establishment of the Arbitral Panel

1. Any consulting Party may request in writing the establishment of an Arbitral Panel where the matter has not been resolved within:

(a) 10 days after receipt of the request for intervention by the Commission, if the Commission has not met in accordance with Article 18.7(1);

(b) 30 days following the meeting of the Commission, in accordance with Article 18.7(4);

(c) 30 days after the Commission has met to deal with the most recent matter submitted to it, where several proceedings have been joined in accordance with Article 18.7(5), or

(d) such other period as the consulting Parties may agree.

2. The complaining Party shall deliver the request, through the designated office, to the other Party. The request shall state the reasons and shall include:

(a) the identification of the measure or matter at issue, and.

(b) an indication of the legal basis of the complaint.

3. With the submission of the request to the designated office of the other Party, the Arbitration Panel shall be deemed to have been established by the Commission.(1)

4. 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.

5. An Arbitral Panel may not be established to review a proposed measure.

(1) The establishment of the Arbitral Panel does not imply the holding of a meeting or the adoption of a decision by the Commission.

Article 18.9. Panels and Qualifications of Panelists

1. On the date of entry into force of this Agreement, each Party shall establish and maintain an indicative list of up to 6 national individuals. These lists shall be referred to as the "Indicative List of Panelists of Mexico" and the "Indicative List of Panelists of Panama" and shall be notified between the Parties. Each Party may modify the panelists on its list when it deems it necessary, after notifying the other Party.

2. In addition, on the date of entry into force of this Agreement, the Parties shall establish by mutual agreement an "Indicative List of Non-Party Panelists" in which they shall designate up to 6 panelists to serve as Chairpersons of the Arbitral Panel in any event. At the request of any Party, the Commission may modify the "Indicative List of Non-Party Panelists" at any time.

3. The lists provided for in this Article shall be adopted by decisions of the Commission.

4. The members of the lists shall:

(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) be chosen strictly on the basis of objectivity, reliability and sound judgment;

(c) be independent, independent of, and not bound by, and not receive instructions from, the Parties; and

(d) comply with the Code of Conduct to be adopted by the Commission no later than 90 days after 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 shall meet the qualifications set out in paragraph 4.

7. Persons who have been involved in a dispute pursuant to Article 18.7 may not be panelists for the same dispute.

Article 18.10. Membership of the Arbitral Panel

1. The Arbitral Panel shall be composed as follows:

(a) it shall consist of 3 members;

(b) within 15 days of receipt of the request for the establishment of the Arbitration Panel pursuant to Article 18.8, each Party shall appoint a panelist, preferably from its "Tentative List". If a Party fails to designate a panelist within the above time limit, the Secretary General of LAIA, at the request of any Party, shall designate a panelist within 10 days of such request;

(c) by mutual agreement, the Parties shall appoint a third panelist preferably from the "Indicative List of Non-Party 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. If the Parties fail to reach agreement on the designation of the chairperson within the time period provided above, the Secretary General of LAIA, at the request of any Party, shall designate the chairperson within 10 days of such request;

(d) the selection by the Secretary General of LAIA referred to in subparagraphs (a) and (b) shall be made by drawing lots from the indicative lists referred to in Article 18.9 (1) and (2), as appropriate, or failing that, shall select them from the indicative list provided for in the Dispute Settlement Understanding; and

(e) each Party to the dispute shall endeavor to select panelists with relevant experience in the subject matter of the dispute.

2. 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 acceptance of his or her selection.

3. Where a disputing Party considers that a panelist has violated the Code of Conduct, the disputing Parties shall consult and, if agreed, remove that panelist and select a new panelist in accordance with this Article.

4. Where 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 18.11. Model Rules of Procedure

1. The Commission shall adopt, no later than 90 days after the date of entry into force of this Agreement, 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 ensured; and

(d) the protection of confidential information.

Unless otherwise agreed by the disputing Parties, the proceedings before the arbitration panels shall be governed by the Model Rules of Procedure.

3. The 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 out in Articles 18.14 and 18.15."

5. If the disputing Parties have agreed on different terms of reference, they shall notify the Arbitral Panel within 2 days of its 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 18.3, 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 18.3, the terms of reference shall so state.

Article 18.12. Information and Technical Advice

On its own initiative 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 18.13. Suspension or Termination of Proceedings

1. After 12 months of inactivity from the date on which the last consultation meeting was held has elapsed without additional steps having 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 the proceeding for a period not exceeding 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 18.14. Preliminary Report

1. The Arbitration 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 18.12.

2. Unless the disputing Parties agree otherwise, the Arbitration Panel shall, within 90 days of the establishment of the Panel, notify the disputing Parties of a preliminary report containing:

(a) findings of fact, including any arising from a request pursuant to Article 18.11(7);

(b) a determination as to whether the measure at issue is inconsistent with the obligations under this Agreement, or is a cause for nullification or impairment within the meaning of Annex 18.3 or any other determination requested in the terms of reference; and

(c) the draft final report and its recommendations, if any, for the resolution of the dispute.

3. The Arbitral 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, or within 60 days in cases

of urgency, 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, 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 endeavor to reach all its decisions by consensus. However, where 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 such a case, and after considering the written observations, the Arbitration Panel may, on its own initiative or at the request of any disputing Party:

(a) request the observations of any disputing Party;

(b) conduct any due diligence it considers appropriate; or

(c) reconsider the preliminary report.

Article 18.15. Final Report

1. The Arbitration Panel shall notify the disputing Parties of its final report and, if any, written views on issues on which there was 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 report 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 Commission within 5 days of its notification to them, and shall make it available to the public within 15 days of its communication to the Commission, subject to the protection of confidential information in the report.

Article 18.16. Compliance with the Final Report

1. The final report of the Arbitration Panel shall be final and 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 18.3, the remedy shall, where possible, be non-enforcement or termination of the measure that is inconsistent with this Agreement or that causes nullification or impairment within the meaning of Annex 18. 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 18.17. Non-performance and Suspension of Benefits

1. Where the Arbitration Panel finds that a measure is inconsistent with the obligations of this Agreement or is a cause of nullification or impairment within the meaning of Annex 18.3, and the disputing Parties:

(a) do not reach compensation in terms of Article 18.16(3) or a mutually satisfactory settlement of the dispute within 30 days of receipt of the final report, or

(b) have reached an agreement on the settlement of the dispute or on compensation in accordance with Article 18.16(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 settlement of the dispute, as the case may be.

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 to be a cause of nullification or impairment within the meaning of Annex 18.3; and

(b) if the complaining Party considers that it is not practicable or effective to suspend benefits in the same sector or sectors, it may suspend benefits in other sectors.

Article 18.18. Review of Suspension of Benefits or Compliance

1. A disputing Party may, by written communication to the other disputing Party, request that the original Arbitration Panel established pursuant to Article 18.8 be reconvened to determine:

(a) whether the level of suspension of benefits applied by the complaining Party pursuant to Article 18.17(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 with respect to the compatibility of any measures taken to comply.

2. If the Arbitration Panel hearing a matter pursuant to subparagraph 1(a) decides that the level of suspended benefits is manifestly excessive, it shall determine 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 subparagraph 1(b) decides that the Party complained against has complied, the complaining Party shall immediately terminate the suspension of benefits.

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 within such other period as the disputing Parties may agree.

4. The provisions of Article 18.10 shall apply where the original Arbitral Panel or any of its members cannot be reconstituted to hear the matters referred to in this Article.

Article 18.19. Judicial and Administrative Proceedings

1. The Commission shall endeavor to agree, as soon as possible, on an appropriate interpretation or response where a Party:

(a) 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 Commission; or

(b) 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.

2. The Party in whose territory the court or administrative body is located shall submit to it the appropriate response or any interpretation agreed to by the Commission, in accordance with the procedures of that body.

3. Where the Commission is unable to agree on an appropriate response or interpretation, the Party in whose territory the tribunal or administrative body is located may submit its own views to the tribunal or administrative body in accordance with the procedures of that body.

Article 18.20. 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 18.21. Alternative Means of Dispute Settlement

1. Each Party shall, in accordance with its domestic law, 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 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 the provisions of 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 Commission may establish an Advisory Committee on Private Commercial Disputes composed of persons having expertise or experience in the settlement of private international commercial disputes. The Committee shall make general reports and recommendations to the Commission on the existence, use and effectiveness of arbitration and other procedures for the settlement of such disputes.

Annex 18.3. ANNULMENT AND IMPAIRMENT

The Parties may have recourse to the dispute settlement mechanism of this Chapter when, by virtue of the application of a measure that does not contravene the Agreement, they consider that the benefits that they could reasonably have expected to receive from the application of Chapters 3 (National Treatment and Market Access for Goods); 4 (Rules of Origin and Customs Procedures); 7 (Sanitary and Phytosanitary Measures); 8 (Technical Barriers to Trade); and 9 (Cross-Border Trade in Services) are nullified or impaired.

Chapter 19. EXCEPTIONS

Article 19.1. Definitions

For the purposes of Article 19.5, the following definitions shall apply:

competent authority: for each Party as defined in Annex 19.5;

tax convention: a convention for the avoidance of double taxation or other international tax convention or arrangement; and

taxation 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 duty" in Article 2.1 (Definitions of General Application).

Article 19.2. General Exceptions

1. For purposes of Chapters 3 (National Treatment and Market Access for Goods); 4 (Rules of Origin and Customs Procedures); 5 (Trade Facilitation and Customs Cooperation); 7 (Sanitary and Phytosanitary Measures), 8 (Technical Barriers to Trade), and 14 (Electronic Commerce), 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 9 (Cross-Border Trade in Services); 12 (Telecommunications); 13 (Entry and Temporary Stay of Business Persons); and 14 (Electronic Commerce), Article XIV of the GATS (including the footnotes) is incorporated into and made an integral part of this Agreement, mutatis mutandis. The 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.

Article 19.3. National Security

Nothing in this Agreement shall be construed to:

(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) preventing a Party from taking any measure that it considers necessary to protect its essential security interests:

(i) relating to trade in arms, ammunition, and munitions of war, and trade and transactions in goods, materials, services, and technology carried on for the direct or indirect purpose of providing supplies to a military institution or other defense establishment;

(ii) adopted in time of war or other emergency in international relations; or

(iii) relating to the implementation of national policies or international agreements relating to the non-proliferation of nuclear weapons or other nuclear explosive devices; or (iv) relating to the implementation of national policies or international agreements relating to the non-proliferation of nuclear weapons or other nuclear explosive devices, or

(c) to 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 19.4. 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 domestic law, 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 19.5. 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 any Party under any tax treaty. 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 the 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 paragraph 2:

(a) Article 3.3 (National Treatment) and such other provisions in this Agreement necessary to give effect to that Article shall apply to taxation measures to the same extent as Article III of the GATT 1994; and

(b) Article 3.12 (Export Taxes) shall apply to taxation measures.

4. Articles 10.11 (Expropriation and Compensation) and 10.17 (Submission of a Claim to Arbitration) shall apply to taxation measures that are claimed to be expropriatory, except that no investor may invoke Article 10.11 (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 10.11 (Expropriation and Compensation) with respect to a taxation measure shall first submit the matter at the time of the written notice referred to in Article 10.17 (Submission of a Claim to Arbitration) to the competent authorities of the claimant and respondent set out in Annex 19.5 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 10.17 (Submission of a Claim to Arbitration).

Article 19.6. Balance of Payments

1. A Party may adopt or maintain temporary, nondiscriminatory restrictions to protect the balance of payments where:

(a) there is serious economic and financial disruption or threat thereof in the Party's territory that cannot be adequately addressed by some alternative measure, or.

(b) the balance of payments, including the state of its monetary reserves, is seriously threatened or facing serious difficulties.

2. The measures referred to in paragraph 1, with respect to trade in goods shall be taken in accordance with the GATT 1994, including the Declaration on Trade Measures Taken for Balance of Payments Purposes of 1979 and the Understanding on Balance of Payments Provisions of the General Agreement on Tariffs and Trade 1994; and with respect to trade in services shall be taken in accordance with the GATS.

3. Any measure adopted or maintained pursuant to paragraph 1 shall:

(a) be applied in a non-discriminatory manner such that no Party receives less favorable treatment than any other Party or non-Party;

(b) be consistent with the Articles of Agreement of the International Monetary Fund;

(c) avoid unnecessary damage to the commercial, economic and financial interests of the other Party;

(d) not go beyond what is necessary to overcome the circumstances set out in paragraph (1); and

(e) be temporary and progressively removed as soon as the situations specified in paragraph 1 improve.

4. Without prejudice to the obligations under the legal instruments referred to in paragraph 2, a Party adopting or maintaining measures in accordance with paragraph 1 shall communicate to the other Party as soon as possible, through the Commission:

(a) what the nature and extent of the serious threats to, or serious difficulties faced by, its balance of payments consist of;

(b) the economic and foreign trade situation of the Party;

(c) the alternative measures available to it to correct the problem;

(d) the economic policies it adopts to deal with the problems referred to in paragraph 1, as well as the direct relationship between such policies and the solution of such problems; and

(e) the evolution of the events that gave rise to the adoption of the measure.

Annex 19.5. COMPETENT AUTHORITIES

For the purposes of Article 19.5, a Competent Authority shall be understood as follows

(a) in the case of Mexico, the Secretaría de Hacienda y Crédito Público (SHCP), and.

(b) in the case of Panama, the Autoridad Nacional de Ingresos Públicos (ANIP);

or their successors.

It shall be the responsibility of each Party to keep this Annex updated. To this end, the Parties shall notify in writing any changes to the information contained in paragraph 1.

Chapter 20. FINAL PROVISIONS

Article 20.1. Annexes, Appendices and Footnotes

The annexes, appendices, and footnotes to this Agreement constitute an integral part of this Agreement.

Article 20.2. Entry Into Force

This Agreement shall be of indefinite duration and shall enter into force 30 days following the date of the last written communication in which the Parties have notified each other, through diplomatic channels, that their respective internal legal procedures for its entry into force have been completed, unless the Parties agree on a different period of time.

Article 20.3. Reservations and Interpretative Declarations

This Treaty may not be the subject of reservations or interpretative declarations at the time of ratification.

Article 20.4. Amendments

1. The Parties may agree on any amendment to this Treaty.

2. The agreed amendment shall enter into force and become an integral part of this Agreement 30 days after the date of the last written communication in which the Parties have notified each other through diplomatic channels that their respective internal legal procedures for its entry into force have been completed, unless the Parties agree on a different time limit.

Article 20.5. Accession

1. Any State may accede to this Treaty subject to such terms and conditions as may be agreed between that State and the

Commission.

2. Accession shall enter into force 30 days after the date of the last written communication in which the Parties and the acceding State have notified each other through diplomatic channels that their respective internal legal procedures for entry into force have been completed, unless the Parties and the acceding State agree on a different time limit.

Article 20.6. Denunciation

1. Any Party may denounce this Agreement. Termination shall take effect 180 days after written notice of termination is given to the other Party, unless the Parties agree otherwise.

2. Notwithstanding paragraph 1, the investment provisions shall continue in force for a period of 10 years after the termination of this Agreement with respect to investments made only during its term.

Article 20.7. Termination of Partial Scope Agreement No. 14

1. Upon the entry into force of this Agreement, Partial Scope Agreement No. 14 signed between the United Mexican States and the Republic of Panama, signed pursuant to Article 25 of the Treaty of Montevideo 1980, as well as its annexes and protocols, shall be terminated.

2. Notwithstanding the provisions of the preceding paragraph, the preferential tariff treatment granted by Partial Scope Agreement No. 14 signed between the United Mexican States and the Republic of Panama, shall remain in force for 30 days following the entry into force of this Agreement for importers who request it and use the certificates of origin issued within the framework of that Agreement, provided that they were issued prior to the entry into force of this Agreement and are still in force.

Article 20.8. Termination of the Agreement between the United Mexican States and the Republic of Panama for the Reciprocal Promotion and Protection of Investment

1. Upon the entry into force of this Agreement, the Agreement between the United Mexican States and the Republic of Panama for the Reciprocal Promotion and Protection of Investments and its Annexes (Agreement), signed in Mexico City on October 11, 1995, shall be terminated.

2. Notwithstanding the provisions of paragraph 1, as of the entry into force of this Agreement, the Third Chapter "Dispute Settlement", First Section and Second Section of the Agreement, shall remain in force for a period of 10 years in the cases of:

(a) investments covered by the Agreement at the time of entry into force of this Agreement, or.

(b) disputes arising prior to the date of entry into force of this Agreement and otherwise eligible for settlement under Chapter Three "Dispute Settlement", Sections One and Two of the Agreement.

Article 20.9. Future Negotiations

Unless the Parties agree otherwise, the Commission, no later than 2 years after the entry into force of this Agreement, may decide to initiate negotiations on the following chapters:

(a) Regulatory Improvement.

(b) Maritime Services.

(c) Government Procurement.

(d) Cooperation and Trade Capacity Building.

IN WITNESS WHEREOF, the undersigned, duly authorized by their respective governments, have signed this Agreement in the city of Panama, on the third day of April of the month of two thousand fourteen, in two original copies in the Spanish language, both being equally authentic.

For the United Mexican States

Ildefonso Guajardo Villarreal

Secretary of the Economy

For the Republic of Panama

Ricardo A. Quijano Jiménez

Minister of Commerce and Industry

Honorary Witnesses

Enrique Peña Nieto

President

Ricardo Martinelli B.

President

Annex I. INTERPRETATIVE NOTES

1. A Party's Schedule indicates, in accordance with Articles 9.7 (Nonconforming Measures) and 10.8 (Nonconforming Measures), a Party's existing measures that are not subject to some or all of the obligations imposed by:

(a) Article 9.3 (Most-Favored-Nation Treatment) or 10.4 (Most-Favored-Nation Treatment);

(b) Article 9.4 (Market Access);

(c) Article 9.5 (National Treatment) or 10.3 (National Treatment);

(d) Article 9.6 (Local Presence);

(e) Article 10.6 (Senior Management and Boards of Directors); or

(f) Article 10.7 (Performance Requirements).

2. Each tab of this Annex sets forth the following elements:

(a) Sector: refers to the sector in general for which the tab has been made;

(b) Sub-sector: refers to the specific sector for which the fiche has been made;

(c) Obligations Affected: specifies the obligation(s) referred to in paragraph 1 that, by virtue of Articles 9.7 (1) (a) (Non-Conforming Measures) and 10.8 (1) (a) (Non-Conforming Measures), do not apply to the listed measure(s);

(d) Level of Government: indicates the level of government that maintains the measure(s) on which a reservation is taken;

(e) Measures: identifies the laws, regulations or other measures, as qualified, where indicated, by the Description element in respect of which the record has been made. A measure cited 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 measure subordinated to, adopted or maintained under the authority of, and consistent with, such measure; and

(iii) includes any measure adopted or maintained under the authority of, and consistent with, such measure.

(f) Description provides a general description of the Measures.

3. In interpreting a tab, all elements of the tab shall be considered. A tab shall be interpreted in light of the relevant provisions of the chapters against which the tab is taken. 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 unreasonable to conclude that the Measures element should prevail. In this case, the other elements shall prevail to the extent of the discrepancy.

4. Pursuant to Articles 9.7(1)(a) (Non-Conforming Measures) and 10.8(1)(a) (Non-Conforming Measures), the Articles of this Agreement specified in the Affected Obligations element of a tab do not apply to the law, regulation or other measure identified in the Measures element of that tab.

5. Where a Party maintains a measure that requires a service supplier to be a national, permanent resident or resident in its territory as a condition for the supply of a service in its territory, a tab in the Annex made for that measure in relation to Articles 9. 3 (Most-Favored-Nation Treatment), 9.5 (National Treatment) or 9.6 (Local Presence) shall operate as an Annex tab in relation to Articles 10.3 (National Treatment), 10.4 (Most-Favored-Nation Treatment) or 10.7 (Performance Requirements) with respect to such measure.

6. For purposes of this Agreement, the Parties understand that:

(a) extractive fishing activity shall not be considered a service and therefore need not be listed in Annexes I and II with respect to the obligations of Chapter 9 (Cross-Border Trade in Services); and

(b) where a Party completely prohibits the cross-border supply of or investment in a service by a foreign person, such prohibition shall not be considered a non-conformity with respect to Article 9.4 (Access to Markets in Services).

9.4 (Market Access) and therefore need not be listed in Annexes I and II as such.

Annex I. SCHEDULE OF MEXICO. HORIZONTAL NOTES

For the purposes of this 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;

international cargo: goods that have their origin or destination outside the territory of a Party;

concession: an authorization granted by the Mexican State to a person to exploit natural resources or provide a service, for which Mexican nationals and Mexican companies will be preferred over foreigners.

Annex I. SCHEDULE OF MEXICO

1. Sector: All Sectors

Subsector:

Obligations Concerned: Article 10.3 (National Treatment)

Level of Government: Federal

Measures: Political Constitution of the United Mexican States, Article 27

Foreign Investment Law, Title II, Chapters I and II Regulation of the Foreign Investment Law and of the National Registry of Foreign Investment, Title II, Chapters I and II

Description: Investment

Foreign nationals or foreign companies may not acquire direct dominion over lands and waters within a 100 kilometers strip along the borders and 50 kilometers along the beaches (hereinafter referred to as 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. The notice of such acquisition must be filed with the Ministry of Foreign Affairs (hereinafter referred to as 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.

In accordance with the procedure described below, Mexican companies without foreigners exclusion clause may acquire rights for the use and exploitation of real estate located in the Restricted Zone, which are 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 real estate, 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 will 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 will 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 operations implies 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 renounce to invoke the protection of their governments with respect to such property.

2. Sector: All Sectors

Subsector:

Obligations Concerned: Article 9.4 (Market Access) Article 10.3 (National Treatment)

Level of Government: Federal

Measures: Foreign Investment Law, Title VI, Chapter III

Description: Cross-Border Trade in Services and Investment

The National Foreign Investment Commission (hereinafter referred to as CNIE), in evaluating applications submitted for its consideration (acquisitions or establishment of investments in the restricted activities in accordance with the provisions of this Schedule), shall consider the following criteria:

(a) the impact on employment and worker training;

(b) the technological contribution;

(c) compliance with the environmental provisions contained in the ecological ordinances governing the matter; and

(d) in general, the contribution to increase the competitiveness of Mexico's productive plant.

When deciding on the merits of an application, the CNIE may only impose requirements that do not distort international trade.

3. Sector: All Sectors

Subsector:

Obligations Concerned: Article 10.3 (National Treatment)

Level of Government: Federal

Measures: Foreign Investment Law, Title I, Chapter III As qualified by the Description element

Description: Investment

A favorable resolution of the National Commission on Foreign Investment (hereinafter referred to as CNIE) is required for investors of the other Party or their investments to participate, directly or indirectly, in a proportion greater than 49% 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.

The applicable threshold for the review of an acquisition of a Mexican company will be the amount so determined by the CNIE. In any event, the threshold will not be less than US$150 million.

Each year, the threshold will be adjusted according to the nominal growth rate of Mexico's Gross Domestic Product, as published by the National Institute of Statistics and Geography (INEGI).

4. Sector: All Sectors

Subsector:

Obligations Affected: Article 10.3 (National Treatment) Article 10.6 (Senior Executives and Boards of Directors)

Level of Government: Federal

Measures: Political Constitution of the United Mexican States, Article 25

General Law of Cooperative Societies, Title I and Title II, Chapter II.

Federal Labor Law, Title I

Foreign Investment Law, Title I, Chapter III

Description: Investment

No more than 10% of the members of a Mexican cooperative production company may be foreign nationals.

Investors of the other Party or their investments may only acquire, directly or indirectly, up to 10% of the participation in a Mexican production cooperative society.

Foreign nationals may not hold management or general management positions in the cooperative societies.

A cooperative production company is an enterprise whose members unite their personal labor, whether physical or intellectual, for the purpose of producing goods and services.

intellectual, for the purpose of producing goods or services.

5. Sector: All Sectors

Subsector:

Obligations Concerned: Article 10.3 (National Treatment)

Level of Government:

Federal

Measures: Federal Law for the Promotion of Microindustry and Handicraft Activity, Chapters I, II, III and IV

Description: Investment

Only Mexican nationals may apply for a certificate to qualify as a microindustrial enterprise.

Mexican microindustrial companies may not have foreign nationals as partners.

The Federal Law for the Promotion of Microindustry and Artisan Activity defines a microindustrial company as one 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.

6. Sector: Agriculture, Livestock, Forestry and Lumber Activities

Subsector: Agriculture, Livestock or Forestry

Obligations Concerned: Article 10.3 (National Treatment)

Level of Government: Federal

Actions: Political Constitution of the United Mexican States, Article 27

Agrarian Law, Title VI

Foreign Investment Law, Title I, Chapter III

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, up to 49% participation in the "T" shares.

7. Sector: Retail Trade

Subsector: Trade in Non-Food Products in Specialized Establishments

Obligations Concerned: Article 10.3 (National Treatment)

Level of Government: Federal

Measures: Ley de Inversión Extranjera, Título I, Capítulo III (Foreign Investment Law, Title I, Chapter III)

Description: Investment

Investors of the other Party or their investments may only acquire, directly or indirectly, up to 49% of the participation 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 fireworks, not including the acquisition and use of explosives for industrial and extractive activities, and the elaboration of explosive mixtures for such activities.

8. Sector: Communications

Subsector: Entertainment Services (Open Sound and Television Broadcasting)

Obligations Concerned: Articles 9.5 (National Treatment) and 10.3 (National Treatment) Article 9.6 (Local Presence) Article 10.4 (Most-Favored-Nation Treatment)

Level of Government: Federal

Measures: Political Constitution of the United Mexican States, Articles 28 and 32

Ley de Vías Generales de Comunicación, Book I, Chapter III.

Federal Telecommunications Law, Chapter III, Section I Federal Radio and Television Law, Title III, Chapter I Regulations of the Federal Radio and Television Law, in Matters of Concessions, Permits and Content of Radio and Television Transmissions

Foreign Investment Law, Title I, Chapter II

Description: Cross Border Trade in Services and Investment

A concession granted by the telecommunications regulatory body 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.

9. Sector: Communications

Subsector: Entertainment Services (Open sound and television broadcasting, and public telecommunications networks for the provision of restricted television and audio services).

Obligations Concerned: Article 9.5 (National Treatment) Article 10.7 (Performance Requirements)

Level of Government: Federal

Measures: Federal Law of Radio and Television, Title IV, Chapter III Regulations of the Federal Law of Radio and Television, in Matters of Concessions, Permits and Content of Radio and Television Broadcasts.

Regulation of the Restricted Audio and Television Service.

Description: Cross-Border Trade in Services and Investment

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.

The authorization will be granted provided that the application is accompanied by documentation evidencing the copyright(s) for the retransmission or distribution of such programs.

10. Sector: Communications

Subsector: Entertainment Services (limited to open sound and television broadcasting, and public telecommunications networks for the provision of restricted television services).

Obligations Concerned: Article 9.5 (National Treatment) Article 10.7 (Performance Requirements)

Level of Government: Federal

Measures: Federal Radio and Television Law, Title IV, Chapters III and V.

Regulations of the Federal Law of Radio and Television, in Matters of Concessions, Permits and Content of Radio and Television Broadcasts.

Regulation of the Restricted Audio and Television Service.

Description: Cross Border Trade in Services and Investment

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 may not be distributed when the programs are rebroadcast in the territory of Mexico.

The use of the Spanish language is required for the transmission of open and restricted television and radio programs, except when the Ministry of the Interior (Secretaría de Gobernación, SEGOB) authorizes the use of another language.

The majority of the time of the daily broadcast programming that uses personal acting must be covered by Mexican nationals.

In Mexico, radio or television announcers and entertainers who are not Mexican nationals must obtain an authorization from SEGOB to perform in Mexico such activities.

11. Sector: Communications

Subsector: Entertainment Services (Public Telecommunication Networks for the rendering of restricted television and audio services)

Obligations Concerned: Articles 9.5 (National Treatment) and 10.3 (National Treatment) Article 9.6 (Local Presence)

Level of Government: Federal

Measures: Political Constitution of the United Mexican States, Articles 28 and 32.

Ley de Vías Generales de Comunicación, Book I, Chapter III.

Law of Nationality, Chapters I, II and IV.

Federal Radio and Television Law, Title III, Chapters I, II and III.

Federal Telecommunications Law, Chapter III Foreign Investment Law, Title I, Chapter III Satellite Communication Regulations

Regulations of the Restricted Audio and Television Service.

Regulation of the Federal Law of Radio and Television, in Matters of Concessions, Permits and Content of Radio and Television Broadcasting.

Description: Cross Border Trade of Services and Investment

A concession granted by the telecommunications regulatory body 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% of the participation in companies established or to be established in the territory of Mexico that own or exploit public telecommunications networks for the provision of restricted television and audio services.

12. Sector: Communications

Subsector: Public Telecommunications Services and Networks (marketing companies)

Obligations Concerned: Articles 9.5 (National Treatment) and 10.3 (National Treatment) Article 9.3 (Most-Favored-Nation Treatment) Article 9.6 (Local Presence)

Level of Government: Federal

Measures: Political Constitution of the United Mexican States, Article 28

Federal Telecommunications Law, Chapter III, Section V, and Chapter IV, Section III

Public Telephony Service Regulations, Chapters I, II and IV

International Telecommunication Rules, Rules 1, 2, 3, 4, 5 and 6.

Regulations for the Commercialization of Long Distance and International Long Distance Telecommunication Services, Chapters I, II and III.

Description: Cross Border Trade of Services and Investment

A permit granted by the telecommunications regulatory body is required to establish and operate or exploit a telecommunications services commercialization company, without having the character of a public network. Only Mexican nationals and companies incorporated under Mexican law may obtain such a permit.

The establishment and operation of commercial agencies are invariably subject to the regulatory provisions in force. The telecommunications regulatory body will not grant permits for the establishment of a commercialization company until the corresponding regulations are issued.

A telecommunications service commercialization company is understood as a company that, without owning or possessing the means of transmission, provides telecommunications services to third parties through the use of the capacity of a public telecommunications network concessionaire.

Unless expressly approved by the telecommunications regulatory body, public telecommunications network concessionaires may not participate, directly or indirectly, in the capital of a telecommunications marketer.

All international public switched traffic must be routed through duly authorized international ports. International port authorizations may only be requested by companies that have a public telecommunications network concession granted by the telecommunications regulatory body.

13. Sector: Communications

Subsector: Public Telecommunication Services and Networks

Obligations Concerned: Articles 9.5 (National Treatment) and 10.3 (National Treatment) Article 9.3 (Most-Favored-Nation Treatment) Article 9.6 (Local Presence)

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 Satellite Communication Regulations, Title II, Sections I, II and III, and Title III

Public Telephony Service Regulations, Chapters I, II and IV.

Restricted Television and Audio Service Regulations, Chapters I and V.

Local Service Rules, Rule 8

Long Distance Service Rules, Chapters III, IV and VII

International Telecommunications Rules, Rules 1, 2, 3, 4, 5 and 6.

Description: Cross-border Trade in Services and Investment

A concession granted by the telecommunications regulatory body is required to:

(a) use, exploit or exploit a frequency band in the national territory, except for free use spectrum and official use spectrum;

(b) install, operate or exploit public telecommunications networks;

(c) to occupy geostationary orbital positions and satellite orbits assigned to the country, and to exploit their respective frequency bands; and

(d) to exploit the rights to broadcast and receive signals of frequency bands associated with foreign satellite systems covering

foreign satellite systems that cover and may provide services in the national territory.

Only Mexican nationals and companies incorporated under Mexican law may obtain such concession.

Concessions to use, exploit or exploit frequency bands of the spectrum for specific uses, as well as to occupy geostationary orbital positions and satellite orbits assigned to the country, and to exploit their respective frequency bands, will be granted through public bidding.

All international public switched traffic must be routed through duly authorized international ports. International port authorizations may only be requested by companies that have a public telecommunications network concession granted by the telecommunications regulatory body.

International gateway is defined as the exchange that is part of the public telecommunications network of a long distance concessionaire, to which a means of transmission that crosses the country's border is connected and through which international traffic originating or terminating outside the territory of Mexico is routed.

Private network operators that intend to commercially exploit the services must obtain a concession granted by the telecommunications regulatory body, in which case they will adopt the character of a public telecommunications network.

Public telecommunications networks do not include users' telecommunications equipment, nor telecommunications networks located beyond the network termination point.

Investors of the other Party or their investments may only participate, directly or indirectly, up to 49% in such concessionary companies.

In the case of 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%.

14. Sector: Communications

Subsector: Transportation and Telecommunications

Obligations Concerned: Article 10.3 (National Treatment)

Level of Government: Federal

Measures: Ports Law, Chapter IV

Ley Reglamentaria del Servicio Ferroviario, Chapter II, Section III

Law on Civil Aviation, Chapter III, Section III Law on Airports, Chapter IV

Federal Roads, Bridges and Trucking Law, Title I, Chapter III.

Federal Telecommunications Law, Chapter III, Section VI.

Federal Radio and Television Law, Title III, Chapters I and II General Communications Law, 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:

Obligations Affected: Article 10.3 (National Treatment)

Level of Government: Federal

Measures: Political Constitution of the United Mexican States, Article 27

Ley Reglamentaria del Artículo 27 Constitucional en el Ramo del Petróleo, Articles 2, 3, 4 and 6.

Foreign Investment Law, Title I, Chapter III Regulation of the Regulatory Law of Article 27 of the Constitution in the Oil Industry, Chapters I, V, IX and XII

Description: Investment

Risk sharing contracts are prohibited.

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% 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 gas, and the construction of means for the transportation of oil and gas.

(See also List of Mexico, Annex II).

16. Sector: Transportation

Subsector: Land and Water Transportation

Obligations Concerned: Articles 9.5 (National Treatment) and 10.3 (National Treatment) Article 9.6 (Local Presence)

Level of Government: Federal

Measures: Political Constitution of the United Mexican States, Article 32

Ley de Caminos, Puentes y Autotransporte Federal, Title I, Chapter III.

Ports Law, Chapter IV

Law of Maritime Navigation and Commerce, Title I, Chapter II

Description: Cross Border Trade of Services and Investment.

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.

A concession is also required to build, operate, exploit, conserve and maintain federal roads and bridges.

Such concessions may only be granted to Mexican nationals and Mexican companies.

17. Sector: Energy

Subsector: Petroleum Products

Obligations Concerned: Article 10.3 (National Treatment)

Level of Government: Federal

Measures: Ley de Inversión Extranjera, Título I, Capítulo II (Foreign Investment Law, Title I, Chapter II)

Regulatory Law of Article 27 of the Mexican Constitution in the Petroleum Sector

Regulations of the Regulatory Law of Article 27 of the Constitution in the Oil Industry, Chapters I, II, 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.

18. Sector: Energy

Subsector: Petroleum Products

Obligations Concerned: Article 10.3 (National Treatment)

Level of Government: Federal

Measures: Ley de Inversión Extranjera, Título I, Capítulo II (Foreign Investment Law, Title I, Chapter II)

Regulatory Law of Article 27 of the Mexican Constitution in the Petroleum Sector

Regulations of the Regulatory Law of Article 27 of the Constitution in the Oil Industry, Chapters I, VII, IX and XII.

Regulation of Liquefied Petroleum Gas, Chapters I, III, V and XI.

Description: Investment

Only Mexican nationals and Mexican companies with a foreigner exclusion clause may participate in the distribution of liquefied petroleum gas.

19. Sector: Energy

Subsector: Petroleum Products (supply of fuel and lubricants for aircraft, ships and railroad equipment)

Obligations Concerned: Article 10.3 (National Treatment)

Level of Government: Federal

Measures: Ley de Inversión Extranjera, Título I, Capítulo III (Foreign Investment Law, Title I, Chapter III)

Description: Investment

Investors of the other Party or their investments may only participate, directly or indirectly, up to 49% of the capital of a Mexican company that supplies fuels and lubricants for aircraft, ships and railway equipment.

20. Sector: Energy

Subsector:

Obligations Affected: Article 9.6 (Local Presence)

Level of Government: Federal

Measures: Regulatory Law of Article 27 of the Constitution in the Petroleum Sector.

Regulation of the Regulatory Law of Article 27 of the Constitution in the Oil Industry, Chapters I, VII, IX and XII.

Regulation of Natural Gas, Chapters I, III, IV and V.

Description: Cross Border Trade of Services

A permit granted by the Energy Regulatory Commission is required to provide natural gas distribution, transportation and storage services. Only companies of the social sector and corporations may obtain such permit.

21. Sector: Printing, Publishing and Related Industries

Subsector: Publication of Newspapers

Obligations Concerned: Article 10.3 (National Treatment)

Level of Government: Federal

Measures: Ley de Inversión Extranjera, Título I, Capítulo III As qualified by the item Description

Description: Investment

Investors of the other Party or their investments may only acquire, directly or indirectly, up to 49% of the participation in enterprises 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.

For the purposes of this reservation, a newspaper is considered to be one that is published at least five days a week.

22. Sector: Goods Manufacturing

Subsector: Explosives, Fireworks, Firearms and Cartridges.

Obligations Concerned: Article 10.3 (National Treatment)

Level of Government: Federal

Measures: Ley de Inversión Extranjera, Título I, Capítulo III (Foreign Investment Law, Title I, Chapter III)

Description: Investment

Investors of the other Party or their investments may only acquire, directly or indirectly, up to 49% of the participation in an enterprise established or to be established in the territory of Mexico that manufactures explosives, fireworks, firearms, cartridges and ammunition, not including the manufacture of explosive mixtures for industrial and extractive activities.

23. Sector: Fishing

Subsector: Services related to fishing

Obligations Concerned: Article 9.3 (Most-Favored-Nation Treatment) Article 9.5 (National Treatment) Article 9.6 (Local Presence)

Level of Government: Federal

Measures: Political Constitution of the United Mexican States, Article 32

Ley General de Pesca y Acuacultura Sustentables, Title VI, Chapter IV; Title VII, Chapter II

Maritime Navigation and Commerce Law, Title I, Chapter I; Title II, Chapter IV; Title III, Chapter I

Ports Law, Chapters I, IV and VI.

Regulation of the Fisheries Law, Title II, Chapter I; Chapter II, Section VI

Description: Cross Border Trade in Services

A permit granted by the Ministry of Agriculture, Livestock, Rural Development, Fisheries and Food (hereinafter referred to as SAGARPA), through the National Commission of Aquaculture and Fisheries; or by the Ministry of Communications and Transportation (hereinafter referred to as SCT), within the scope of its competence, is required to provide services related to fishing.

A permit granted by SAGARPA is required to carry out activities, such as fishing works necessary to support concession applications and the installation of fixed fishing gear in waters under federal jurisdiction. Said permit will be granted preferentially to the inhabitants of the local communities. All other things being equal, preference will be given to applications from indigenous communities.

A permit granted by SAGARPA is required for foreign flag fishing vessels to unload live, fresh, frozen or frozen fishery products from commercial fishing. Such permit will be granted only in case of accident or in those cases expressly authorized by SAGARPA. Likewise, the permit will be granted preferentially to the inhabitants of the local communities. All other things being equal, preference will be given to requests from indigenous communities.

Authorization granted by the SCT is required for foreign flag vessels to provide dredging services.

A permit granted by the SCT is required to provide port services related to fishing, such as loading and provisioning; maintenance of communication equipment; electrical work; garbage or waste collection; and sewage disposal. Only Mexican nationals and Mexican companies may obtain such permit.

24. Sector: Fishing

Subsector: Fishing

Obligations Concerned: Article 10.3 (National Treatment) Article 10.4 (Most-Favored-Nation Treatment)

Level of Government: Federal

Measures: General Law on Sustainable Fisheries and Aquaculture, Title VI, Chapter IV; Title VII, Chapter I; Title XIII, Sole Chapter, Title XIV, Chapters I, II and III.

Law of Maritime Navigation and Commerce, Title II, Chapter I.

Federal Law of the Sea, Title I, Chapters I and III.

National Waters Law, Title I, and Title IV, Chapter I Foreign Investment Law, Title I, Chapter III Regulations of the Fisheries Law, Title I, Chapter I; Title II, Chapters I, III, IV, V and VI, and Title III, Chapters III and IV.

Description: Investment

Investors of the other Party or their investments may only acquire, directly or indirectly, up to 49% 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 Commission of Foreign Investments (CNIE) is required for investors of the other Party or their investments to acquire, directly or indirectly, more than 49% of the participation in an enterprise established or to be established in the territory of Mexico that carries out fishing in the high seas, coastal and exclusive economic zone, not including aquaculture.

territory of Mexico that engages in deep-sea fishing.

25. Sector: Educational Services

Subsector: Private Schools

Obligations Concerned: Article 10.3 (National Treatment)

Level of Government: Federal

Measures: Ley de Inversión Extranjera, Título I, Capítulo III (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 Commission on Foreign Investment (CNIE) is required for investors of the other Party or their investments to acquire, directly or indirectly, more than 49% of the participation in an enterprise established or to be established in the territory of Mexico that provides private preschool, primary, secondary, middle superior, high school, and combined education services.

26. Sector: Professional, Technical and Specialized Services

Subsector: Medical Services

Obligations Concerned: Article 9.5 (National Treatment)

Level of Government: Federal

Measures: Federal Labor Law, Title I

Regulatory Law of Article 5 of the Constitution regarding the Practice of Professions in the Federal District.

Description: Cross Border Trade of Services

Only Mexican nationals with a license to practice as physicians in the territory of Mexico may be hired to provide medical services to the personnel of Mexican companies.

27. Sector: Professional, Technical and Specialized Services

Subsector: Specialized Personnel

Obligations Concerned: Articles 9.5 (National Treatment) and 10.3 (National Treatment)

Level of Government: Federal

Measures: Ley Aduanera, Title II, Chapters I and III, and Title VII, Chapter I

Measures: Foreign Investment Law, Title I, Chapter II

Description: Cross Border Trade in Services and Investment

Only Mexicans by birth may be customs brokers.

Only customs brokers 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: Specialized Services (Public Brokers)

Obligations Concerned: Articles 9.5 (National Treatment) and 10.3 (National Treatment) Article 9.6 (Local Presence)

Level of Government: Federal

Measures: Federal Public Brokerage Act, Articles 7, 8, 12 and 15 Regulations of the Federal Public Brokerage Act, Chapter I, and Chapter II, Sections I and II

Foreign Investment Law, Title I, Chapter II

Description: Cross Border Trade in Services and Investment

Only Mexican nationals by birth may be authorized to practice as public brokers.

Public brokers may not associate with any person who is not a public broker to provide public brokerage services.

Public brokers shall establish an office in the place where they have been authorized to practice.

29. Sector: Professional, Technical and Specialized Services

Subsector: Professional Services

Obligations Concerned: Articles 9.3 (Most-Favored-Nation Treatment) and 10.4 (Most-Favored-Nation Treatment) Articles 9.5 (National Treatment) and 10.3 (National Treatment)

Level of Government: Federal

Measures: Ley Reglamentaria del Artículo 5º Constitucional, Relativo al Ejercicio de las Profesiones en el Distrito Federal, Chapter III, Section III, and Chapter V.

Foreign Investment Law, Title I, Chapter III.

Description: Cross Border Trade of Services and 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, a percentage greater than 49% of the participation in a company 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 the Mexican laws.

Except as provided in this reservation, only lawyers authorized 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 that 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.

30. Sector: Professional, Technical and Specialized Services

Subsector: Professional Services

Obligations Concerned: Article 9.3 (Most-Favored-Nation Treatment) Article 9.5 (National Treatment) Article 9.6 (Local Presence)

Level of Government: Federal

Measures: Ley Reglamentaria del Artículo 5º Constitucional, Relativo al Ejercicio de las Profesiones en el Distrito Federal, Chapter III, Section III, and Chapter V.

Regulation of the Regulatory Law of Article 5 of the Constitution, regarding the Practice of Professions in the Federal District, Chapter III.

General Population Law, Chapter III

Description: Cross Border Trade in Services

Subject to the provisions of 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 place of residence of the applicant and to the fulfillment of 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.

For greater certainty, this form is of national application.

31. Sector: Religious Services

Subsector:

Obligations Affected: Article 9.6 (Local Presence) Article 10.6 (Senior Executives and Boards of Directors)

Level of Government: Federal

Measures: Law of Religious Associations and Public Worship, Title II, Chapters I and II

Description: Cross-Border Trade in Services and Investment

Religious associations must be associations constituted in accordance with the Law on Religious Associations and Public Worship.

Religious associations must be registered with the Secretaría de Gobernación (SEGOB). To be registered, religious associations must be established in Mexico.

Representatives of religious associations must be Mexican nationals.

32. Sector: Transportation

Subsector: Air Transportation

Obligations Concerned: Article 9.6 (Local Presence)

Level of Government: Federal

Measures: Civil Aviation Law, Chapter III, Section II

Description: Cross Border Trade in Services

A permit granted by the Secretariat of Communications and Transportation (SCT) is required to establish and operate aeronautical workshops and personnel training centers.

In order to obtain such permit, a domicile in Mexico is required.

33. Sector: Transportation

Subsector: Air Transportation

Obligations Concerned: Articles 9.5 (National Treatment) and 10.3 (National Treatment) Article 9.6 (Local Presence)

Level of Government: Federal

Measures: Political Constitution of the United Mexican States, Article 32

Ley de Vías Generales de Comunicación, Book I, Chapters I, II and III.

Foreign Investment Law, Title I, Chapter III Civil Aviation Law, Chapters I and IV

Airport Law, Chapter III

Regulation of the Airports Law, Title II, Chapters I, II and III

Description: Cross Border Trade of Services and Investment

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 (hereinafter referred to as CNIE) is required for investors of the other Party or their investments to acquire, directly or indirectly, more than 49% of the participation in a company established or to be established in the territory of Mexico that is a concessionaire or permit holder of public service airfields.

In making its decision, the CNIE must consider that national and technological development is favored, and that the sovereign integrity of the nation is safeguarded.

34. Sector: Transportation

Subsector: Air Transportation

Obligations Concerned: Article 10.3 (National Treatment) Article 10.6 (Senior Executives and Boards of Directors)

Level of Government: Federal

Actions: Civil Aviation Law, Chapters IX and X

Regulation of the Civil Aviation Law, Title II, Chapter I Foreign Investment Law, Title I, Chapter III

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% 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% 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.

35. Sector: Transportation

Subsector: Specialized Air Services

Obligations Concerned: Article 9.6 (Local Presence) Article 10.3 (National Treatment) Article 10.6 (Senior Management and Boards of Directors)

Level of Government: Federal

Measures: Ley de Vías Generales de Comunicación, Book I, Chapter III

Foreign Investment Law, Title I, Chapter III Civil Aviation Law, Chapters I, II, IV and IX

As qualified by the element Description

Description: Cross Border Trade in Services and Investment

Investors of the other Party or their investments may only acquire, directly or indirectly, up to 25% of voting shares of companies 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 companies must be Mexican nationals. Only Mexican nationals and Mexican companies in which 75% 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 granted by the Ministry of Communications and Transportation (SCT) is required to provide all specialized air services in the territory of Mexico.

Such permit will only be granted when the person interested in offering such services has a domicile in the territory of Mexico.

36. Sector: Transportation

Subsector: Water Transportation

Obligations Concerned: Article 10.3 (National Treatment)

Level of Government: Federal

Measures: Law on Ports, Chapters IV and V

Regulation of the Ports Law, Title I, Chapters I and VI Foreign Investment Law, Title I, Chapter III

Description: Investment

Investors of the other Party or their investments may only acquire, directly or indirectly, up to 49% of the participation in the capital of a Mexican company that is authorized to act as an integral port administrator.

An integral port administration exists when the planning, programming, development and other acts related to the goods and services of a port are entrusted in their entirety to a mercantile company, by means of a concession for the use, exploitation and use of the goods and the rendering of the respective services.

37. Sector: Transportation

Subsector: Water Transportation

Obligations Concerned: Article 9.5 (National Treatment) Article 9.6 (Local Presence)

Level of Government: Federal

Measures: Constitución Política de los Estados Unidos Mexicanos, Article 32

Ley de Vías Generales de Comunicación, Book I, Chapters I, II and III.

Law of Maritime Navigation and Commerce, 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

Only Mexican nationals and Mexican companies may obtain such a concession.

38. Sector: Transportation

Subsector: Water Transportation

Obligations Concerned: Articles 9.5 (National Treatment) and 10.3 (National Treatment) Article 9.6 (Local Presence)

Level of Government: Federal

Measures: Political Constitution of the United Mexican States, Article 32

Ley de Navegación y Comercio Marítimos, Title I, Chapter II, and Title II, Chapters IV and V.

Ports Law, Chapters II, IV and VI.

General Roads of Communication Law, Book I, Chapters I, II and III.

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 item Description

Description: Cross Border Trade in Services and Investment

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% of the participation in an enterprise established or to be established in the territory of Mexico that provides port services to vessels to carry out their inland navigation operations, such as towing, mooring of lines and launching.

A concession granted by the Ministry of Communications and Transportation (hereinafter referred to as 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

Only Mexican nationals and Mexican companies may obtain such a permit.

39. Sector: Transportation

Subsector: Water Transportation

Obligations Concerned: Article 10.3 (National Treatment)

Level of Government: Federal

Measures: Ley de Navegación y Comercio Marítimos, Title III, Chapter III

Foreign Investment Law, Title I, Chapter III Foreign Investment Law, Title I, Chapter III Ports Law, Chapters IV and VI

Description: Investment

Investors of the other Party or their investments may only participate, directly or indirectly, up to 49% in Mexican companies engaged in providing port pilotage services to vessels for inland navigation operations.

40. Sector: Transportation

Subsector: Water Transportation

Obligations Concerned: Articles 9.3 (Most-Favored-Nation Treatment) and 10.4 (Most-Favored-Nation Treatment) Articles 9.5 (National Treatment) and 10.3 (National Treatment)

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: Cross Border Trade in Services and Investment

The operation or exploitation of vessels in deep-sea navigation, including international 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 (hereinafter referred to as SCT), prior opinion of the Federal Economic Competition Commission (hereinafter referred to as COFECE), may reserve, in whole or in part, certain international deep-sea cargo transportation services, so that they may only be performed 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 cabotage and inland navigation vessels is reserved to Mexican shipping companies with Mexican vessels. When there are no Mexican vessels with the same technical conditions, or the public interest requires it, the SCT may grant to Mexican shipowners, temporary navigation permits to operate and exploit with foreign vessels, according to the following priority:

1. Mexican shipowner with foreign vessel, under lease or bareboat charter, and

2. Mexican shipowner with foreign vessel, under any charter contract.

The operation and exploitation in inland navigation and cabotage of tourist cruises, as well as of dredges and naval artifacts for the construction, conservation and port operation, may be carried out by Mexican or foreign shipowners, with Mexican or foreign vessels or naval artifacts, as long as there is reciprocity with the country in question, trying to give priority to national companies and complying with the applicable legal provisions.

The SCT, previous opinion of the COFECE, will be able to resolve that, total or partially certain cabotage traffics, can only be carried out by Mexican shipowners with Mexican vessels or reputed as such, in the absence of conditions of effective competition in the relevant market in the terms of the Federal Law of Economic Competition.

Investors of the other Party or their investments may only participate, directly or indirectly, up to 49% in the capital of a Mexican shipping company or Mexican vessels, established or to be established in the territory of Mexico, engaged in the commercial exploitation of vessels for inland navigation and cabotage, with the exception of tourist cruises and the exploitation of dredges and naval artifacts for the construction, conservation and operation of ports.

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% in companies established or to be established in the territory of Mexico dedicated to the exploitation of vessels in deep-sea traffic and port pilotage services.

41. Sector: Transportation

Subsector: Pipelines other than those transporting energy.

Obligations Concerned: Article 9.5 (National Treatment) Article 9.6 (Local Presence)

Level of Government: Federal

Measures: Political Constitution of the United Mexican States, Article 32

Ley de Vías Generales de Comunicación, Book I, Chapters I, II and III.

Law of National Waters, Title I, Sole Chapter, and Title IV, Chapter II

Description: Cross Border Trade of 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 on general communication routes.

Only Mexican nationals and Mexican companies may obtain such concession.

42. Sector: Transportation

Subsector: Railroad Transportation

Obligations Concerned: Articles 9.5 (National Treatment) and 10.3 (National Treatment) Article 9.6 (Local Presence)

Level of Government: Federal

Measures: Ley de Inversión Extranjera, Título I, Capítulo III (Foreign Investment Law, Title I, Chapter III)

Ley Reglamentaria del Servicio Ferroviario, Chapter I and Chapter II, Section III

Railroad Service Regulations, Title I, Chapters I, II and III, Title II, Chapters I and IV, and Title III, Chapter I, Sections I and II

Description: Cross Border Trade in Services and Investment

A favorable resolution of the National Foreign Investment Commission (hereinafter referred to as CNIE) is required for investors of the other Party or their investments to participate, directly or indirectly, in a percentage greater than 49% in 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 to the rendering 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 (hereinafter referred to as 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 ancillary 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.

bridges over railroad tracks. Only Mexican nationals and Mexican companies may obtain such permits.

43. Sector: Transportation

Subsector: Land Transportation

Obligations Concerned: Article 9.5 (National Treatment) Article 9.6 (Local Presence) Article 10.4 (Most-Favored-Nation Treatment)

Level of Government: Federal

Measures: Ley de Caminos, Puentes y Autotransporte Federal, Title I, Chapter III

Regulations for the Use of the Right of Way of Federal Highways and Surrounding Areas, Chapters II and IV.

Regulation on Federal Motor Transportation and Auxiliary Services, Chapter I.

Description: Cross Border Trade of Services and Investment.

A permit granted by the Secretaría 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.

44. Sector: Transportation

Subsector: Land Transportation

Obligations Concerned: Article 9.5 (National Treatment) Article 9.6 (Local Presence)

Level of Government: Federal

Measures: Constitución Política de los Estados Unidos Mexicanos, Article 32

Ley de Caminos, Puentes y Autotransporte Federal, Title I, Chapter III.

Reglamento de Autotransporte Federal y Servicios Auxiliares, Chapters One and Five.

Description: Cross Border Trade of Services

A permit granted by the Secretaría de Comunicaciones y Transportes (SCT) is required to provide auxiliary services to federal trucking. Only Mexican nationals and Mexican companies may obtain such permit.

For greater certainty, auxiliary services are those that, without being part of federal passenger, tourism or cargo transportation, complement its operation and exploitation.

45. Sector: Transportation

Subsector: Land Transportation

Obligations Concerned: Article 9.3 (Most-Favored-Nation Treatment) Articles 9.5 (National Treatment) and 10.3 (National Treatment) Article 9.6 (Local Presence)

Level of Government: Federal

Measures: Ley de Inversión Extranjera, Título I, Capítulo II (Foreign Investment Law, Title I, Chapter II)

Ley de Caminos, Puentes y Autotransporte Federal, Title I, Chapter I and III.

Federal Autotransportation and Auxiliary Services Regulation, Chapter I.

As qualified by the element Description

Description: Cross Border Trade in Services and Investment

Investors of the other Party or their investments may not acquire, directly or indirectly, any participation in the capital of companies established or to be established in the territory of Mexico that provide 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 (hereinafter referred to as 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 in 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 such services.

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.

46. Sector: Transportation

Subsector: Railroad Transportation Services

Obligations Concerned: Article 9.5 (National Treatment)

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.

47. Sector: Transportation

Subsector: Land Transportation

Obligations Concerned: Articles 9.5 (National Treatment) and 10.3 (National Treatment)

Level of Government: Federal

Measures: Ley de Inversión Extranjera, Título I, Capítulo II (Foreign Investment Law, Title I, Chapter II)

Ley de Vías Generales de Comunicación, Book I, Chapters I and II.

Ley de Caminos, Puentes y Autotransporte Federal, Title I, Chapter III.

Regulation of Federal Motor Transport and Auxiliary Services, Chapter I.

Description: Cross-Border Trade of Services and Investment

Only Mexican nationals and Mexican companies with a foreigner exclusion clause may provide urban and suburban

passenger transportation services by bus, school bus services, cab, roulette and other collective transportation services.

48. Sector: Communications

Subsector: Entertainment Services (Cinemas)

Reserved Obligations: Articles 9.3 (Most-Favored-Nation Treatment) and 10.4 (Most-Favored-Nation Treatment) Articles 9.5 (National Treatment) and 10.3 (National Treatment) Article 10.7 (Performance Requirements)

Level of Government: Federal

Measures: Federal Law on Cinematography, Chapter III

Regulation of the Federal Law on Cinematography, Chapter V

Description: Cross Border Trade in Services and Investment

Exhibitors will reserve 10% of total exhibition time for the projection of national films.

Annex I. STATE RESERVATIONS. SCHEDULE OF MEXICO

1. Sector: All Sectors

Subsector:

Obligations Concerned: Article 9.5 (National Treatment)

Level of Government: State (State of Baja California Sur)

Measures: Political Constitution of the State of Baja California Sur, Official Gazette, December 9, 1993, Chapter III

Description: Cross Border Trade in Services

South Californians will be preferred for all kinds of concessions in which the quality of citizenship is indispensable.

2. Sector: All Sectors

Subsector:

Affected Obligations: Article 10.3 (National Treatment) Article 10.4 (Most-Favored-Nation Treatment) Article 10.7 (Performance Requirements)

Level of Government: State (State of Jalisco)

Measures: Law for the Economic Promotion of the State of Jalisco, Official Gazette, December 31, 1994, Chapter VI, Article 11.

As rated by the element Description

Description: Investment

For the granting of incentives, social profitability criteria must be used, taking into consideration the volume of exports, among others.

For the purposes of this reserve, existing means the measure in force as of January 1, 1994.

3. Sector: All Sectors

Subsector:

Obligations Concerned: Article 10.3 (National Treatment) Article 10.7 (Performance Requirements)

Level of Government: State (State of Puebla)

Measures: Ley Orgánica de la Administración Pública del Estado de Puebla, Periódico Oficial, June 4, 1996, Chapter V, Article 32

Description: Investment

The Secretariat of Economic Development will be in charge of directing, coordinating and controlling the execution of the programs of economic development and promotion for the integral, regional and sectorial development of the entity.

4. Sector: All Sectors

Subsector:

Obligations Concerned: Article 10.7 (Performance Requirements)

Level of Government: State (State of Puebla)

Measures: Fiscal Code of the State of Puebla, Periódico Oficial, December 29, 1987, Articles 13, 14 and 41.

Description: Investment

The tax authorities are empowered to authorize the payment in installments, either deferred or in partial payments of omitted taxes and their accessories, under the requirements established in this code. Likewise, they will hear and resolve requests for total or partial remission or exemption of payment of taxes and their accessories. In addition, they will grant subsidies and fiscal incentives.

5. Sector: All Sectors

Subsector:

Obligations Affected: Article 10.3 (National Treatment) Article 10.7 (Performance Requirements)

Level of Government: State (State of Tamaulipas)

Measures: Ley de Fomento y Protección a la Industria, Periódico Oficial, April 1, 1964, Chapter I, Article 7

Description: Investment

The granting of tax exemptions is conditioned to new or necessary assembly industries that assemble merchandise with parts that are entirely manufactured in the country and those that with their own equipment, produce no less than 25% of the direct cost of the totality of the parts with which they assemble their products, but, that in no case use parts of foreign origin that represent more than 40% of said cost.

6. Sector: All Sectors

Subsector:

Obligations Concerned: Articles 9.5 (National Treatment) and 10.3 (National Treatment)

Level of Government: State (State of Sinaloa)

Measures: Political Constitution of the State of Sinaloa, Periódico Oficial, July 20, 1922, Chapter II, Article 10, section III.

Description: Cross Border Trade in Services and Investment.

It is the prerogative of the Sinaloan citizen to be preferred in equal circumstances to those who are not Sinaloan citizens, in all kinds of concessions of the Government of the State and Municipalities.

7. Sector: Water

Sub-sector: Water Collection, Purification and Distribution

Obligations Concerned: Articles 9.5 (National Treatment) and 10.3 (National Treatment)

Level of Government: State (State of Guerrero)

Measures: Ley del Sistema Estatal de Agua Potable, Alcantarillado y Saneamiento del Estado de Guerrero, Diario Oficial, April 26, 1994, Chapter V, Article 39

Description: Cross Border Trade in Services and Investment.

Authorization for the commercial distribution of potable water will only be granted to Mexicans or companies incorporated under the terms of the law when the supply of potable water to the population so requires.

8. Sector: Commerce

Subsector: Wholesale and retail trade of food products, beverages and tobacco.

Obligations Concerned: Article 10.3 (National Treatment)

Level of Government: State (State of Quintana Roo)

Measures: Law for the Control of Sales and Consumption of Alcoholic Beverages in the State of Quintana Roo, Periódico Oficial, January 15, 1991, Chapter III, Articles 27 and 30

Description: Investment

The patent for the sale of alcoholic beverages is granted to individuals and corporations incorporated under the laws of the country.

In the case of foreign individuals, a document supporting their financial capacity must be submitted.

The granting of patents is a discretionary act of the Governor of the State.

9. Sector: Commerce

Subsector: Wholesale and retail trade of food products, beverages and tobacco.

Obligations Concerned: Articles 9.5 (National Treatment) and 10.3 (National Treatment)

Level of Government: State (State of Sonora)

Measures: Law number 119 that regulates the Operation and Functioning of Establishments for the Manufacture, Bottling, Distribution, Storage, Transportation, Sale and Consumption of Beverages with Alcoholic Content in the State of Sonora, Official Gazette, June 25, 1992, Chapter VI, Article 47.

Description: Cross Border Trade of Services and Investment.

A license is required for the opening and operation of establishments destined for the manufacture, bottling, distribution, storage, transportation, sale and consumption of beverages with alcoholic content. This license is granted to Mexicans.

10. Sector: Commerce

Subsector: Wholesale and retail trade of food products, beverages and tobacco.

Obligations Concerned: Articles 9.5 (National Treatment) and 10.3 (National Treatment)

Level of Government: State (State of Tabasco)

Measures: Law that Regulates the Sale, Distribution and Consumption of Alcoholic Beverages and Beers in the State, Periódico Oficial, December 26, 1981, Chapter IV, Articles 26 and 28

Description: Cross Border Trade of Services and Investment.

A license is required for the opening and operation of establishments dedicated to the sale and consumption of alcoholic beverages. This license is granted to Mexicans.

11. Sector: Retail trade

Subsector:

Obligations Concerned: Articles 9.5 (National Treatment) and 10.3 (National Treatment)

Level of Government: State (State of Veracruz)

Measures: Reglamento de Mercados para el Estado, Gaceta Oficial, April 25, 1959, Chapter III, Articles 17 and 18

Description: Cross Border Trade of Services and Investment

Permanent and temporary merchants wishing to obtain a locale in the State's markets must be Mexican by birth.

12. Sector: Commerce

Subsector: Wholesale and retail trade of food products, beverages and tobacco.

Obligations Concerned: Articles 9.5 (National Treatment) and 10.3 (National Treatment)

Level of Government: State (State of Zacatecas)

Measures: Ley sobre el Funcionamiento y Operación de Establecimientos destinados al Almacenaje, Distribución, Venta y Consumo de Bebidas Alcohólicas, Periódico Oficial, December 29, 1996, Articles 8 and 9

Description: Cross Border Trade of Services and Investment

In order to obtain a license for the operation of establishments for the storage, distribution, sale and consumption of alcoholic beverages, Mexican nationality is required for individuals and legal incorporation is required for legal entities.

13. Sector: Professional, Technical and Specialized Services.

Subsector:

Obligations Affected: Article 9.5 (National Treatment)

Level of Government: State (State of Veracruz)

Measures: Ley del Ejercicio Profesional para el Estado, Gaceta Oficial, December 24, 1963, Chapter I, Article 2; Chapter III, Section III, Article 14 and Chapter V, Article 19

Description: Cross Border Commerce of Services

Foreigners may practice in the State the professions regulated by this Law, provided they are authorized by the Department of Professions.

14. Sector: Public Services

Subsector:

Obligations Affected: Articles 9.5 (National Treatment) and 10.3 (National Treatment)

Level of Government: Federal District

Measures: Organic Law of the Federal District Department, Official Gazette, December 29, 1978, Chapter III

Description: Cross Border Trade in Services and Investment.

Concession is required to provide public services. The concession will be granted to individuals or corporations of Mexican nationality.

15. Sector: Public Services

Subsector:

Obligations Concerned: Articles 9.5 (National Treatment) and 10.3 (National Treatment) Article 9.6 (Local Presence)

Level of Government: State (State of Guerrero)

Measures: Law that Establishes the Bases for the Regime of Permits, Licenses and Concessions for the Provision of Public Services and the Exploitation and Use of State and Municipal Property, Official Gazette, October 10, 1989, Chapter V, Article 34.

Description: Cross Border Trade in Services and Investment

Concessions are required for the rendering of public services, as well as for the exploitation and use of state property. These concessions will be granted to Mexicans and, preferably, to neighbors of the municipality where the service to be rendered is located. The legal entities must be

The legal entities must be constituted in accordance with the law.

16. Sector: Professional, Technical and Specialized Services

Subsector: Public Brokers

Obligations Concerned: Article 9.5 (National Treatment)

Level of Government: State (State of Nuevo León)

Measures: Regulation of Brokers of the State of Nuevo Leon, Periódico Oficial, August 2, 1985, Article 12

Description: Cross Border Trade of Services

To practice as a public broker in the entity it is required to be a Mexican citizen.

17. Sector: Professional, Technical and Specialized Services

Subsector: Engineers and Architects

Obligations Concerned: Article 9.5 (National Treatment)

Level of Government: State (State of Oaxaca)

Measures: Reglamento de Construcciones Públicas y Privadas para el Estado de Oaxaca, Periódico Oficial, May 18, 1978, Title Two, Chapter VI, Article 38

Description: Cross Border Trade of Services

In order to obtain registration as a responsible construction manager, Mexican nationality is required.

18. Sector: Professional, Technical and Specialized Services

Subsector: Engineers and Architects

Obligations Concerned: Article 9.5 (National Treatment)

Level of Government: State (State of Veracruz)

Measures: Reglamento de Construcciones para el Estado de Veracruz, Gaceta Oficial, August 23, 1979, Title II, Chapter I, Article 41

Description: Cross Border Trade of Services

Mexican nationality is required to obtain registration as a responsible construction manager.

19. Sector: Professional, Technical and Specialized Services

Subsector: Engineers and Architects

Obligations Concerned: Article 9.5 (National Treatment)

Level of Government: State (State of Michoacán)

Measures: Reglamento de Construcciones, Periódico Oficial, May 22, 1990, Title VI, Chapter XXXVII, Article 458

Description: Cross Border Trade of Services

In order to be a responsible construction manager, it is necessary to be a Mexican citizen.

20. Sector: Professional, Technical and Specialized Services

Subsector: Livestock Inspector

Obligations Concerned: Article 9.5 (National Treatment) Article 9.6 (Local Presence)

Level of Government: State (State of Sonora)

Measures: Ley de Ganadería para el Estado de Sonora, Boletín Oficial, June 8, 1992, Title I, Chapter II, Article 9

Description: Cross Border Trade of Services

To be a zone livestock inspector, it is required to be Mexican and have resided in the municipality of the zone in question for at least 2 years.

21. Sector: Professional, Technical and Specialized Services

Subsector: Livestock Inspector

Obligations Concerned: Article 9.5 (National Treatment) Article 9.6 (Local Presence)

Level of Government: State (State of Tabasco)

Measures: Ley de Ganadería del Estado, Periódico Oficial, January 28, 1959, Chapter VI, Article 56

Description: Cross Border Trade of Services

To be a zone livestock inspector, it is required to be a Mexican citizen and a neighbor of the zone.

22. Sector: Professional, Technical and Specialized Services

Subsector: Livestock Inspector

Obligations Concerned: Article 9.5 (National Treatment) Article 9.6 (Local Presence)

Level of Government: State (State of Tlaxcala)

Measures: Ley Ganadera del Estado de Tlaxcala, Periódico Oficial, July 5, 1978, Title II, Chapter VI, Article 89

Description: Cross Border Trade of Services

To be a livestock inspector, it is required to be a Mexican citizen resident of the State.

23. Sector: Entertainment, Cultural, Recreational and Sporting Services

Subsector: Soccer Soccer

Obligations Concerned: Article 9.5 (National Treatment)

Level of Government: Federal District

Medidas: Decreto que crea un cuerpo colegiado que se denominará Comisión de Fomento Deportivo del Distrito Federal, Diario Oficial, 24 de enero de 1945, Article 11

Description: Cross Border Trade of Services

In the celebration of national soccer games, leagues or championships as a paid public spectacle, it is required that at least 7 players be Mexican by birth.

24. Sector: Professional, Technical and Specialized Services

Subsector: Notary Public

Obligations Concerned: Articles 9.5 (National Treatment) and 10.3 (National Treatment) Article 9.6 (Local Presence)

Level of Government: State (State of Aguascalientes)

Measures: Notary Law for the State of Aguascalientes, Periódico Oficial, June 1, 1980, Title II, Chapter III

Description: Cross-Border Trade of Services and Investment

In order to obtain the Notary Public notary license it is required to be Mexican by birth and to be registered with a professional practice in the entity for at least 3 years prior to the date of filing the application.

A notary public may only associate with another notary public to provide notarial services.

25. Sector: Professional, Technical and Specialized Services

Subsector: Notary Public

Obligations Concerned: Articles 9.5 (National Treatment) and 10.3 (National Treatment) Article 9.6 (Local Presence)

Level of Government: State (State of Baja California)

Measures: Notary Law for the State of Baja California, Periódico Oficial, September 30, 1965, Title I, Chapter Three.

Description: Cross Border Trade of Services and Investment.

In order to obtain a patent as an aspirant to practice as a notary public, it is required to be Mexican by birth.

In addition, it is required an effective and uninterrupted residence in the entity, practicing the profession in any branch of law for a term of not less than 3 years prior to the initiation of his practice. The practice of the profession for 3 uninterrupted years and a minimum of 5 years of residence in the State is required.

A notary public may only associate with another notary public to provide notarial services.

26. Sector: Professional, Technical and Specialized Services

Subsector: Notary Public

Obligations Concerned: Articles 9.5 (National Treatment) and 10.3 (National Treatment) Article 9.6 (Local Presence)

Level of Government: State (State of Baja California Sur)

Measures: Notary Law of the State of Baja California Sur, Official Gazette, December 31, 1977, Title I, Chapter II

Description: Cross Border Trade of Services and Investment

To obtain the patent of aspiring notary it is required to be Mexican by birth, to be a citizen of the State and to have effective residence in the same at least 3 years prior to the date of application.

A notary public may only associate with another notary public to provide notarial services.

27. Sector: Professional, Technical and Specialized Services

Subsector: Notary Public

Obligations Concerned: Articles 9.5 (National Treatment) and 10.3 (National Treatment) Article 9.6 (Local Presence)

Level of Government: State (State of Campeche)

Measures: Ley del Notariado del Estado de Campeche, Periódico Oficial, October 9, 1944, Chapter I

Description: Cross Border Trade of Services and Investment

In order to obtain the notary public's fíat or appointment, it is required to be a Mexican citizen by birth or by naturalization and to have practiced as a notary public for 1 year in the state.

A notary public may only associate with another notary public to provide notarial services.

28. Sector: Professional, Technical and Specialized Services

Subsector: Notary Public

Obligations Concerned: Articles 9.5 (National Treatment) and10.3 (National Treatment)

Level of Government: State (State of Chiapas)

Measures: Notary Public Law of the State of Chiapas, Periódico Oficial, March 21, 1993, Title I, Chapter III

Description: Cross Border Trade of Services and Investment.

To be an aspirant to practice as a Notary Public it is required to be Mexican and prove notarial practice in the State for 1 year.

A notary public may only associate with another notary public to provide notarial services.

29. Sector: Professional, Technical and Specialized Services

Subsector: Notary Public

Obligations Concerned: Articles 9.5 (National Treatment) and 10.3 (National Treatment) Article 9.6 (Local Presence)

Level of Government: State (State of Chihuahua)

Measures: Notary Law of the State of Chihuahua, Periódico Oficial, August 2, 1950, Chapter III

Description: Cross Border Trade of Services and Investment.

In order to obtain a patent as an aspiring notary public, it is required to be Mexican and to have resided in the state for more than 2 years.

A notary public may only associate with another notary public to provide notarial services.

30. Sector: Professional, Technical and Specialized Services

Subsector: Notary Public

Obligations Concerned: Articles 9.5 (National Treatment) and 10.3 (National Treatment) Article 9.6 (Local Presence)

Level of Government: State (State of Coahuila)

Measures: Ley del Notariado del Estado de Coahuila, Periódico Oficial, February 6, 1979, Title II, Chapter III

Description: Cross Border Trade of Services and Investment

To obtain the patent of aspiring notary it is required to be a Mexican citizen by birth and to practice as a notary public for 1 year.

A notary public may only associate with another notary public to provide notarial services.

31. Sector: Professional, Technical and Specialized Services

Subsector: Notary Public

Obligations Concerned: Article 9.5 (National Treatment) and 10.3 (National Treatment) Article 9.6 (Local Presence)

Level of Government: State (State of Colima)

Measures: Notary Law of the State of Colima, Periódico Oficial, January 4, 1964, Title II, Chapter III

Description: Cross Border Trade of Services and Investment

In order to obtain the appointment of notary and to practice as such, it is an indispensable requirement to be Mexican by birth, with a minimum of 5 years of professional practice and to be a resident of the State.

A notary public may only associate with another notary public to provide notarial services.

32. Sector: Professional, Technical and Specialized Services

Subsector: Notary Public

Obligations Concerned: Article 9.5 (National Treatment) and 10.3 (National Treatment) Article 9.6 (Local Presence)

Level of Government: Federal District

Measures: Ley del Notariado para el Distrito Federal, Diario Oficial, January 8, 1990, Chapter II, Section II

Description: Cross Border Trade of Services and Investment

In order to obtain the patent of aspiring notary public, the interested party must be Mexican by birth and have performed notarial practice under the direction and responsibility of a notary public of the entity, for at least 8 uninterrupted months immediately prior to the request for examination.

A notary public may only associate with another notary public to provide notarial services.

33. Sector: Professional, Technical and Specialized Services

Subsector: Notary Public

Obligations Concerned: Article 9.5 (National Treatment) and 10.3 (National Treatment) Article 9.6 (Local Presence)

Level of Government: State (State of Durango)

Measures: Notary Law of the State of Durango, Periódico Oficial, June 17, 1974, Title II, Chapter III, Article 70

Description: Cross Border Trade of Services and Investment

To obtain the patent of aspiring notary, the interested party must be Mexican by birth and a resident of the State.

A notary public may only associate with another notary public to provide notarial services.

34. Sector: Professional, Technical and Specialized Services

Subsector: Notary Public

Obligations Concerned: Article 9.5 (National Treatment) and 10.3 (National Treatment) Article 9.6 (Local Presence)

Level of Government: State (State of Mexico)

Measures: Ley Orgánica del Notariado del Estado de México, Gaceta Oficial, October 11, 1972, Title One, Chapter One, Article 10-A

Description: Cross Border Trade of Services and Investment.

To be an applicant to become a notary public it is required to be a Mexican citizen by birth, to have effective residence in the State for at least 3 years prior to the application and to have completed an internship in a notary office established in the State for a minimum period of 1 year.

A notary public may only associate with another notary public to provide notarial services.

35. Sector: Professional, Technical and Specialized Services

Subsector: Notary Public

Obligations Concerned: Article 9.5 (National Treatment) and 10.3 (National Treatment) Article 9.6 (Local Presence)

Level of Government: State (State of Guanajuato)

Measures: Ley del Notariado para el Estado de Guanajuato, Periódico Oficial, January 8, 1959, Article 6

Description: Cross Border Trade of Services and Investment

In order to obtain the Notary Public notary license it is required to be Mexican by birth and to have completed a minimum of 1 year of practice in a notary office in the State of Guanajuato.

A notary public may only associate with another notary public to provide notarial services.

36. Sector: Professional, Technical and Specialized Services

Subsector: Notary Public

Obligations Concerned: Article 9.5 (National Treatment) and 10.3 (National Treatment) Article 9.6 (Local Presence)

Level of Government: State (State of Guerrero)

Measures: Notary Law for the State of Guerrero, Official Gazette, August 6, 1988, Chapter III, Article 97

Description: Cross Border Trade of Services and Investment.

In order to obtain a patent as an aspiring notary public, it is required to be Mexican by birth and to have practiced as a notary public for a minimum of 5 years.

A notary public may only associate with another notary public to provide notarial services.

37. Sector: Professional, Technical and Specialized Services

Subsector: Notary Public

Obligations Concerned: Article 9.5 (National Treatment) and 10.3 (National Treatment) Article 9.6 (Local Presence)

Level of Government: State (State of Hidalgo)

Measures: Notary Law for the State of Hidalgo, Periódico Oficial, May 18, 1992, Title II, Chapter II, Article 17

Description: Cross Border Trade of Services and Investment.

In order to be appointed as a notary public, it is required to be Mexican by birth and be a citizen of Hidalgo.

A notary public may only associate with another notary public to provide notarial services.

38. Sector: Professional, Technical and Specialized Services

Subsector: Notary Public

Obligations Concerned: Article 9.5 (National Treatment) and 10.3 (National Treatment) Article 9.6 (Local Presence)

Level of Government: State (State of Jalisco)

Measures: Law of the Notary Public of the State of Jalisco, Periódico Oficial, October 14, 1993, Title I, Chapter II, Article 10

Description: Cross Border Trade of Services and Investment.

In order to obtain the patent of aspirant to the practice of Notary Public it is required to be Mexican by birth and to have his civil domicile in the entity.

A notary public may only associate with another notary public to provide notarial services.

39. Sector: Professional, Technical and Specialized Services

Subsector: Notary Public

Obligations Concerned: Article 9.5 (National Treatment) and 10.3 (National Treatment) Article 9.6 (Local Presence)

Level of Government: State (State of Michoacán)

Measures: Ley del Notariado del Estado, Periódico Oficial, February 15, 1980, Title II, Chapter II, Article 21

Description: Cross Border Trade of Services and Investment.

In order to be appointed as a Notary Public it is required to be Mexican by birth and to have uninterrupted residence in the State for more than 3 years.

A notary public may only associate with another notary public to provide notarial services.

40. Sector: Professional, Technical and Specialized Services

Subsector: Notary Public

Obligations Concerned: Article 9.5 (National Treatment) and 10.3 (National Treatment) Article 9.6 (Local Presence)

Level of Government: State (State of Morelos)

Measures: Notary Law of the State of Morelos, Official Gazette, August 3, 1983, Chapter II, Section II, Article 11

Description: Cross Border Trade of Services and Investment.

In order to obtain registration as a Notary Public, the interested party must be from Morelos and have a residence of not less than 10 years in the State.

A notary public may only associate with another notary public to provide notarial services.

41. Sector: Professional, Technical and Specialized Services

Subsector: Notary Public

Obligations Concerned: Article 9.5 (National Treatment) and 10.3 (National Treatment) Article 9.6 (Local Presence)

Level of Government: State (State of Nayarit)

Measures: Ley del Notariado del Estado de Nayarit, Periódico Oficial, January 28, 1987, Title II, Chapter I, Article 7

Description: Cross Border Trade of Services and Investment

In order to obtain the appointment of Notary Public, it is required to be Mexican by birth and to have been practicing

professionally in the entity for at least 5 years.

A notary public may only associate with another notary public to provide notarial services.

42. Sector: Professional, Technical and Specialized Services

Subsector: Notary Public

Obligations Concerned: Article 9.5 (National Treatment) and 10.3 (National Treatment) Article 9.6 (Local Presence)

Level of Government: State (State of Nuevo León)

Measures: Notary Law of the State of Nuevo Leon, Periódico Oficial, December 26, 1983, Title I, Chapter III, Article 18

Description: Cross Border Trade of Services and Investment

To obtain the appointment of Notary Public it is required to be Mexican by birth and reside in the State.

A notary public may only associate with another notary public to provide notarial services.

43. Sector: Professional, Technical and Specialized Services

Subsector: Notary Public

Obligations Concerned: Article 9.5 (National Treatment) and 10.3 (National Treatment) Article 9.6 (Local Presence)

Level of Government: State (State of Oaxaca)

Measures: Ley del Notariado para el Estado de Oaxaca, Periódico Oficial, July 30, 1994, Title II, Chapter I, Article 12

Description: Cross Border Trade of Services and Investment

To obtain the title of Notary Public, it is required to be Mexican by birth and to have a residence in the State of Oaxaca of not less than 5 years.

A notary public may only associate with another notary public to provide notarial services.

44. Sector: Professional, Technical and Specialized Services

Subsector: Notary Public

Obligations Concerned: Article 9.5 (National Treatment) and 10.3 (National Treatment) Article 9.6 (Local Presence)

Level of Government: State (State of Puebla)

Measures: Notary Law of Puebla, Periódico Oficial, August 6, 1976, Chapter IV, Article 27

Description: Cross Border Trade of Services and Investment.

To obtain the Notary Public patent, it is required to be Mexican by birth and to be a resident of the State, with a residence of not less than 5 uninterrupted years prior to his appointment.

A notary public may only associate with another notary public to provide notarial services.

45. Sector: Professional, Technical and Specialized Services

Subsector: Notary Public

Obligations Concerned: Article 9.5 (National Treatment) and 10.3 (National Treatment) Article 9.6 (Local Presence)

Level of Government: State (State of Querétaro)

Measures: Notary Law of the State of Querétaro, Periódico Oficial, October 28, 1976, Chapter III, Article 11

Description: Cross Border Trade of Services and Investment

In order to obtain the appointment of Notary Public, it is required to be Mexican by birth and to have uninterrupted residence in the State for more than 3 years prior to his appointment.

A notary public may only associate with another notary public to provide notarial services.

46. Sector: Professional, Technical and Specialized Services

Subsector: Notary Public

Obligations Concerned: Article 9.5 (National Treatment) and 10.3 (National Treatment) Article 9.6 (Local Presence)

Level of Government: State (State of Quintana Roo)

Measures: Organic Law of the Notary Public of the State of Quintana Roo, Periódico Oficial, November 25, 1976, Chapter II, Article 10

Description: Cross Border Trade of Services and Investment

To be a Notary Public it is required to be a Mexican citizen, preferably from Quintana Roo, with residence in the State for at least 3 years prior to the appointment.

A notary public may only associate with another notary public to provide notarial services.

47. Sector: Professional, Technical and Specialized Services

Subsector: Notary Public

Obligations Concerned: Article 9.5 (National Treatment) and 10.3 (National Treatment) Article 9.6 (Local Presence)

Level of Government: State (State of Sinaloa)

Measures: Notary Law of the State of Sinaloa, Periódico Oficial, August 12, 1969, Chapter IV, Article 109

Description: Cross Border Trade in Services and Investment.

In order to obtain authorization to practice as a Notary Public, it is required to be a Mexican citizen and to have practiced as a Notary Public for 2 uninterrupted years.

A notary public may only associate with another notary public to provide notarial services.

48. Sector: Professional, Technical and Specialized Services

Subsector: Notary Public

Obligations Concerned: Article 9.5 (National Treatment) and 10.3 (National Treatment) Article 9.6 (Local Presence)

Level of Government: State (State of Sonora)

Measures: Notary Law of the State of Sonora, Official Gazette, July 4, 1970, Title II, Chapter Three, Article 80

Description: Cross Border Trade of Services and Investment.

To obtain the appointment and practice as a Notary Public, it is required to be Mexican by birth and a resident of the State.

A notary public may only associate with another notary public to provide notarial services.

49. Sector: Professional, Technical and Specialized Services

Subsector: Notary Public

Obligations Concerned: Article 9.5 (National Treatment) and 10.3 (National Treatment) Article 9.6 (Local Presence)

Level of Government: State (State of Tabasco)

Measures: Ley del Notariado para el Estado de Tabasco, Periódico Oficial, November 10, 1976, Chapter II, Article 6, sections I and IV.

Description: Cross Border Trade of Services and Investment.

In order to obtain the notary's fíat or appointment, it is required to be Mexican by birth and to be a resident of the State, with effective residence of not less than 5 years.

A notary public may only associate with another notary public to provide notarial services.

50. Sector: Professional, Technical and Specialized Services

Subsector: Notary Public

Obligations Concerned: Article 9.5 (National Treatment) and 10.3 (National Treatment) Article 9.6 (Local Presence)

Level of Government: State (State of Tamaulipas)

Measures: Ley del Notariado para el Estado de Tamaulipas, Periódico Oficial, January 30, 1993, Article 13

Description: Cross Border Trade of Services and Investment.

The Executive of the State will issue a patent of aspirant to the position of Notary Public to whoever proves to be Mexican by birth and with a residence in the State of at least 3 years.

A notary public may only associate with another notary public to provide notarial services.

51. Sector: Professional, Technical and Specialized Services

Subsector: Notary Public

Obligations Concerned: Article 9.5 (National Treatment) and 10.3 (National Treatment) Article 9.6 (Local Presence)

Level of Government: State (State of Tlaxcala)

Measures: Ley del Notariado para el Estado de Tlaxcala, Periódico Oficial, January 5, 1983, Title III, Chapter I, Articles 29 and 30

Description: Cross Border Trade of Services and Investment.

In order to obtain the certificate of aspirant to become a Notary Public it is required to be Mexican by birth and to have a civil domicile in the State of Tlaxcala with at least 5 years of seniority.

A notary public may only associate with another notary public to provide notarial services.

52. Sector: Professional, Technical and Specialized Services

Subsector: Notary Public

Obligations Concerned: Article 9.5 (National Treatment) and 10.3 (National Treatment) Article 9.6 (Local Presence)

Level of Government: State (State of Veracruz)

Measures: Ley del Notariado, Gaceta Oficial, June 1, 1965, Title I, Chapter IV, Article 37, sections I and VI

Description: Cross Border Trade of Services and Investment.

To obtain the appointment of Notary Public it is required to be Mexican by birth and a resident of the State.

A notary public may only associate with another notary public to provide notarial services.

53. Sector: Professional, Technical and Specialized Services

Subsector: Notary Public

Obligations Concerned: Article 9.5 (National Treatment) and 10.3 (National Treatment)

Level of Government: State (State of Yucatan)

Measures: Law of the Notary Public of the State of Yucatan, Diario Oficial, July 4, 1977, Chapter II, Articles 10 and 12

Description: Cross Border Trade of Services and Investment

The patent of aspiring Notary Public will be extended by the Executive of the State to Mexican citizens.

A notary public may only associate with another notary public to provide notarial services.

54. Sector: Professional, Technical and Specialized Services

Subsector: Notary Public

Obligations Concerned: Article 9.5 (National Treatment) and 10.3 (National Treatment) Article 9.6 (Local Presence)

Level of Government: State (State of Zacatecas)

Measures: Ley del Notariado del Estado de Zacatecas, Periódico Oficial, January 14, 1990, Chapter II, Article 69

Description: Cross Border Trade of Services and Investment

To obtain the appointment and practice as a Notary Public, it is required to be Mexican by birth and to have at least 5 years of residence in the State. Likewise, it is required to have practiced for 1 uninterrupted year under the direction and responsibility of a notary public of the entity.

A notary public may only associate with another notary public to provide notarial services.

55. Sector: Professional, Technical and Specialized Services

Subsector: Expert Appraiser

Obligations Concerned: Article 9.5 (National Treatment) Article 9.6 (Local Presence)

Level of Government: State (State of Colima)

Measures: Law that creates the Registry of Appraisers of the State of Colima, Periódico Oficial, November 28, 1992, Chapter I.

Description: Cross Border Trade of Services

In order to register in the Registry of Technical-Commercial Appraisers of the State, mainly with respect to real estate and companies, Mexican citizenship is required, as well as effective residence in the state for at least 3 years prior to the date of application.

56. Sector: Professional, Technical and Specialized Services

Subsector: Expert Appraiser

Obligations Concerned: Article 9.5 (National Treatment) Article 9.6 (Local Presence)

Level of Government: State (State of Durango)

Measures: Reglamento de Registro de Peritos Valuadores para el Estado de Durango, Periódico Oficial, November 21, 1993, Chapter I, Article 5, fractions I and V

Description: Cross Border Trade of Services

To register in the Registry of Appraisers of the State, Mexican citizenship and effective residence in the State of Durango for at least 3 years prior to the date of application are required.

57. Sector: Professional, Technical and Specialized Services

Subsector: Expert Appraiser

Obligations Concerned: Article 9.5 (National Treatment)

Level of Government: State (State of Tamaulipas)

Measures: Reglamento para el Registro de Peritos en el Estado de Tamaulipas, Periódico Oficial, February 6, 1993, Article 12

Description: Cross Border Trade of Services

Mexican citizenship is required to obtain registration as a real estate appraiser.

58. Sector: Educational Services

Subsector: Private Education Services

Obligations Concerned: Article 9.5 (National Treatment) Article 10.6 (Senior Management and Boards of Directors)

Level of Government: State (State of Chihuahua)

Measures: State Administrative Code, Periódico Oficial, August 2, 1950, Title IV, Chapter II

Description: Cross Border Trade in Services and Investment

In order to establish and incorporate schools supported by private initiative it is required that its Director be Mexican.

59. Sector: Professional, Technical and Specialized Services

Subsector: Private Security Services

Obligations Concerned: Article 9.5 (National Treatment) Article 10.6 (Senior Executives and Boards of Directors)

Level of Government: Federal District

Measures: Ley de Seguridad Pública del Distrito Federal, Diario Oficial, July 19, 1993, Title IX, Sole Chapter.

Acuerdo No. A/011/94 del Procurador General de Justicia del Distrito Federal en el que se establecen las reglas generales del título noveno de la Ley de Seguridad Pública del Distrito Federal, Diario Oficial, March 31, 1994, Chapter III.

Description: Cross Border Trade of Services and Investment.

Private security services may only be provided by individuals or legal entities of Mexican nationality.

Management and operating personnel must be of Mexican nationality.

60. Sector: Professional, Technical and Specialized Services

Subsector: Private Security Services

Obligations Concerned: Article 9.5 (National Treatment)

Level of Government: State (State of Jalisco)

Measures: Regulation of Private Security Services in Jalisco, Periódico Oficial, May 21, 1994, Chapter II, Article 9

Description: Cross Border Trade of Services

Mexican nationality is required to obtain registration and authorization to provide private security services.

61. Sector: Professional, Technical and Specialized Services

Subsector: Services of Commercial, Professional and Labor Associations

Obligations Concerned: Article 10.6 (Senior Executives and Boards of Directors)

Level of Government: State (State of Sinaloa)

Measures: Ley de Organizaciones Agrícolas del Estado de Sinaloa, Periódico Oficial, March 31, 1997, Title One Chapter VII, Article 55, and Title Two, Chapter VI, Article 89

Description: Investment

The President, Vice President, Secretary, Treasurer and Board Members of an agricultural association in the entity must be Mexican nationals.

Likewise, in order to be a proprietary or alternate director of the Confederation of Agricultural Associations of the State of Sinaloa, it is required to be Mexican.

62. Sector: Leisure, Cultural, Recreational and Sports Services.

Subsector:

Obligations Affected: Article 9.5 (National Treatment) Article 10.7 (Performance Requirements)

Level of Government: Federal District

Measures: Bullfighting Regulations for the Federal District, Official Gazette, November 11, 1987, Chapters II and IV

Description: Cross Border Trade of Services and Investment

The celebration of bullfighting shows in the Federal District requires the authorization issued by the corresponding Delegation.

Foreign performers, in the categories of bullfights, novilladas and bullfighting festivals and bullfighting calves, may not exceed 50% of the programmed bullfighters and performers. All the posters must be composed of at least 50% of Mexican performers.

63. Sector: Entertainment, Cultural, Recreational and Sports Services.

Subsector:

Obligations Affected: Article 9.5 (National Treatment) Article 10.6 (Senior Management and Boards of Directors)

Level of Government: Federal District

Measures: Reglamento para el Funcionamiento de Establecimientos Mercantiles y Celebración de Espectáculos Públicos en el Distrito Federal, Diario Oficial, July 31, 1989, Title Three, Chapter III, Section One.

Description: Cross Border Trade of Services and Investment.

For the technical development of boxing, wrestling, fronton, soccer, basketball, baseball, motor racing, motorcycling, cycling, athletics and similar sports shows, the Department of the Federal District will have a Commission for each type of sports show. In order to be a member of any of the Commissions of sports spectacles it is required to be a Mexican citizen.

64. Sector: Professional, Technical and Specialized Services.

Subsector:

Obligations Affected: Article 9.5 (National Treatment) Article 10.7 (Performance Requirements)

Level of Government: State (State of Sinaloa)

Measures: Reglamento para el Aprovechamiento del Derecho de Vía de las Carreteras Estatales y Zonas Aledañas, Periódico Oficial, June 28, 1993, Chapter II, Article 5, and Chapter V, Article 31

Description: Cross-Border Trade of Services and Investment

Permits are required for the installation of advertisements or construction of works for advertising purposes on land adjacent to the right-of-way of state highways. The advertisements and advertising works, in addition to what is required by the provisions of the matter, must be written in clear and accessible language in Spanish. The use of dialects of names of products, brands or establishments in a foreign language shall only be authorized when their use is justified.

65. Sector: Professional, Technical and Specialized Services.

Subsector:

Obligations Concerned: Article 9.5 (National Treatment) Article 10.7 (Performance Requirements)

Level of Government: Federal District

Measure: Reglamento de Anuncios para el Distrito Federal, Diario Oficial, September 2, 1988, Chapter I

Description: Cross-Border Trade in Services and Investment

In the fixing, installation, placement and distribution of advertisements in sites and places to which the public has access or which are visible on the public highway, the text of the advertisements must be written in the Spanish language subject to the rules of grammar. Words of another language may not be used, except in the case of national dialects or proper names of products, trademarks or trade names in the foreign language that are registered with the Ministry of Economy.

66. Sector: Non-Salaried Workers

Subsector:

Obligations Affected: Article 9.5 (National Treatment) Article 10.6 (Senior Executives and Boards of Directors)

Level of Government: Federal District

Medidas: Reglamento de los Trabajadores no Asalariados del Distrito Federal, Diario Oficial, May 2, 1975, Chapter III

Description: Cross Border Trade in Services and Investment

To be a member of the board of directors of the Unions of Non-Salaried Workers it is required to be Mexican by birth.

67. Sector: Transportation

Subsector: Land Transportation

Obligations Concerned: Articles 9.5 (National Treatment) and 10.3 (National Treatment) Article 9.6 (Local Presence)

Level of Government: State (State of Baja California)

Measures: Transit and Transportation Law of the State of Baja California, Official Gazette, August 10, 1982, Chapter VII

Description: Cross Border Trade of Services and Investment.

Concession or permit is required for the operation of public transportation services. Only Mexican nationals may obtain such concessions or permits.

For the granting of concessions preference will be given, in equal circumstances, to cooperative societies, unions, labor unions, leagues and associations formed by workers.

68. Sector: Transportation

Subsector: Land Transportation

Obligations Concerned: Articles 9.5 (National Treatment) and 10.3 (National Treatment) Article 9.6 (Local Presence)

Level of Government: State (State of Baja California Sur)

Measures: Law of Transit and Transportation of the State of Baja California Sur, Official Gazette, November 22, 1990, Sole Chapter

Description: Cross Border Trade of Services and Investment.

Concession is required to provide public transportation services. All things being equal, South Californians will have preference to obtain the concessions to operate the public transportation service.

69. Sector: Transportation

Subsector: Land Transportation

Obligations Concerned: Articles 9.5 (National Treatment) and 10.3 (National Treatment) Article 9.6 (Local Presence)

Level of Government: State (State of Campeche)

Measures: Ley de Vialidad, Comunicaciones y Transportes para el Estado de Campeche, Periódico Oficial, April 30, 1987, Chapter III

Description: Cross Border Trade of Services and Investment.

Concession is required to establish terminal stations for the use of the transportation systems of state jurisdiction. Concessions will be granted to Mexican corporations. All other things being equal, preference will be given to companies integrated by concessionaires of the public transportation service that operate at least 51% of the vehicles to be served in such terminals.

70. Sector: Transportation

Subsector: Land Transportation

Obligations Concerned: Articles 9.5 (National Treatment) and 10.3 (National Treatment) Article 9.6 (Local Presence)

Level of Government: State (State of Campeche)

Measures: Ley de Vialidad, Comunicaciones y Transportes para el Estado de Campeche, Periódico Oficial, April 30, 1987, Title III, Chapter III

Description: Cross Border Trade of Services and Investment.

A concession is required to provide public transportation services. Individuals wishing to obtain a concession for the rendering of public transportation services must be Mexican by birth. Moral persons must be organized under the laws of the country and constituted exclusively by Mexican partners by birth.

71. Sector: Transportation

Subsector: Land Transportation

Obligations Concerned: Articles 9.5 (National Treatment) and 10.3 (National Treatment) Article 9.6 (Local Presence)

Level of Government: State (State of Coahuila)

Measures: Ley de Tránsito y Transportes del Estado de Coahuila de Zaragoza, Periódico Oficial, January 19, 1996, Chapter VI

Description: Cross Border Trade in Services and Investment

Concession is required to provide public transportation services. Concessions may only be granted to Mexican individuals or legal entities constituted in accordance with the law.

72. Sector: Transportation

Subsector: Land Transportation

Obligations Concerned: Articles 9.5 (National Treatment) and 10.3 (National Treatment) Article 9.6 (Local Presence)

Level of Government: State (State of Colima)

Measurement: Reglamento de Vialidad y Transporte, Periódico Oficial, March 13, 1993, Chapter XVIII.

Description: Cross Border Trade of Services and Investment

The applicant for a public transportation service concession must be Mexican by birth in the case of natural persons; legal entities must be duly constituted in accordance with the law.

73. Sector: Transportation

Subsector: Land Transportation

Obligations Concerned: Articles 9.5 (National Treatment) and 10.3 (National Treatment) Article 9.6 (Local Presence)

Level of Government: State (State of Chiapas)

Measures: Reglamento de Tránsito del Estado de Chiapas, Periódico Oficial, May 30, 1972.

Decree that establishes diverse dispositions in the matter of public service of cargo transportation in the State of Chiapas, March 21, 1990.

Description: Cross Border Trade of Services and Investment.

Permit is required for the total or partial operation of state public transportation services. The permit is granted to Mexicans by birth or naturalization and to legally constituted Mexican corporations.

74. Sector: Transportation

Subsector: Land Transportation

Obligations Concerned: Articles 9.5 (National Treatment) and 10.3 (National Treatment) Article 9.6 (Local Presence)

Level of Government: State (State of Chihuahua)

Measure: Ley de Comunicaciones y Transportes del Estado de Chihuahua, Periódico Oficial, July 13, 1987, Chapter III.

Description: Cross Border Trade in Services and Investment.

Concession or permit is required to provide public transportation services. Concessions and permits will be granted only to Mexican individuals or legal entities constituted in accordance with the law.

75. Sector: Transportation

Subsector: Land Transportation

Obligations Concerned: Articles 9.5 (National Treatment) and 10.3 (National Treatment) Article 9.6 (Local Presence)

Level of Government: Federal District

Measures: Ley que fija las Bases Generales a que habrán de sujetarse el Tránsito y los Transportes en el Distrito Federal, Diario Oficial, March 23, 1942, Article 7, paragraphs a) and b).

Reglamento de Transporte Urbano de Carga para el Distrito Federal, Diario Oficial, February 16, 1993, Chapter Two, Article 16, section I, paragraph a).

Reglamento para el Servicio Público de Transporte de Pasajeros en el Distrito Federal, Diario Oficial, April 14, 1942, Articles 17 and 23.

Description: Cross Border Trade of Services and Investment.

A concession or permit is required to establish and operate local public transportation lines. Concessions and permits will be granted to Mexican individuals by birth. In the case of legal entities, they must be organized under the laws of the country.

76. Sector: Transportation

Subsector: Land Transportation

Obligations Concerned: Articles 9.5 (National Treatment) and 10.3 (National Treatment) Article 9.6 (Local Presence)

Level of Government: State (State of Durango)

Measures: Ley de Transporte de Durango, Periódico Oficial, December 10, 1996, Chapter IV, Articles 23, 24, 33 and 34.

Reglamento General de la Ley de Tránsito y Transporte del Estado de Durango, Periódico Oficial, August 11, 1991, Chapter XX, Article 176.

Description: Cross Border Trade of Services and Investment

A concession or permit is required to provide public transportation services. Concessions or permits are granted to Mexican citizens, as well as to unions and other organizations of social character constituted by them, in accordance with Mexican law.

77. Sector: Transportation

Subsector: Land Transportation

Obligations Concerned: Articles 9.5 (National Treatment) and 10.3 (National Treatment) Article 9.6 (Local Presence)

Level of Government: State (State of Mexico)

Measures: Ley de Tránsito y Transportes del Estado de México, Gaceta Oficial, April 21, 1971, Chapter IV, Article 25

Description: Cross Border Trade of Services and Investment

Concessions are required to exploit the public transportation service in its different branches and modalities. These may only be granted to Mexicans by birth or mercantile companies integrated by them and which are legally constituted in accordance with the laws of the country.

78. Sector: Transportation

Subsector: Land Transportation

Obligations Concerned: Articles 9.5 (National Treatment) and 10.3 (National Treatment) Article 9.6 (Local Presence)

Level of Government: State (State of Guanajuato)

Measures: Ley de Tránsito y Transporte del Estado de Guanajuato, Periódico Oficial, August 20, 1993, Title III, Chapter II, Article 90

Description: Cross Border Trade of Services and Investment.

A concession is required for the rendering of public transportation services. This will be granted only and exclusively in favor of individuals or legal entities of Mexican nationality.

79. Sector: Transportation

Subsector: Land Transportation

Obligations Concerned: Articles 9.5 (National Treatment) and 10.3 (National Treatment) Article 9.6 (Local Presence)

Level of Government: State (State of Guerrero)

Measures: Law of Transportation and Roads of the State of Guerrero, Official Gazette, June 6, 1989, Chapter VII, Article 52

Description: Cross Border Trade of Services and Investment.

Concession and permit are required to provide public transportation services. Concessions and permits will only be granted to Mexicans or to companies constituted in accordance with the law. Under equal conditions, preference will be given to Guerrero transportation workers, agrarian nuclei, organizations representing transportation workers, legal persons of the social sector, to those who have better equipment, infrastructure and experience for the efficient rendering of public transportation services, and to those who have been affected by agrarian expropriations or for reasons of social equity.

80. Sector: Transportation

Subsector: Land Transportation

Obligations Concerned: Articles 9.5 (National Treatment) and 10.3 (National Treatment) Article 9.6 (Local Presence)

Level of Government: State (State of Hidalgo)

Measures: Ley de Vías de Comunicación y Tránsito del Estado de Hidalgo, Periódico Oficial, January 8, 1970, Title VI, Chapter V, Articles 170; 182, fraction II, and 206

Description: Cross Border Trade of Services and Investment.

Concession is required to build and operate central stations and through terminals. Concessions will be granted to Mexicans by birth or to legal entities incorporated under the laws of the country. Applications made by foreigners are declared inadmissible.

81. Sector: Transportation

Subsector: Land Transportation

Obligations Concerned: Articles 9.5 (National Treatment) and 10.3 (National Treatment) Article 9.6 (Local Presence)

Level of Government: State (State of Hidalgo)

Measures: Ley de Vías de Comunicación y Tránsito del Estado de Hidalgo, Periódico Oficial, January 8, 1970, Title VI, Chapter V, Articles 170 and 180, section II, and 182, section II.

Description: Cross Border Trade of Services and Investment.

Concession and permit are required for the operation of the public transportation service. To obtain the concession and permit, it is required to be Mexican by birth or a legal entity incorporated under the laws of the country. Applications made by foreigners are declared inadmissible.

82. Sector: Transportation

Subsector: Land Transportation

Obligations Concerned: Articles 9.5 (National Treatment) and 10.3 (National Treatment) Article 9.6 (Local Presence)

Level of Government: State (State of Jalisco)

Measures: Ley del Servicio de Tránsito del Estado de Jalisco, Periódico Oficial, August 5, 1941, Chapter VI, Articles 42 and 44 Reglamento de la Ley del Servicio de Tránsito, Periódico Oficial, August 5, 1941, Title V, Chapter I, Article 168

Description: Cross Border Trade of Services and Investment

Permit is required for the operation of public transportation services. This permit is granted to Mexicans by birth. Permit applications made by foreigners are declared inadmissible.

83. Sector: Transportation

Subsector: Land Transportation

Obligations Concerned: Article 9.5 (National Treatment) Article 9.6 (Local Presence)

Level of Government: State (State of Michoacán)

Measures: Ley de Comunicaciones y Transportes del Estado de Michoacán, Periódico Oficial, July 19, 1982, Title I, Article 3

Description: Cross Border Trade of Services

Concession is required to provide public transportation services. Concessions will only be granted to Mexican citizens or to Mexican corporations incorporated under the laws of the country. All other things being equal, Michoacan citizens by birth, Mexicans with more than one year's residence in the State and Mexican corporations registered in Michoacan will have preference to obtain these concessions.

84. Sector: Transportation

Subsector: Land Transportation

Obligations Concerned: Articles 9.5 (National Treatment) and 10.3 (National Treatment) Article 9.6 (Local Presence)

Level of Government: State (State of Morelos)

Measures: Reglamento de Servicio Público de Transporte del Estado de Morelos, Periódico Oficial, October 25, 1989, Article 37

Description: Cross Border Trade of Services and Investment.

A concession is required for the provision of public transportation services. These concessions will be granted to Mexican individuals or corporations, the former by birth and the latter with exclusion clause.

85. Sector: Transportation

Subsector: Land Transportation

Obligations Concerned: Articles 9.5 (National Treatment) and 10.3 (National Treatment) Article 9.6 (Local Presence)

Level of Government: State (State of Nayarit)

Measures: Ley de Tránsito y Transportes para el Estado de Nayarit, Periódico Oficial, October 24, 1970, Chapter XVIII, Articles 113 and 129

Description: Cross Border Trade of Services and Investment.

Route permits are required to operate public transportation services. These permits will be granted to Mexicans by birth and, preferably, to members of cooperative societies and workers unions established in accordance with the law.

86. Sector: Transportation

Subsector: Land Transportation

Obligations Concerned: Articles 9.5 (National Treatment) and 10.3 (National Treatment) Article 9.6 (Local Presence)

Level of Government: State (State of Nuevo León)

Measures: Communications and Transportation Law for the State of Nuevo Leon, Official Gazette, December 14, 1984, Chapter III, Articles 27 and 29.

Description: Cross Border Trade of Services and Investment.

A concession is required for the rendering of public transportation services. Concessions and permits will only be granted to Mexican citizens or to Mexican corporations incorporated under the laws of the country.

87. Sector: Transportation

Subsector: Land Transportation

Obligations Concerned: Articles 9.5 (National Treatment) and 10.3 (National Treatment) Article 9.6 (Local Presence)

Level of Government: State (State of Oaxaca)

Measures: Ley de Tránsito Reformada, Periódico Oficial, December 25, 1976, Chapter IV, Article 21

Description: Cross Border Trade of Services and Investment

Concession or permit is required for the rendering of public transportation services. Concessions or permits will be granted only to Mexicans and to mercantile companies incorporated under the laws of the country.

88. Sector: Transportation

Subsector: Land Transportation

Obligations Concerned: Articles 9.5 (National Treatment) and 10.3 (National Treatment) Article 9.6 (Local Presence)

Level of Government: State (State of Puebla)

Measures: Reglamento de Tránsito del Estado de Puebla, Periódico Oficial, October 19, 1984, Title 6, Chapter I, Article 161

Description: Cross Border Trade of Services and Investment.

Concession is required for the rendering of public transportation services. Concessions will not be granted when the applicant is a foreigner or the company, if any, is a corporation.

89. Sector: Transportation

Subsector: Land Transportation

Obligations Concerned: Articles 9.5 (National Treatment) and 10.3 (National Treatment) Article 9.6 (Local Presence)

Level of Government: State (State of Querétaro)

Measures: Law of Public Security and Transit of the State of Querétaro. Periódico Oficial, December 17, 1987, Article 102, sections I and II.

Description: Cross Border Trade of Services and Investment.

A concession is required to provide public transportation services. Concessions may be granted to Mexican individuals by birth or to legal entities formed by Mexicans.

90. Sector: Transportation

Subsector: Land Transportation

Obligations Concerned: Articles 9.5 (National Treatment) and 10.3 (National Treatment) Article 9.6 (Local Presence)

Level of Government: State (State of Quintana Roo)

Measures: Political Constitution of the United Mexican States, Article 32

Ley de Tránsito, Transporte y Explotación de Vías y Carreteras del Estado de Quintana Roo, Periódico Oficial, December 16, 1996, Title V, Chapter I, Articles 32 and 34

Description: Cross Border Trade of Services and Investment.

A concession or permit is required for the rendering of public transportation services. The granting of these concessions or permits will be issued at the discretion of the Governor of the State to the individuals or legal entities that request it.

91. Sector: Transportation

Subsector: Land Transportation

Obligations Concerned: Articles 9.5 (National Treatment) and 10.3 (National Treatment) Article 9.6 (Local Presence)

Level of Government: State (State of San Luis Potosí)

Measures: Ley de Transporte Público del Estado de San Luis Potosí, Periódico Oficial, August 30, 1996, Articles 9, 13 and 20

Description: Cross Border Trade in Services and Investment.

A concession or permit is required to provide public transportation services. Concessions or permits will only be granted to Mexican nationals, individuals or corporations, depending on the service in question, created or constituted in accordance with the laws of the country.

92. Sector: Transportation

Subsector: Land Transportation

Obligations Concerned: Articles 9.5 (National Treatment) and 10.3 (National Treatment) Article 9.6 (Local Presence)

Level of Government: State (State of Sinaloa)

Measures: Reglamento General de la Ley de Tránsito y Transportes, Periódico Oficial, August 21, 1970, Title VI, Chapter II, Article 70

Description: Cross Border Trade of Services and Investment.

A concession and permit are required to provide public transportation services. To obtain the concession and permit, Mexican nationality is required.

93. Sector: Transportation

Subsector: Land Transportation

Obligations Concerned: Articles 9.5 (National Treatment) and 10.3 (National Treatment) Article 9.6 (Local Presence)

Level of Government: State (State of Sonora)

Measures: Law Number 120 de Transportes para el Estado de Sonora, Boletín Oficial, July 20, 1992, Chapter IV, Articles 22, 23 and

54

Description: Cross Border Trade of Services and Investment.

Concessions are required for the establishment of passenger and cargo stations and terminals to operate public transportation services. Concessions are granted to Mexican citizens by birth. The companies must be formed by Mexican partners by birth.

94. Sector: Transportation

Subsector: Land Transportation

Obligations Concerned: Articles 9.5 (National Treatment) and 10.3 (National Treatment) Article 9.6 (Local Presence)

Level of Government: State (State of Sonora)

Measures: Law Number 120 of Transportation for the State of Sonora, Official Gazette, July 20, 1992, Title II, Chapter III, Articles 22 and 23

Description: Cross Border Trade of Services and Investment.

A concession is required to provide public transportation services. The concession is granted to Mexicans by birth. The companies must be formed by Mexican partners by birth.

95. Sector: Transportation

Subsector: Land Transportation

Obligations Concerned: Articles 9.5 (National Treatment) and 10.3 (National Treatment) Article 9.6 (Local Presence)

Level of Government: State (State of Tabasco)

Measures: Ley de Vías de Comunicación y Transporte del Estado, Periódico Oficial, August 1, 1984, Title II, Chapter II, Articles 26 and 28

Description: Cross Border Trade of Services and Investment.

A concession is required for the operation of the public transportation service. The concession is granted to Mexicans by birth, in the case of individuals, and in the case of corporations, the partners must be Mexicans by birth.

96. Sector: Transportation

Subsector: Land Transportation

Industrial Classification: CMAP 973101 Administration service of passenger truck stations and auxiliary services (truck terminals and truck and bus stations).

Obligations Concerned: Articles 9.5 (National Treatment) and 10.3 (National Treatment) Article 9.6 (Local Presence)

Level of Government: State (State of Tabasco)

Measures: Ley de Vías de Comunicación y Transporte del Estado, Periódico Oficial, August 1, 1984, Title II, Chapter III, Article 49

Description: Cross Border Trade of Services and Investment.

Concession is required for the construction and operation of terminal stations in the use of the transportation systems of state jurisdiction. These concessions will be granted to Mexican legal entities. All other things being equal, preference will be given to companies integrated by concessionaires of the public transportation service concessionaires that operate at least 51% of the vehicles to be served in such terminals will be preferred.

97. Sector: Transportation

Subsector: Land Transportation

Obligations Concerned: Articles 9.5 (National Treatment) and 10.3 (National Treatment) Article 9.6 (Local Presence)

Level of Government: State (State of Tamaulipas)

Measures: Ley de Tránsito y Transporte, Periódico Oficial, November 30, 1987, Chapter VI, Articles 28 and 33

Description: Cross Border Trade of Services and Investment.

Concession or permit is required for public transportation service. Concessions or permits will be granted in favor of Mexican individuals or corporations.

98. Sector: Transportation

Subsector: Land Transportation

Obligations Concerned: Articles 9.5 (National Treatment) and 10.3 (National Treatment) Article 9.6 (Local Presence)

Level of Government: State (State of Tlaxcala)

Measure: Ley de Comunicaciones y Transportes en el Estado de Tlaxcala, Periódico Oficial, June 22, 1983, Chapter I, Article 2, and Chapter III, Article 14

Description: Cross Border Trade of Services and Investment.

A concession is required to provide public transportation services. All other things being equal, Tlaxcalans by birth, Mexicans with more than one year's residence in the State and Mexican companies registered in Tlaxcala will have preference to obtain the concessions.

99. Sector: Transportation

Subsector: Land Transportation

Obligations Concerned: Articles 9.5 (National Treatment) and 10.3 (National Treatment) Article 9.6 (Local Presence)

Level of Government: State (State of Veracruz)

Measures: Law number 100 of Transit and Transportation for the State of Veracruz, Official Gazette, January 19, 1988, Chapter VI, Articles 20 and 25.

Regulation of the Transit and Transportation Law for the State of Veracruz, Official Gazette, November 24, 1988, Chapter III, Article 161, section I.

Description: Cross Border Trade of Services and Investment.

A concession is required to provide public transportation services. Concessions are granted to Mexican citizens and to the mercantile societies constituted by them.

100. Sector: Transportation

Subsector: Land Transportation

Obligations Concerned: Articles 9.5 (National Treatment) and 10.3 (National Treatment) Article 9.6 (Local Presence)

Level of Government: State (State of Yucatan)

Measures: Reglamento del Servicio de Transporte de Carga en el Estado de Yucatán, Diario Oficial, September 20, 1983, Chapter II, Articles 7 and 10.

Reglamento de Tránsito en las Carreteras del Estado de Yucatán, Diario Oficial, April 29, 1959, Chapter IV, Article 55, Section II.

Description: Cross Border Trade of Services and Investment

Concession or permit is required to render public transportation services.

In order to grant a concession for public transportation of cargo, a natural person must be Mexican by birth and domiciled in the State. In the case of a corporation, it must prove by means of its articles of incorporation that it is composed entirely of Mexicans by birth and constituted in accordance with the laws of the country. It is a cause of revocation to lose the Mexican nationality, when the concessionaire is a natural person; in the case of a corporation, when it ceases to be constituted as indicated above.

Individuals or legal entities requesting a route permit for the operation of public transportation services must be of Mexican nationality.

101. Sector: Transportation

Subsector: Land Transportation

Obligations Concerned: Articles 9.5 (National Treatment) and 10.3 (National Treatment) Article 9.6 (Local Presence)

Level of Government: State (State of Zacatecas)

Measures: Ley de Tránsito del Estado de Zacatecas, Periódico Oficial, January 18, 1989, Chapter VII, Articles 17 and 20

Description: Cross Border Trade in Services and Investment

The concession of the public transportation service is a discretionary, temporary and revocable act of the Executive of the State, by means of which individuals or corporations are authorized to render the mentioned service. The concessions will be granted to Mexican individuals by birth, preferably, natives and residents of the State and to legal entities that are incorporated and operating in the State.

Annex I. SCHEDULE OF PANAMA

1. Sector: Distribution Services

Subsector: Retail Trade

Obligations Concerned: Article 10.3 (National Treatment) Article 10.6 (Senior Executives and Boards of Directors)

Measures: Article 293 of the Political Constitution of the Republic of Panama.

Articles 5 and 10 of Law No. 5 of January 11, 2007.

Article 12 of the Executive Decree No. 26 of July 12, 2007

Description: Investment

1. Only the following persons may engage in retail commerce in Panama:

(a) Panamanians by birth;

(b) natural persons who, at the date of the entry into force of the 1972 Constitution, were naturalized and married to a Panamanian national or have children with a Panamanian national;

(c) Panamanians by naturalization, who are not in the case covered by subparagraph (b), after 3 years from the date on which they obtained their letter of naturalization;

(d) Panamanian juridical persons or juridical persons organized under the law of a foreign country and foreign natural persons who, on the date of entry into force of the 1972 Constitution, are owners of a retail trade business in Panama, in accordance with domestic legislation; and

(e) the juridical person, organized under the laws of Panama or of any other Country, if the ownership of such person is controlled by the natural persons described in subparagraphs (a), (b),(c) or (d), as set forth in paragraph 5 of Article 293 of the Constitution.

2. Notwithstanding subparagraph 1 (e), a foreign national may have an interest in those enterprises engaged in retail trade, if:

(a) the products sold by the juridical person in retail trade are exclusively products that are manufactured under its direction and label, or.

(b) the juridical person is principally engaged in the sale of a service, and the products it sells are necessarily associated with the sale of that service.

3. Senior executives and directors of a retail trade business must meet the same nationality requirements as owners of a retail trade business.

2. Sector: All Sectors

Obligations Concerned: Article 10.3 (National Treatment)

Measures: Articles 290 and 291 of the Political Constitution of the Republic of Panama.

Description: Investment

No foreign government, nor official entity or institution or company with participation of a foreign government may acquire dominion over any part of the territory of Panama, except for those properties used as embassies.

2. No foreign natural person or foreign or national company whose capital is foreign, in whole or in part, may acquire ownership of national or private lands located less than 10 kilometers from the borders of Panama.

3. Sector: Public Utility Services

Obligations Concerned: Article 10.3 (National Treatment)

Measures: Article 285 of the Political Constitution of the Republic of Panama.

Description: Investment

1. The majority of the capital of private public utility companies operating in Panama must be owned by Panamanians, except when permitted by national legislation.

2. For clarity, public utility services are understood to be, among others, potable water supply services, sanitary sewage, electricity, telecommunications, radio and television, and transmission and distribution of natural gas.

4. Sector: All Sectors

Obligations Concerned: Article 9.5 (National Treatment) Article 10.6 (Senior Executives and Boards of Directors)

Measures: Article 322 of the Political Constitution of the Republic of Panama.

Articles 13, 14, and 86 of Law No. 19 of June 11, 1997

Description: Cross Border Trade in Services and Investment

Preference shall be given to Panamanian nationals over foreign nationals to occupy contractual positions in the Panama Canal Authority. A foreign national may be hired in lieu of a Panamanian national, provided the position is difficult to fill and all means have been exhausted to hire a qualified Panamanian national and the Panama Canal Authority Administrator has given his authorization. If the only applicants for a position with the Panama Canal Authority are foreign nationals, preference shall be given to a foreign national with a Panamanian spouse or a foreign national who has lived in Panama for 10 consecutive years.

Only a Panamanian national may be a Director of the Panama Canal Authority.

5. Sector: Entertainment Services

Subsector: Other Entertainment Services (musicians and artists)

Obligations Concerned: Article 9.5 (National Treatment)

Measures: Article 1 of Law No. 10 of January 8, 1974 Articles 1 and 2 of Executive Decree No. 38 of August 12, 1985.

August 12, 1985

Description: Cross Border Trade in Services

1. Every employer who hires a foreign orchestra or musical group shall hire a Panamanian orchestra or musical group to perform in each of the locations where the foreign orchestra or musical group performs. This obligation will be maintained throughout the duration of the contract of the foreign orchestra or musical group. This Panamanian orchestra or musical group shall receive a minimum of USD 1,000.00 per performance. Each member of the group must receive an amount not less than USD 60.00.

2. A Panamanian artist performing alongside a foreign artist must be contracted on equal terms and with the same professional considerations. This includes, but is not limited to, promotions, publicity and advertisements related to the event, regardless of the medium used.

3. The contracting of a foreign artist for promotions, or the donation or charitable exchange of services or works of a foreign artist will be approved only if it does not adversely affect or displace a Panamanian artist. In any case, the hiring shall be subject to an expert evaluation to determine the value of the service and work provided for the purpose of paying union dues and fees.

6. Sector: Communications

Subsector: Radio and Television Broadcasting Services.

Television

Obligations Concerned: Articles 9.5 (National Treatment) and 10.3 (National Treatment) Article 10.4 (Most-Favored-Nation Treatment) Article 10.6 (Senior Executives and Boards of Directors)

Measures: Article 285 of the Political Constitution of the Republic of Panama.

Articles 14 and 25 of Law No. 24 of June 30, 1999

Articles 152 and 161 of the Executive Decree No. 189 of August 13, 1999.

Description: Cross Border Trade of Services and Investment

1. A concession to operate a public radio or television station in Panama may be awarded to a natural person or a company. In the case of a natural person, the concessionaire must be a Panamanian national. In the case of a corporation, at least 65% of the shares of the concessionaire must be owned by Panamanian nationals. By exception to the provisions of Article 285 of the Constitution, this requirement does not apply to paid radio and television services and therefore foreign ownership of more than 50% in the capital of these concessions is authorized.

2. Each of the senior executives and directors of a company operating a public radio or television station must be a Panamanian national.

3. Under no circumstances may a foreign government or foreign state-owned enterprise provide, by itself or through a third party, public radio or television services or have a controlling interest, directly or indirectly, in an enterprise providing such services.

4. The concessionaire of a public radio or television service may not broadcast any type of advertising originating within Panama that contains an advertisement made by an advertiser that does not have a license issued by the National Authority of Public Services. Such license may only be granted to Panamanian nationals or to a national of another country that has granted reciprocal rights to Panamanian nationals.

7. Sector: Communications

Subsector: Telecommunications Services

Obligations Concerned: Article 10.3 (National Treatment)

Measures: Article 21 of Law No. 31 of February 8, 1996

Description: Investment

An enterprise under the ownership or control, directly or indirectly, of a foreign government, or in which a foreign government is a partner, may not provide telecommunications services in the territory of Panama.

8. Sector: Education

Obligations Concerned: Article 9.5 (National Treatment)

Measures: Article 100 of the Political Constitution of the Republic of Panama.

Description: Cross-Border Trade in Services

Only a Panamanian national may teach Panamanian history and civic education in the territory of Panama.

9. Sector: Electric Energy

Obligations Concerned: Article 9.4 (Access to Markets) Article 10.6 (Senior Executives and Boards of Directors)

Measures: Articles 4, 21, 34, 47 and 168 of the Sole Text of August 31, 2011 of Law No. 6 of February 3, 1997, which establishes the regulatory and institutional framework for the provision of public electricity services.

Description: Cross Border Trade of Services and Investment

1. Electric power transmission services in the territory of Panama may be provided only by the Government of Panama.

2. Companies of national or foreign, private or mixed capital may participate in the electricity sector through:

(a) the purchase of shares of the State electric companies;

(b) concessions, or

(c) licenses.

For the purposes of the provisions of Article 285 of the Constitution, foreign majority participation in the capital of the companies providing public electricity services is authorized. With the exception of the transmission company, which will be 100% owned by the State.

3. The electric energy distribution services in the territory of Panama will be provided by 3 companies for a period of 15 years, under concessions granted by the National Authority of Public Services. Said period began on October 22, 1998. Before the expiration of this term, the Authority will call for a process for the sale of a block of no less than 51% of the shares of the company holding the concession.

4. The Government of Panama may intervene in the energy sector as a measure of public order and in accordance with the regulation on the supply of electric energy to guarantee the provision of the service and the continuous and uninterrupted provision among others.

5. It is required to be a Panamanian national to be a member of the Board of Directors of an electricity company in which 51% or more of the shares of these companies belong to the State.

10. Sector: Crude Oil, Hydrocarbons and Natural Gas

Obligations Concerned: Article 9.6 (Local Presence) Article 10.7 (Performance Requirements)

Measures: Articles 21, 25, 26 and 71 of Law No. 8 of June 16, 1987.

Article 10 of Law No. 39 of August 14, 2007

Description: Cross Border Trade in Services and Investment

1. If the contractor is a foreign company, it must establish or open a branch in the Republic of Panama, waiving all diplomatic claims.

2. Contractors may request exemption from import taxes on machinery, equipment, spare parts and other items necessary to carry out the activities of their respective contracts.

3. Contractors shall hire Panamanian personnel, in accordance with the legal provisions in force. However, they may hire, with the prior authorization of the Ministry of Labor and Labor Development, foreign technical personnel for the performance of their operations within the percentages established by the Labor Code. The contractor shall establish a training program for foreign technical personnel in accordance with the provisions of the Labor Code. In addition, it shall establish a scholarship system.

4. A contractor or subcontractor may procure goods or services abroad if:

(a) the good or service is not available in Panama, or.

(b) the good or service available in Panama does not meet the specifications required by the industry, as determined by the National Hydrocarbons Directorate of the Ministry of Commerce and Industry.

11. Sector: Mining Operation

Subsector: Extraction of Non-Metallic and Metallic Minerals (except Precious Minerals).

(except Precious Minerals), Precious Alluvial Minerals, Non-Precious Alluvial Minerals, Mineral Fuels (except hydrocarbons) and Reserve Minerals and Related Services.

Affected Obligations: Articles 9.5 (National Treatment) and 10.3 (National Treatment) Article 10.7 (Performance Requirements)

Measures: Articles 4, 5, 130, 131, 132 and 135 of Decree Law No. 23 of August 22, 1963, approving the Mineral Resources Code.

Article 11 of Law No. 3 of January 28, 1988, Amending the Mineral Resources Code.

Article 1 of Decree No. 30 of February 22, 2011 Reforming the Mineral Resources Code.

Description: Cross-border Trade in Services and Investment

A foreign Government or State, an official entity or institution or an enterprise with foreign participation or a juridical person with direct or indirect participation of any foreign Government or State may not:

(a) obtain a mining concession itself or through an intermediary;

(b) be a contractor, directly or indirectly, of a mining operation;

(c) operate or benefit from a mining concession; or.

(d) acquire, possess or retain, for use in mining operations in Panama, equipment or material without the prior and special authorization granted by means of a Decree of the President of the Republic signed by all members of the Cabinet.

2. Panama shall give preference to Panamanian nationals for positions in all phases of mining operations, in accordance with the Labor Code.

3. The holder of a mining concession and the contractor engaged in mining operations may employ a foreign national as an executive, scientific or technical expert if:

(a) it is necessary to employ the foreign national for the efficient conduct of the mining operations, and.

(b) the foreign nationals constitute less than 25% of the number of persons employed, and the wages that the foreign nationals receive represent less than 25% of the total wages:

(i) for a holder of a mining concession who is engaged in mining operations covered by concessions for extraction, beneficiation, or transportation, and.

(ii) for a contractor performing mining operations.

4. The National Directorate of Mineral Resources shall establish the terms and conditions that shall govern the hiring of foreign persons in the mining industry sector.

5. All concessionaires, with the exception of those that only hold concessions for the exploration or extraction of Class A minerals of construction (1), shall establish programs related to their mining operations for the benefit of unskilled and semi-skilled workers; and provide at their cost, education and training to Panamanian employees supervised by the National Directorate of Mineral Resources.

6. The Government of Panama agrees not to initiate, promote or approve the exploration or exploitation of Cerro Colorado mines or any other deposits within the jurisdiction of the Comarca Ngöbe Bugle and other comarcas.(2)

7. The Republic of Panama reserves the right to adopt or maintain any other measure to ensure that none of the entities or persons described in paragraph 1 acquire a mining concession.

(1) Class A minerals are minerals extracted at a depth of 20 meters, measured vertically from the surface, normally and principally used for construction or as fertilizers, or which constitute the residues of abandoned mines.

(2) A Comarca is defined as a special political division governed by special laws for aboriginal peoples and/or ethnic groups.

12. Sector: Exploration and Exploitation of Non-Metallic Minerals used as Construction Materials, Ceramic

used as Construction, Ceramic, Refractory and Metallurgical Materials.

Obligations Concerned: Article 10.3 (National Treatment)

Measures: Article 3 of Law No. 109 of October 8, 1973, which regulates the exploration and exploitation of non-metallic minerals used as construction, ceramic, refractory and metallurgical materials.

Article 7 of Law No. 32 of February 9, 1996, Which Amends Law No. 109 of 1973, Among Others.

Description: Investment

1. Only Panamanian nationals and companies organized and incorporated in Panama may obtain, directly or indirectly, a contract for the exploration and exploitation of limestone, sand, quarry stone, tuff, clay, gravel, rubble, feldspar, gypsum and other non-metallic minerals (3).

2. The following shall not directly or indirectly obtain, operate or benefit from a contract referred to in paragraph 1:

(a) foreign governments, official entities or institutions or enterprises with participation of a foreign government, or.

(b) companies with direct or indirect participation of a foreign government, unless otherwise decided by the Executive Body upon request of the legal person concerned.

(3) For greater certainty, this reservation does not imply a restriction on the participation of foreign private capital in mining companies,

13. Sector: Fishing

Obligations Concerned: Article 10.3 (National Treatment) Article 10.7 (Performance Requirements)

Measures: Article 286 of Law No. 8 (Fiscal Code of the Republic of Panama) of 27 January 1956 Articles 5 and 6 of Decree Law No. 17 of 9 July 1959

Article 1 of Decree No. 116 of November 26, 1980.

Article 3 of Executive Decree No. 124 of November 8, 1990.

Administrative Resolution 003 of January 7, 2004 Article 3 of Executive Decree No. 239 of July 15, 2010.

Description: Investment

1. Only a Panamanian national may sell fish caught in the territory of Panama when the same is destined for consumption in the national territory.

2. Only a vessel owned by a Panamanian person may obtain a license for inshore artisanal fishing.

3. Only a vessel flying the Panamanian flag that is at least 75% owned by a person of Panama and that is engaged in the international tuna trade in the territory of Panama may obtain a license for tuna fishing at a preferential rate.

14. Sector: Business Services

Subsector: Private Security Agencies

Obligations Concerned: Articles 9.5 (National Treatment) and 10.3 (National Treatment)

Article 10.6 (Senior Executives and Boards of Directors)

Measures: Articles 4 and 10 of Executive Decree No. 21 of January 31, 1992.

Article 1 of Executive Decree No. 22 of January 31, 1992

Description: Cross-Border Trade in Services and Investment

1. The owner of a security company must be a Panamanian national.

2. To be a member of the Board of Directors, a person must meet the criteria for ownership of a retail business described in this Schedule.

3. Only a Panamanian national may hold the position of head of security or security guard in the territory of Panama. Foreign nationals hired by a security company in the territory of Panama must obtain prior authorization from the Panamanian government.

15. Sector: Advertising Services

Obligations Concerned: Article 9.5 (National Treatment)

Measures: Article 152 of Executive Decree No. 189 of August 13, 1999.

Article 1 of Executive Decree No. 273 of November 17, 1999, as Amended by Article 1 of Executive Decree No. 641 of December 27, 2006.

Description: Cross Border Trade in Services

1. The use of advertising spots for television and cinema produced in foreign countries shall only be allowed when the voice band has been dubbed by Panamanians who hold a broadcaster's license and upon payment of a fee according to the period of transmission, projection and use.

2. Exceptions are made for advertising spots originated or produced abroad, oriented to create awareness in the population on social issues, which do not involve or promote products or services with lucrative interest. In any case, the guidelines must be disseminated in Spanish.

16. Sector: Maritime Transportation

Subsector: Pilotage

Obligations Concerned: Article 9.5 (National Treatment)

Measures: Article 44 of Resolution J.D. No. 020-2003

Description: Cross-Border Trade in Services

Only Panamanian nationals may become pilots, which is a prerequisite for obtaining a Canal pilot or port pilot license.

17. Sector: Maritime Transportation and Ancillary Maritime Services

Obligations Concerned: Articles 9.5 (National Treatment) and 10.3 (National Treatment) Article 9.6 (Local Presence)

Measures: Articles 4, 15 and 18 of Decree Law No. 8 of February 26, 1998.

Articles 1, 2 and 4 of Law No. 41 of June 14, 2013

Description: Cross Border Trade in Services and Investment.

1. In contracting service suppliers, the owner of a vessel registered in Panama engaged in international service shall give preference to crew of Panamanian nationality, spouses of Panamanian nationals, or a parent of a Panamanian child resident in Panama.

2. Placement agencies established in Panama shall preferably hire crew members of Panamanian nationality, or foreigners married to nationals, or with Panamanian children residing and domiciled in Panama.

3. The Panamanian vessels of internal service that request an operation license to render launching services, provisioning of provisions to vessels and transportation of fuel for the supplying of vessels in which it is required to operate vessels and the owner or bareboat charterer of such vessels is a company, the latter must prove that the percentage of the holders of shares or final beneficiaries of the legal entity owned by Panamanians is not less than 75% of the total of the issued and outstanding shares.

4. In case the owner of such vessels is a natural person, he/she must be of Panamanian nationality.

5. The crew of Panamanian fishing vessels of international or inland service and of Panamanian vessels of inland service that provide complementary services to maritime transportation destined to attend the cargo, the vessel, the crew, the passengers or the maritime or port facilities must have a percentage of not less than 90% of Panamanian nationality.

18. Sector: Transportation Services

Subsector: Air Transportation Services

Obligations Concerned: Article 10.3 (National Treatment)

Measures: Article 79 of Law No. 21 of January 29, 2003, regulated by Executive Decree No. 542 of November 24, 2005.

Description: Investment

1. Only Panamanian nationals whose base of operations is in Panama may hold an operating certificate to provide air transportation services in Panama.

2. In order to obtain the certificate referred to in paragraph 1, the Panamanian company must prove before the Civil Aeronautics Authority that the substantial ownership and effective control of the company corresponds to Panamanian nationals. Not less than 51% of the subscribed and paid-up capital of a company must be represented in registered shares in the name of Panamanian nationals.

3. For internal transportation, the percentage referred to in paragraph 2 shall be at least 60%.

4. During the validity of the certificate referred to in paragraph 1, the holder shall maintain the minimum percentage of ownership in the name of a Panamanian national, as specified in paragraphs 2 or 3.

19. Sector: Specialized Air Services

Subsector:

Obligations Concerned: Article 9.4 (Market Access) Article 9.5 (National Treatment)

Measures: Articles 43 and 45 of Law No. 21 of January 29, 2003, as amended by Article 13 of Law No. 89 of December 1, 2010.

Articles 2 and 3 of Law No. 89 of December 1, 2010

Description: Cross Border Trade in Services

1. Panamanian airlines must hire Panamanian pilots, notwithstanding national airlines that meet the conditions set forth in Article 2 of Law 89 of 2010 may maintain foreign pilots as technicians, not exceeding 15% applied only to the total number of its workers in the Republic of Panama.

2. Only Panamanian nationals may exercise functions attached to the aeronautical technical personnel and technical crew. If there are not enough Panamanian nationals to provide such services, the Ministry of Labor and Labor Development may authorize the temporary exercise by foreign personnel up to 15% of the total number of workers of the airlines that require it.

3. Likewise, companies engaged in commercial aviation activities and that due to their level of advanced technology require specialized and trained technical personnel may hire foreign workers under the terms of Law 89, provided that the lack or insufficiency of such human resource among Panamanian citizens is proven.

4. For the purposes of this reservation, aeronautical technical personnel are understood to be those who perform functions related to air navigation, as well as those who perform functions related to air navigation, as well as those who perform functions related to air navigation, as well as to the operation of aircrafts and airports, and technical crew means the aircraft commander, the co-pilot and the flight engineer.

20. Sector: Publications

Obligations Concerned: Article 10.3 (National Treatment) Article 10.6 (Senior Executives and Boards of Directors)

Measures: Article 9 of Law No. 67 of September 19, 1978.

Description: Investment

1. The following applies to an enterprise that produces a printed publication that is part of the Panamanian media, such as a newspaper or magazine:

(a) a Panamanian national must own, directly or indirectly, 100% of the ownership of the enterprise, and.

(b) the managers of the company, including its publishers, editors-in-chief, deputy directors and assistant managers must be Panamanian nationals.

21. Sector: Corporate Services

Subsector: Professional Services - Legal Services

Obligations Concerned: Articles 9.5 (National Treatment) and 10.3 (National Treatment) Article 10.6 (Senior Executives and Boards of Directors)

Measures: Articles 3 and 16 of Law No. 9 of 18 April 1984

Description: Cross-Border Trade in Services and Investment

1. Only a Panamanian national who has a certificate of fitness issued by the Supreme Court of Justice may practice law in Panama.

2. Law firms may be established only by attorneys admitted to practice law in Panama.

3. Notwithstanding the provisions of paragraphs 1 and 2, if permitted by the express terms of an international agreement, a lawyer who is a foreign national may provide advice on international law and the law of the jurisdiction in which such lawyer is licensed to practice. However, such foreign lawyer may not act in the territory of Panama before one of the bodies referred to in subparagraph 4(a).

4. For purposes of this reservation, the practice of law in Panama includes:

(a) judicial representation before civil, criminal, labor, child protection, electoral, administrative or maritime courts;

(b) the rendering of legal advice, verbal or written;

(c) drafting legal documents and contracts; and

(d) any other activity that requires a license to practice law in Panama.

5. However, to the extent permitted by the express terms of international conventions, a foreign lawyer may give advice with respect to the law of the jurisdiction in which he or she is licensed to practice. This advice does not include representation before tribunals, courts, or judicial, administrative or maritime authorities in the territory of Panama.

6. Panama agrees that nationals of Mexico who are licensed to practice law in Mexico may supply the cross-border services described in the preceding paragraph, subject to the restriction set out in that paragraph, and may establish such services,

subject to that restriction.

22. Sector: Business Services

Subsector: Professional Services

Obligations Concerned: Article 9.3 (Most-Favored-Nation Treatment) Article 9.5 (National Treatment) Article 9.6 (Local Presence)

Measures: Articles 4, 7, 9 and 10 of Law No. 57 of September 1978, certified public accountants

Article 3 of Law No. 7 of April 14, 1981, Economists.

Articles 32, 33 and 34 of Resolution No. 168 of July 25, 1988, approving the Regulations of the Technical Council of Economics.

Articles 9 to 11 of Law No. 67 of September 19, 1978, journalistic profession.

Article 4 of Law No. 21 of June 16, 2005, public relations specialist.

Article 5 of Law 55 of December 3, 2002, recognizing the practice of the profession of psychology.

Article 55 of Law No. 51 of December 28, 2005, on the professional and technical health care career ladder.

Articles 2 and 3 of Law No. 1 of January 3, 1996, sociology.

Article 3 of Law No. 17 of July 23, 1981, social workers.

Article 3 of Law No. 20 of October 9, 1984, regulating the profession of library sciences.

Article 2141 of Law No. 59 of July 31, 1998, amending the name of Title XVII and Articles 2140, 2141 and 2142 of the Administrative Code, and revoking Article 13 of Law No. 33 of 1984 on authorized public translators.

Book VIII, adopted by Resolutions JD-012 of February 20, 2009 and JD-046 of November 25, 2010, on licenses to aeronautical personnel not belonging to the crew.

Article 44 of Decree-Law 1 of 2008, on the license of customs broker agent.

Articles 3 and 4 of Decree-Law No. 6 of July 8, 1999, on real estate brokers

Article 198 of Law No. 23 of July 15, 1997, which approves the WTO Agreement; the Protocol of Accession of Panama to said Agreement, including its annexes and schedules of commitments, which adjusts the national legislation to the international standards and

enacts other provisions on commodity brokers.

Articles 2, 3 and 4 of Law No. 22 of January 30, 1961, related to the provision of professional agricultural services.

Articles 4 and 16 of Cabinet Decree No. 362 of November 26, 1969, nutritionists and dieticians.

Article 5 of Law No. 34 of October 9, 1980, phonoaudiologists and speech and language therapists, and audiometrists or audiological technicians

Articles 1 and 8 of Law No. 3 of January 11, 1983, veterinarians.

Article 1 of Cabinet Decree No. 196 of June 24, 1970, establishing the requirements to obtain a medical license to freely practice medicine and other related professions

Resolution No. 1 of January 26, 1987, by which the Technical Council of Health classifies acupuncture as a technique that may be practiced only by Panamanian medical and dental professionals.

Articles 3 and 4 of Executive Decree No. 32 of February 17, 1975, auxiliary of medicine.

Article 1 of Law No. 22 of February 9, 1956, dentistry.

Article 10 of Ministerial Decree No. 16 of January 22, 1969, regulating the career of resident physicians, interns, specialists and dentists, and creating the positions of General Practitioner and Specialist Physician.

Article 3 of Resolution No. 1 of March 14, 1983, which approves the Regulations for Specialties in Dentistry.

Articles 5 and 6 of Law No. 13 of May 15, 2006, on the practice of the profession of dental assistance technician.

Articles 37, 108, 197 and 198 of Law No. 66 of November 10, 1947, which approves the Sanitary Code.

Article 9 of Law No. 1 of January 6, 1954, concerning the profession of professional nurses, providing stability to such profession and regulating the pension of retired nurses.

Article 3 of Law No. 74 of September 19, 1978, Clinical Laboratory Personnel, as amended by Article 1 of Law No. 8 of April 25, 1983.

Article 4 of Law No. 48 of November 22, 1984, auxiliary and support personnel working in clinical laboratories governed by the Ministry of Health and the Social Security Reserve Fund and Foundation and regulating said profession.

Articles 7, 13 and 15 of Law No. 47 of November 22, 1984, physiotherapy or kinesiology.

Article 2 of Decree-Law No. 8 of April 20, 1967, chiropractor.

Article 6 of Law No. 42 of October 29, 1980, radiological medical technician, modified by Article 5 of Law No. 53 of September 18, 2009.

Article 6 of Law No. 13 of August 23, 1984, medical records and health statistics specialists employed by public health agencies, regulating their salary scale, and establishing other provisions (medical records assistants and health statistics specialists, medical records technicians and health statistics technicians).

Resolution No. 1 of April 15, 1985, orthopedic and nuclear medicine technicians.

Resolution No. 2 of June 1, 1987, neurophysiological technician, encephalogram technician, and electroneurography or evoked potential technician.

Article 6 of Law No. 36 of August 2, 2010, which recognizes the profession of occupational therapy.

Resolution No. 1 of February 8, 1988, occupational health technician.

Article 2 of Resolution No. 10 of March 24, 1992, respiratory therapy technician or respiratory inhalation therapy technician.

Article 3 of Resolution No. 19 of November 12, 1991, prosthetist-orthotist technician.

Article 2 of Resolution No. 7 of December 15, 1992, which regulates the practice of histology and the professions of histology assistant and cytology assistant.

Articles 5, 6 and 7 of Law No. 27 of May 22, 2009, which regulates the histology profession.

Article 2 of Resolution No. 50 of September 14, 1993, radiological health technician.

Article 2 of Resolution No. 1 of January 21, 1994, cardiovascular perfusion technician.

Article 2 of Resolution No. 2 of January 25, 1994, technician and auxiliary technician in medical information technology.

Article 2 of Resolution No. 4 of June 10, 1996, assistant medical radiologist technician.

Article 3 of Resolution No. 5 of June 10, 1996, by which the Ministry of Health recognizes the profession of emergency medical technician.

Article 3 of Resolution No. 1 of May 25, 1998, specialist in emergency surgery.

Article 3 of Resolution No. 2 of May 25, 1998, technician in human genetics.

Article 35 of Law No. 24 of January 29, 1963, which creates the Board of Directors of the National College of Pharmacists and regulates pharmaceutical establishments.

Articles 11 and 20 of Law No. 45 of August 7, 2001, chemist.

Article 5 of Law No. 4 of January 23, 1956, which creates the Technical Commission and regulates the professions of barber and cosmetologist, amended by Article 2 of Law No. 51 of January 31, 1963.

Articles 4 and 5 of Law No. 15 of January 22, 2003, orthopedic technology and traumatology.

Article 5 of Resolution No. 3 of August 26, 2004, medical physics.

Article 17 of Law No. 19 of June 5, 2007, lifeguards in aquatic environment.

Article 3 of Law No. 49 of December 5, 2007, community developer.

Article 5 of Law No. 31 of June 3, 2008, emergency medical technicians and professionals.

Article 3 of Law No. 28 of May 22, 2008, early stimulation and family orientation.

Article 5 of Law No. 53 of August 5, 2008, respiratory therapist.

Article 5 of Law No. 17 of February 12, 2009, biological sciences.

Article 5 of Law No. 52 of September 18, 2009, technician and graduate in gerontology.

Article 5 of Law No. 51 of July 14, 2003, nuclear medicine technologist profession.

Article 89 of Executive Decree No. 82 of 2008, tourist guides.

Description: Cross Border Trade of Services

1. Only a Panamanian may practice as a health professional, agricultural sciences professional, barber, chemist, cosmetologist, customs broker, economist, journalist, librarian, public relations professional, real estate agent, social worker, sociologist, sociologist, sociologist, librarian, public relations professional, real estate, social worker, sociologist, public translator, speech and language therapist, and veterinarian.

However, foreigners may practice the following professions if the respective professional boards find that qualified Panamanians are not available: agricultural sciences, chemist, dietician, physician, medical technician, radiologist, nurse, nutritionist, dentist, and veterinarian.

2. Foreign journalists working as correspondents for wire services or other foreign media shall be accredited before the Technical Board of Journalism, and shall be allowed to practice based on the duration of their service contract. Any foreign journalist engaged in a temporary professional assignment will be issued, after registration before the Technical Board, a license to practice as a journalist temporarily in Panama. Reciprocity or residency requirements apply, as appropriate.

3. Foreigners wishing to provide tourist guide services, with the exception of specialized tourist services, must have more than 5 years of residence in the country and have filed at least 2 income tax returns with the National Revenue Authority.

23. Sector: Services rendered to Businesses

Subsector: Professional Services - Architects and Engineers

Obligations Concerned: Article 9.3 (Most-Favored-Nation Treatment) Article 9.5 (National Treatment) Article 9.6 (Local Presence)

Measures: Articles 1, 2, 3, 4 and 24 of Law No. 15 of January 26, 1959.

Article 4 of Law No. 53 of February 4, 1963

Articles 1 and 3 of Decree No. 257 of September 3, 1965.

Article 1 of Law No. 21 of June 20, 2007

Description: Cross Border Trade in Services

1. Only the holder of a certificate of suitability issued by the Technical Board of Engineers and Architects may work as an engineer or architect. The Technical Board may grant such certificate to:

(a) a Panamanian national;

(b) a foreign national married to a Panamanian national or who is the parent of a Panamanian child, or

(c) a foreign national who is authorized to practice in a jurisdiction that permits Panamanian nationals to practice as engineers or architects under the same conditions.

2. The Technical Board may also authorize a firm to hire an architect or engineer who is a foreign national for a period of up to 12 months if there are no Panamanians qualified to provide the service in question. In such a case, the firm must hire a

qualified Panamanian national for the duration of the contract, who will replace the foreign national at the end of the contract.

3. Only a company registered with the Technical Board may provide engineering or architectural services in Panama. To register:

(a) the company must have its corporate domicile in Panama, unless an international agreement provides otherwise, and.

(b) the persons employed by the company who are responsible for supplying the services must be qualified to perform such services in Panama.

24. Sector: Communications Services

Subsector: Telecommunications Services

Obligations Concerned: Article 9.4 (Market Access)

Measures: Law No. 17 of 9 July 1991 Law No. 5 of 9 February 1995

Law No. 31 of February 8, 1996

Executive Decree No. 73 of April 9, 1997 Executive Decree No. 21 of 1996

Regulation JD-025 of December 12, 1996 Regulation JD-080 of April 10, 1997

Concession Contract No. 30-A of February 5, 1996 between the State and BSC (Bell South Panamá, S.A.)

Concession Contract No. 309 of October 24, 1997 between the State and Cable Wireless Panamá, S.A. Executive Decree No. 58 of May 12, 2008 Concession Contract No. 10-2008 of May 27, 2008 between the State and Digicel Panamá, S.A. Concession Contract No. 11-2008 of May 27, 2008 between the State and Claro Panamá, S.A.

Description: Cross Border Trade of Services

Cellular mobile telephony services will be provided exclusively by 4 operators that have received the concession from the State.

25. Sector: Communications Services

Subsector: Telecommunications

Obligations Concerned: Article 9.6 (Local Presence)

Measures: Law No. 31 of February 8, 1996.

Executive Decree No. 73 of April 9, 1997

Description: Cross-Border Trade in Services

A telecommunication service provided directly to users in Panama may only be provided by a person domiciled in Panama.

26. Sector: Commercial Services; Hotel and Restaurant Services

Subsector: Beverage Sales Services for Consumption on the Premises.

on the Premises

Obligations Concerned: Article 9.4 (Access to Markets)

Measures: Law No. 55 of July 10, 1973 Law No. 5 of January 11, 2007

Executive Decree No. 26 of July 12, 2007

Description: Cross Border Trade in Services

No bar operating license shall be granted in any district in Panama when the number of bars existing in such district exceeds the ratio of 1 per 1000 inhabitants, according to the last official population census.

27. Sector: Entertainment Services

Subsector: Gaming and Chance Games

Obligations Concerned: Article 9.4 (Access to Markets)

Measures: Article 297 of the Political Constitution of the Republic of Panama.

Description: Cross-Border Trade in Services

Only the Panamanian State may operate games of chance or other gambling activities in Panama.

Sector: Communications Services

Subsector: Postal and Telegraph Services

Obligations Concerned: Article 9.4 (Access to Markets)

Measures: Article 301 of the Fiscal Code of the Republic of Panama approved through Law No. 8 of January 27, 1956, as amended by Law No. 20 of August 11, 1994.

Description: Cross Border Trade in Services

Only the Government of Panama may operate postal and telegraph services in Panama.

29. Sector: Ports and Airports

Subsector:

Obligations Affected: Article 9.4 (Market Access) Article 9.6 (Local Presence)

Measures: Decree Law No. 7 of February 10, 1998 Law No. 23 of January 29, 2003

Description: Cross-Border Trade in Services

The Executive Branch of the Government of Panama has discretion to determine the number of concessions for national ports and airports.

Annex II. INTERPRETATIVE NOTES

1. A Party's Schedule indicates, in accordance with Articles 9.7 (Nonconforming Measures) and 10.8 (Nonconforming Measures), the sectors, subsectors, or specific activities for which new or more restrictive measures may be maintained or adopted that are inconsistent with the obligations imposed by:

(a) Articles 9.3 (Most-Favored-Nation Treatment) or 10.4 (Most-Favored-Nation Treatment);

(b) Article 9.4 (Market Access);

(c) Article 9.5 (National Treatment) or 10.3 (National Treatment);

(d) Article 9.6 (Local Presence);

(e) Article 10.6 (Senior Management and Boards of Directors); or

(f) Article 10.7 (Performance Requirements).

2. Each tab of this Annex sets forth the following elements:

(a) Sector: refers to the sector for which the tab has been made;

(b) Sub-sector: refers to the specific sector for which the fiche has been made;

(c) Obligations Affected: specifies the obligation(s) referred to in paragraph 1 that, by virtue of Articles 9.7 (Nonconforming Measures) and 10.8 (Nonconforming Measures), do not apply to the sectors, subsectors or activities listed in the fiche;

(d) Level of Government: indicates the level of government that maintains or adopts the measures on which a reservation is taken;

(e) Description: describes the coverage of the sectors, subsectors or activities covered by the record; and

(f) Measures in Force: identifies, for transparency purposes, the measures in force that apply to the sectors, subsectors or activities covered by the fiche.

3. In accordance with Articles 9.7 (Nonconforming Measures) and 10.8 (Nonconforming Measures), the Articles of this Agreement specified in the Affected Obligations element of a tab do not apply to the sectors, subsectors, and activities identified in the Description element of that tab.

4. In the interpretation of a fiche all its elements shall be considered. The Description element shall prevail over the other elements.

5. For the purposes of this Agreement, the Parties understand that:

(a) extractive fishing activity shall not be considered a service and therefore need not be listed in Annexes I and II with respect to the obligations of Chapter 9 (Cross-Border Trade in Services), and.

(b) where a Party completely prohibits the cross-border supply of or investment in a service by a foreign person, such prohibition shall not be considered a non-conformity with respect to Article 9.4 (Access to Markets in Services).

9.4 (Market Access) and therefore need not be listed in Annexes I and II as such.

Annex II. SCHEDULE OF MEXICO

1. Sector: All Sectors

Subsector:

Obligations Concerned: Article 9.5 (National Treatment)

Level of Government: Federal

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 class of debt instruments issued by federal, state, or local governments.

Measures in force:

2. Sector: Minority-Related Matters

Subsector:

Obligations Concerned: Article 9.5 (National Treatment) Article 9.6 (Local Presence)

Level of Government: Federal

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.

Existing Measures: Political Constitution of the United Mexican States, Article 4.

3. Sector: Communications

Subsector: Telecommunications and Postal Services

Obligations Concerned: Articles 9.3 (Most-Favored-Nation Treatment) and 10.4 (Most-Favored-Nation Treatment) Articles 9.5 (National Treatment) and 10.3 (National Treatment) Article 9.6 (Local Presence) Article 10.6 (Senior Executives and Boards of Directors)

Level of Government: Federal

Description: Cross-Border Trade in Services and Investment

Mexico reserves the right to adopt or maintain any measure relating to the supply of services and investment associated with the following subsectors:

1. telegraph services

2. Radiotelegraphy Services

3. Postal Service: operation, administration, and organization of correspondence.

Measures in force: Political Constitution of the United Mexican States, Articles 25 and 28.

Law of General Communication Roads

Law on the Mexican Postal Service, Title I, Chapter III Foreign Investment Law

Federal Telecommunications Law, Chapter I

4. Sector: Communications

Subsector: Control, Inspection and Surveillance of Maritime and Land Ports

Obligations Concerned: Articles 9.3 (Most-Favored-Nation Treatment) and 10.4 (Most-Favored-Nation Treatment) Articles 9.5 (National Treatment) and 10.3 (National Treatment) Article 9.6 (Local Presence)

Level of Government:

Federal

Description: Cross-Border Trade in Services and Investment

Mexico reserves the right to adopt or maintain any measure with respect to the provision of services and investment associated with the control, inspection and surveillance of maritime and land ports.

Measures in force: Maritime Navigation and Commerce Law Ports Law

General Communication Roads Law Foreign Investment Law

5. Sector: Communications

Subsector: Control, Inspection and Surveillance of Airports and Heliports

Obligations Concerned: Articles 9.3 (Most-Favored-Nation Treatment) and 10.4 (Most-Favored-Nation Treatment)

Level of Government:

Federal

Description: Cross-Border Trade in Services and Investment

Mexico reserves the right to adopt or maintain any measure with respect to the supply of air traffic control services, aeronautical meteorology services, aeronautical telecommunications services, flight dispatch and control services, and other telecommunications services related to air navigation services.

Measures in force: Political Constitution of the United Mexican States, Article 32.

Airports Law, Chapter II

General Communications Law, Chapter II Federal Telecommunications Law.

Foreign Investment Law, Title I, Chapter II.

Decree Creating the Decentralized Organization of "Navigation Services in the Mexican Airspace" (SENEAM).

6. Sector: Energy

Subsector: Petroleum and Other Hydrocarbons Basic Petrochemicals Electricity

Nuclear Energy

Treatment of Radioactive Minerals

Obligations Concerned: Articles 9.3 (Most-Favored-Nation Treatment) and 10.4 (Most-Favored-Nation Treatment) Articles 9.5

(National Treatment) and 10.3 (National Treatment) Article 9.6 (Local Presence) Article 10.6 (Senior Executives and Boards of Directors)

Level of Government: Federal

Description: Cross-Border Trade in Services and Investment

Mexico reserves the right to adopt or maintain any measure relating to the supply of services and investment associated with the following sub-sectors, except as set out in its Schedule to Annex I:

Petroleum, Other Hydrocarbons and Basic Petrochemicals:

(a) 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;

(b) 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; and

(c) 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; and basic petrochemicals.

2. Electricity: the provision of public electricity services in Mexico, including the generation, transmission, transformation, distribution and sale of electricity.

3. Nuclear Energy and Treatment of Radioactive Minerals: exploration, exploitation and processing of radioactive minerals, the nuclear fuel cycle, the generation of nuclear energy, the transportation and storage of nuclear waste, the use and reprocessing of nuclear fuel and the regulation of its applications for other purposes, as well as the production of heavy water.

Existing Measures: Political Constitution of the United Mexican States, Articles 25, 27 and 28.

Foreign Investment Law

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 Petroleos Mexicanos

Regulation of the Law of Petróleos Mexicanos Law of the Public Service of Electric Power

Regulations of the Public Electric Energy Service Law

Service Law

7. Sector: Entertainment Services

Subsector: Recreational and Entertainment Services

Obligations Concerned: Articles 9.3 (Most-Favored-Nation Treatment) and 10.4 (Most-Favored-Nation Treatment) Articles 9.5 (National Treatment) and 10.3 (National Treatment) Article 9.6 (Local Presence) Article 10.6 (Senior Executives and Boards of Directors)

Level of Government: Federal

Description: Cross-Border Trade in Services and Investment

Mexico reserves the right to adopt or maintain any measure relating to investment in, or the supply of gambling and betting services.

Existing Measures:

8. Sector: Social Services

Subsector:

Obligations Concerned: Articles 9.3 (Most-Favored-Nation Treatment) and 10.4 (Most-Favored-Nation Treatment) Articles 9.5

(National Treatment) and 10.3 (National Treatment) Article 9.6 (Local Presence) Article 10.6 (Senior Executives and Boards of Directors) Article 10.7 (Performance Requirements)

Level of Government: Federal

Description: Cross Border Trade in Services and Investment

Mexico reserves the right to adopt or maintain any measure with respect to the execution of public laws, the provision of social readaptation services, and the following services, to the extent that they are social services that are established or maintained for reasons of public interest: pensions, unemployment insurance, social security service, social welfare, public education, public training, health, and child care.

Measures in force: Political Constitution of the United Mexican States.

9. Sector: All Sectors

Subsector:

Obligations Concerned: Article 9.4 (Market Access)

Level of Government: Federal and State

Description: Cross-Border Trade in Services

Mexico reserves the right to adopt or maintain any measure related to Article 9.4 (Market Access) except for the following sectors and subsectors subject to the limitations and conditions listed below.

For the purposes of these non-conforming measures:

(1) refers to the supply of a service from the territory of a Party to the territory of the other Party;

(2) means the supply of a service in the territory of a Party by a person of that Party to a person of the other Party;

(3) refers to the supply of a service in the territory of a Party by an investor of the other Party or a covered investment; and

(4) refers to the supply of a service by a national of a Party in the territory of the other Party.

This tab:

(a) applies at the federal level;

(b) applies at the state level in accordance with each Party's specific commitments under Article XVI of the GATS in effect on the date of entry into force of this Agreement; and

(c) does not apply at the municipal or local level.

This schedule does not apply to reservations held on

Market Access in the Schedule of Mexico in Annex I.

Sector or sub-sector	Limitations on Market Access
1. BUSINESS SERVICES	
A. Professional Services (1)	
(d) Architectural consulting and engineering services (CPC 8671)	(1), (2) and (3) None (4) Unbound except as indicated in the Chapter on Entry and Temporary Stay of Business Persons.
(e) Engineering consulting services and technical studies (CPC 8672)	(1), (2) and (3) None (4) Unbound except as indicated in the Chapter on Entry and Temporary Stay of Business Persons.
(f) Integrated engineering services	(1), (2) and (3) None (4) Unbound except as indicated in the

(CPC 8673)	Chapter on Entry and Temporary Stay of Business Persons.
(g) Urban planning and landscape architectural services (CPC 8674)	(1), (2) and (3) None (4) Unbound except as indicated in the Chapter on Entry and Temporary Stay of Business Persons.
(h) Medical and dental services (CPC 9312)	(1), (2) and (3) None (4) Unbound except as indicated in the Chapter on Entry and Temporary Stay of Business Persons.
1. B. Computer and related services	
(a) Computer equipment installation consultant services (CPC 841)	(1), (2) and (3) None (4) Unbound except as indicated in the Chapter on Entry and Temporary Stay of Business Persons.
(b) Computer software application services (CPC 842)	(1), (2) and (3) None (4) Unbound except as indicated in the Chapter on Entry and Temporary Stay of Business Persons.
c) Services of analysis of computer systems and processing (CCP 843)	(1), (2) and (3) None (4) Unbound except as indicated in the Chapter on Entry and Temporary Stay of Business Persons.
d) Database services (CPC 844)	(1), (2) and (3) None (4) Unbound except as indicated in the Chapter on Entry and Temporary Stay of Business Persons.
(e) Other (CPC 845+849)	(1), (2) and (3) None (4) Unbound except as indicated in the Chapter on Entry and Temporary Stay of Business Persons.

(1) In order to practice professionally in Mexico it is necessary to have a degree recognized or revalidated by the Ministry of Public Education (SEP), as well as to obtain a professional license. There are special requirements for engineers, architects and physicians.

C. Research and development services (CPC 85)	
- Research and technological development centers (CPC 85103)	(1), (2) and (3) None (4) Unbound except as indicated in the Chapter on Entry and Temporary Stay of Business Persons.
1. E. Rental or leasing services without operators.	
(b) Rental or leasing services of aircraft without crew (CPC 83104)	(1), (2) and (3) None (4) Unbound except as indicated in the Chapter on Entry and Temporary Stay of Business Persons.
(d) Rental or leasing services of other machinery and equipment without operators	
- Rental and leasing services of machinery and equipment for agriculture and fishing (CPC 83106)	(1), (2) and (3) None (4) Unbound except as indicated in the Chapter on Entry and Temporary Stay of Business Persons.
- Rental services of machinery and equipment for industry (CPC 83109)	(1), (2) and (3) None (4) Unbound except as indicated in the Chapter on Entry and Temporary Stay of Business Persons.

- Rental services of equipment and furnishings for stores, offices, etc. (CPC 83108)	(1), (2) and (3) None (4) Unbound except as indicated in the Chapter on Entry and Temporary Stay of Business Persons.
- Rental services of television sets, sound equipment, video cassette recorders, and musical instruments (CPC 83201)	(1), (2) and (3) None (4) Unbound except as indicated in the Chapter on Entry and Temporary Stay of Business Persons.
- Rental services of professional photographic equipment and projectors (CPC 83209)	(1), (2) and (3) None (4) Unbound except as indicated in the Chapter on Entry and Temporary Stay of Business Persons.
- Other rental services of equipment, machinery and furniture not mentioned above (CPC 83109)	(1), (2) and (3) None (4) Unbound except as indicated in the Chapter on Entry and Temporary Stay of Business Persons.
1. F. Other services provided to businesses	
(b) Marketing services (CPC 8640)	(1), (2) and (3) None (4) Unbound except as indicated in the Chapter on Entry and Temporary Stay of Business Persons.
(c) Business management and organization consulting services (CPC 8640)	(1), (2) and (3) None (4) Unbound except as indicated in the Chapter on Entry and Temporary Stay of Business Persons.
(e) Technical testing and analysis services (CPC 8676)	(1), (2) and (3) None (4) Unbound except as indicated in the Chapter on Entry and Temporary Stay of Business Persons.
(k) Employment and recruitment agency services (CPC 8720)	(1), (2) and (3) None (4) Unbound except as indicated in the Chapter on Entry and Temporary Stay of Business Persons.
(n) Maintenance and repair services of equipment, excluding ships, aircraft and other transportation equipment:	
- Repair and maintenance services of industrial machinery and equipment (CPC 8862)	(1), (2) and (3) None (4) Unbound except as indicated in the Chapter on Entry and Temporary Stay of Business Persons.
- Repair and maintenance services of professional technical equipment and instruments (CPC 8866)	(1), (2) and (3) None (4) Unbound except as indicated in the Chapter on Entry and Temporary Stay of Business Persons.
- Repair and maintenance services of machinery and equipment for general use not assignable to a specific activity (CPC 886)	(1), (2) and (3) None (4) Unbound except as indicated in the Chapter on Entry and Temporary Stay of Business Persons.
o) Building cleaning services (CPC 8740)	(1) None (2) Unbound* (3) None (4) Unbound except as indicated in the Chapter on Entry and Temporary Stay of Business Persons.

p) Photographic services	
- Photographic and film developing services (CPC 87505 and 87506)	(1) None (2) Unbound* (3) None (4) Unbound except as indicated in the Chapter on Entry and Temporary Stay of Business Persons.
r) Publishing and printing services (CPC 88442) Only includes:	
- Publishing of books and the like	(1), (2) and (3) None (4) Unbound except as indicated in the Chapter on Entry and Temporary Stay of Business Persons.
- Printing and binding (except printing of newspapers for exclusive circulation in national territory).	
- Auxiliary and related industries to publishing and printing (excluding the manufacture of printing type which is classified in branch 3811, "casting and molding of ferrous and non-ferrous metal parts").	
s) Services rendered in connection with assemblies or conventions (CPC 87909***)	(1) Unbound * (2) None (3) None (4) Unbound except as indicated in the Chapter on Entry and Temporary Stay of Business Persons.
t) Other	
- Artistic design services (CPC 87907)	(1), (2) and (3) None (4) Unbound except as indicated in the Chapter on Entry and Temporary Stay of Business Persons.
- Industrial design services (CPC 86725)	(1), (2) and (3) None (4) Unbound except as indicated in the Chapter on Entry and Temporary Stay of Business Persons.
- Photocopying and similar services (CPC 87904)	(1), (2) and (3) None (4) Unbound except as indicated in the Chapter on Entry and Temporary Stay of Business Persons.
- Translation services (CPC 87905)	(1), (2) and (3) None (4) Unbound except as indicated in the Chapter on Entry and Temporary Stay of Business Persons.
- Washing and cleaning services (CPC 97011)	(1) Unbound* (2) None* (3) None (4) Unbound except as indicated in the Chapter on Entry and Temporary Stay of Business Persons.
2. COMMUNICATION SERVICES	
2.C. Telecommunication Services. Telecommunication services, supplied by a public telecommunications network based on infrastructure (wired and radio-electrical) through any current technological means, included in	(1) International traffic may only be carried through international ports (2) of an individual or legal entity with a concession granted by the telecommunications regulatory body to install, operate or exploit a public telecommunications network in the national territory authorized to provide long-distance service. (2) None (3)

subparagraphs a), b), c), f), g) and o). Broadcasting services are excluded.	None (4) Unbound except as indicated in the Chapter on Entry and Temporary Stay of Business Persons.
a) Telephone services (CPC 75211, 75212)	(1) As indicated in 2.C.1) (2) None (3) None (4) Unbound except as indicated in the Chapter on Entry and Temporary Stay of Business Persons.
b) Packet-switched data transmission services (CPC 7523**)	(1) As indicated in 2.C.1) (2) None (3) None (4) Unbound except as indicated in the Chapter on Entry and Temporary Stay of Business Persons.
c) Circuit-switched data transmission services (CPC 7523**)	(1) As indicated in 2.C.1) (2) None (3) None (4) Unbound except as indicated in the Chapter on Entry and Temporary Stay of Business Persons.
(f) Facsimile services (CPC 7521**+7529**)	(1), (2) and (3) None (4) Unbound except as indicated in the Chapter on Entry and Temporary Stay of Business Persons.
g) Private leased circuit services (CPC 7522**+7523**)	(1) As indicated in 2.C.1) Resale of private leased circuits to private networks is not authorized in Mexico. (2) None (3) None (4) Unbound except as indicated in the Chapter on Entry and Temporary Stay of Business Persons.
o) Other	
- Tracing services (CCP 75291)	(1) As indicated in 2.C.1) (2) None (3) As indicated in 2.C.3). (4) Unbound except as indicated in the Temporary Entry and Stay of Business Persons Chapter.
- Cellular telephone services (75213**)	(1) As indicated in 2.C.1) (2) None (3) None (4) Unbound except as indicated in the Chapter on Entry and Temporary Stay of Business Persons.

(2) International port is defined as the exchange that forms part of the public telecommunications network of a long-distance concessionaire, to which a means of transmission is connected that crosses the country's border and through which international traffic originating or terminating outside the territory of Mexico is routed.

- Trading Companies (3)	(1) As indicated in 2.C.1) (2) None (3) None (4) Unbound except as indicated in the Chapter on Entry and Temporary Stay of Business Persons.
- Other telecommunications services. Value-added services (Services that employ a public telecommunications network and that have an effect on the format, content, code, protocol, storage, or similar aspects of the information transmitted by a user and that market to users additional, different, or restructured information or that involve user interaction with stored information). (4)	(1) Registration with the Federal Telecommunications Institute is required to provide Value Added Services. Value Added Services originated abroad with destination in the territory of Mexico may only be processed and delivered in Mexico through the infrastructure or facilities of a public telecommunications network concessionaire. (2) None (3) None (4) Unbound except as indicated in the Chapter on Entry and Temporary Stay of Business Persons.

2. D. Audiovisual services	
a) Private motion picture production services (CPC 96112)	(1),(2) and (3) None, except that the exhibition of any motion picture requires authorization and classification by the Secretaría de Gobernación (Ministry of the Interior). (4) Unbound except as indicated in the Chapter on Entry and Temporary Stay of Business Persons.
b) Private cinematographic film exhibition services (CPC 96121)	(1),(2) and (3) None (4) Unbound except as indicated in the Chapter on Entry and Temporary Stay of Business Persons.

(3) Companies that, without owning or possessing transmission means, provide telecommunication services to third parties through the use of capacity leased from a public telecommunication network concessionaire.

(4) Those services in which for their establishment, operation or exploitation use is made of transmission infrastructure owned by the service provider are not Value Added Services, unless the service provider has the corresponding concession or permit to establish, operate or exploit a public telecommunications network. Value Added Services will not be considered as those that for their rendering require obtaining a concession or permit, including, without limitation, the following services: voice telephony, regardless of the technology used (VoIP), in its local service modalities; long distance telephony; simple resale of private leased circuits; cellular telephony; mobile or fixed radiotelephony; cable television, restricted microwave television and restricted satellite television; mobile radiolocation of persons; specialized radiocommunication of fleets; private or maritime radiocommunication; restricted radio; data transmission, videoconferencing and radiolocation of vehicles.

4. DISTRIBUTION SERVICES	
4. A. Trade Intermediary Services (CPC 621) (Includes sales agents who are not considered to be salaried personnel of any particular establishment.)	(1), (2) and (3) None (4) Unbound except as indicated in the Chapter on Entry and Temporary Stay of Business Persons.
4. B. Wholesale Commercial Services	
- Wholesale trade in non-food products, includes animal feeds (excludes petroleum fuels, coal, firearms, cartridges and ammunition) (CPC 622)	(1), (2) and (3) None (4) Unbound except as indicated in the Chapter on Entry and Temporary Stay of Business Persons.
- Wholesale trade in foodstuffs, beverages and tobacco (CPC 6222)	(1), (2) and (3) None (4) Unbound except as indicated in the Chapter on Entry and Temporary Stay of Business Persons.
4. C. Retail trade services	
- Retail trade of foodstuffs, beverages and tobacco in specialized establishments (CPC 6310)	(1), (2) and (3) None (4) Unbound except as indicated in the Chapter on Entry and Temporary Stay of Business Persons.
4. D. Franchising Services	(1), (2) and (3) None (4) Unbound except as indicated in the Chapter on Entry and Temporary Stay of Business Persons.
9. TOURISM AND TRAVEL-RELATED SERVICES	

9. A. Hotel and Restaurant Services	
- Hotel services (CPC 6411)	(1), (2) and (3) None, except for the requirement of a permit to conduct the activity from the appropriate authority (federal, state or municipal). (4) Unbound except as indicated in the Chapter on Entry and Temporary Stay of Business Persons.
- Restaurant services (CPC 6421)	(1), (2) and (3) None, except for the requirement of a permit to conduct the activity from the appropriate authority (federal, state or municipal). (4) Unbound except as indicated in the Chapter on Entry and Temporary Stay of Business Persons.
9. D. Other	
- Spa Services (CPC 97029) Includes only: Private services in social, recreational and sports centers, recreational and sports centers. As well as services of sports clubs, gymnasiums, spas, swimming pools, sports fields, billiards, bowling alleys, horses and bicycles. Excludes boat rentals.	(1), (2) and (3) None (4) Unbound except as indicated in the Chapter on Entry and Temporary Stay of Business Persons.
10. RECREATIONAL, CULTURAL AND SPORTING SERVICES (except audiovisual services)	
10. A. Entertainment services (including theater, bands and orchestras, and circuses) (CPC 9619)	(1), (2) and (3) None (4) Unbound except as indicated in the Chapter on Entry and Temporary Stay of Business Persons.
10. B. News agency services (CPC 962)	(1), (2) and (3) None (4) Unbound except as indicated in the Chapter on Entry and Temporary Stay of Business Persons.
10. C. Libraries, archives, museums and other cultural services (CPC 963)	(1), (2) and (3) None (4) Unbound except as indicated in the Chapter on Entry and Temporary Stay of Business Persons.
10. D. Sports and other recreational services (CPC 964)	
- Service of promotion of sport spectacles (CPC 96411)	(1), (2) and (3) None (4) Unbound except as indicated in the Chapter on Entry and Temporary Stay of Business Persons.
11. TRANSPORTATION SERVICES	
11.F. Road Transportation Services	
(d) Maintenance and repair of road transportation equipment	

- Automobile repair and maintenance services (CPC 6112 and 8867)	(1), (2) and (3) None (4) Unbound except as indicated in the Chapter on Entry and Temporary Stay of Business Persons.

* Unbound because not technically feasible.

** The specified service constitutes only part of the total range of activities covered by the corresponding CPC heading.

*** The specified service is an element of a more aggregated CPC heading specified elsewhere in this classification list.

10. Sector: Banknote Issuing and Coin Minting.

Subsector:

Affected Obligations: Article 10.3 (National Treatment) Article 10.4 (Most-Favored-Nation Treatment) Article 10.6 (Senior Executives and Boards of Directors)

Level of Government: Federal

Description: Investment

Mexico reserves the right to adopt or maintain any measure with respect to investment associated with the issuance of banknotes and minting of coins.

Existing Measures: Political Constitution of the United Mexican States, Articles 25 and 28.

Banco de México Law

Law of the Mint of Mexico

Monetary Law of the United States of Mexico Foreign Investment Law

11. Sector: All sectors

Subsector:

Obligations Affected: Articles 9.3 (Most-Favored-Nation Treatment) and 10.4 (Most-Favored-Nation Treatment) Articles 9.5 (National Treatment) and 10.3 (National Treatment) Article 9.6 (Local Presence) Article 10.6 (Senior Executives and Boards of Directors)

Level of Government: Federal

Description: Cross Border Trade in Services and Investment

Mexico, upon the sale or other disposition of an equity interest or assets of an existing state enterprise or existing governmental entity, reserves the right to prohibit or impose limitations on the ownership of such interest or assets and on the ability of the owners of such interest or assets to control any resulting enterprise by investors of another Party of a non-Party or their investments, as well as to impose limitations on the supply of services associated with that investment. In connection with any such sale or other disposition, Mexico may adopt or maintain any measure relating to the nationality of senior management or members of the board of directors.

For purposes of this reservation any measure maintained or adopted after the date of entry into force of this Agreement that, at the time of sale or other disposition, prohibits or imposes limitations on the participation in equity interests or assets or imposes nationality requirements described

in this reservation shall be deemed to be a measure in force.

12. Sector: All sectors

Subsector:

Obligations Concerned: Articles 9.3 (Most-Favored-Nation Treatment) and 10.4 (Most-Favored-Nation Treatment)

Level of Government: Federal

Description: Cross-Border Trade in Services and Investment

Mexico reserves the right to adopt or maintain any measure that accords different treatment to countries under any bilateral or multilateral international treaty in force or entered into prior to the date of entry into force of this Agreement.

Mexico reserves the right to adopt or maintain any measure that accords different treatment to countries pursuant to any international treaty in force or entered into after the date of entry into force of this Agreement with respect to:

(a) aviation

(b) fisheries; or

(c) maritime matters, including salvage.

13 Sector: Transportation

Subsector: Specialized Personnel

Obligations Concerned: Article 9.3 (Most-Favored-Nation Treatment) Article 9.5 (National Treatment) Article 9.6 (Local Presence)

Description: Cross-Border Trade in Services

Only Mexicans by birth may be:

(a) captains, pilots, shipmasters, machinists, mechanics, and crew of vessels or aircraft flying the Mexican flag, and.

(b) port pilots, harbormasters, and airfield commanders.

Measures in force: Political Constitution of the United Mexican States, Article 32.

Annex II. SCHEDULE OF PANAMA

1. Sector: Social Services

Subsector:

Obligations Affected: Articles 9.3 (Most-Favored-Nation Treatment) and 10.4 (Most-Favored-Nation Treatment) Article 9.4 (Access to Social Services) Articles 9.5 (National Treatment) and 10.3 (National Treatment) Article 9.6 (Local Presence) Article 10.6 (Senior Executives and Boards of Directors) Article 10.7 (Performance Requirements)

Level of Government:

Description: Cross-Border Trade in Services and Investment.

Panama reserves the right to adopt or maintain measures for the provision of law enforcement and prison 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: pensions and unemployment insurance, social security or insurance, social security, social welfare, public education, public training, health care, and child care.

Measures in force:

2. Sector: indigenous populations and minorities

Subsector:

Obligations Concerned: Articles 9.3 (Most-Favored-Nation Treatment) and 10.4 (Most-Favored-Nation Treatment) and 10.4 (Most-Favored-Nation Treatment) Articles 9.5 (National Treatment) and 10.3 (National Treatment) Article 9.6 (Local Presence) Article 10.6 (Senior Executives and Boards of Directors) Article 10.7 (Performance Requirements)

Level of Government:

Description: Cross-Border Trade in Services and Investment.

Panama reserves the right to adopt or maintain measures that deny foreign investors and their investments, or foreign service suppliers, a right or preference granted to socially or economically disadvantaged minorities and indigenous populations in its Comarcas.

Measures in force:

3. Sector: activities related to the Panama Canal

Subsector:

Obligations Affected: Article 9.4 (Market Access) Articles 9.5 (National Treatment) and 10.3 (National Treatment) Article 9.6 (Local Presence) Article 10.6 (Senior Management and Boards of Directors) Article 10.7 (Performance Requirements).

Level of Government:

Description: Cross-Border Trade in Services and Investment.

1. Panama reserves the right to adopt or maintain measures related to the management, administration, operation, maintenance, conservation, modernization, exploitation, development, or ownership of the Panama Canal and such reverted areas as it may determine and that restrict the rights of foreign investors and service suppliers.

2. The Panama Canal includes the waterway itself, as well as its anchorages, berths and entrances; maritime, lake and river lands and waters; locks; auxiliary dikes; piers; and water control structures.

3. The reverted areas include the lands, buildings and installations and other assets that have reverted to the Republic of Panama in accordance with the Panama Canal Treaty of 1977 and its Annexes (Torrijos-Carter Treaty).

4. Notwithstanding Panama's reservation number 7 in this Schedule, Panama shall accord to investors of Mexico, with respect to the Panama Canal and the reverted areas, treatment no less favorable than that it accords, in like circumstances, to investors of a non-Party under a free trade agreement in force or signed prior to the date of entry into force of this Agreement.

Existing Measures:

4. Sector: All Sectors

Subsector:

Obligations Concerned: Article 9.6 (Local Presence) Article 10.3 (National Treatment) Article 10.6 (Senior Management and Boards of Directors) Article 10.7 (Performance Requirements)

Level of Government:

Description: Cross-Border Trade in Services and Investment.

Panama, when selling or disposing of equity interests or assets of an existing state enterprise or existing government entity, reserves the right to prohibit or impose limitations on:

1. the provision of services;

2. the ownership of such interests or assets;

3. the technical, financial capacity and experience of the owners of such interest or property; and

4. to control the foreign participation in any resulting enterprise.

In connection with the sale or other form of disposition, Panama may adopt or maintain any measure relating to the nationality of senior executives or members of the Board of Directors.

Measures in place:

5. Sector: Construction Services

Subsector:

Obligations Affected: Article 9.5 (National Treatment) Article 9.6 (Local Presence)

Level of Government:

Description: Cross-Border Trade in Services

Panama reserves the right to adopt or maintain residency requirements, registration or other local presence obligations for the provision of construction services, or to require a financial guarantee if and when necessary to ensure compliance with Panamanian law and private contractual obligations.

Measures in force:

6. Sector: Fishing and Fishing-Related Services.

Subsector:

Obligations Concerned: Articles 9.3 (Most-Favored-Nation Treatment) and 10.4 (Most-Favored-Nation Treatment) and 10.4 (Most-Favored-Nation Treatment) Articles 9.5 (National Treatment) and 10.3 (National Treatment).

Level of Government:

Description: Cross-Border Trade in Services and Investment.

Panama reserves the right to adopt or maintain a measure related to the requirements for investing, acquiring, controlling, and operating vessels engaged in fishing and related activities in Panamanian jurisdictional waters, except as set out in Panama's Schedule to Annex I.

Measures in Force:

7. Sector: All Sectors

Subsector:

Obligations Concerned: Articles 9.3 (Most-Favored-Nation Treatment) and 10.4 (Most-Favored-Nation Treatment) and 10.4 (Most-Favored-Nation Treatment).

Level of Government:

Description: Cross-Border Trade in Services and Investment.

1. Panama reserves the right to adopt or maintain measures that grant differential treatment to countries under a bilateral or multilateral international treaty in force or signed prior to the date of entry into force of this Agreement.

2. Panama reserves the right to adopt or maintain measures that grant differential treatment to countries under a bilateral or multilateral international treaty in force or entered into subsequent to the date of entry into force of this Agreement with respect to:

(a) aviation;

(b) fisheries; or

(c) maritime matters, including salvage.

Existing Measures:

8. Sector: All Sectors

Subsector:

Obligations Concerned: Article 9.4 (Market Access)

Level of Government:

Description: Cross-Border Trade in Services

Panama reserves the right to adopt or maintain measures that are not inconsistent with Panama's obligations under Article XVI of the GATS.

This reservation does not apply to sectors or subsectors listed under the terms of Panama's Schedule to Annex I with respect to Market Access.

Existing Measures:

9. Sector: Transportation Services

Subsector: Land Transportation

Obligations Concerned: Article 9.4 (Market Access) Articles 9.5 (National Treatment) and 10.3 (National Treatment) Article 9.6

(Local Presence) Article 10.6 (Senior Executives and Boards of Directors) Article 10.7 (Performance Requirements)

Level of Government:

Description: Cross-Border Trade in Services and Investment.

1. Panama reserves the right to adopt or maintain measures restricting the supply of services and investment related to scheduled passenger transportation, other non-scheduled passenger transportation, and commercial freight vehicle rental services with operator, or bus terminal services.

2. Inland cabotage within Panama's borders is reserved for domestic carriers only.

Measures in force: