TRADE INTEGRATION AGREEMENT BETWEEN THE REPUBLIC OF PERU AND THE UNITED MEXICAN STATES

PREAMBLE

The Republic of Peru (Peru) and the United Mexican States (Mexico) resolved to:

REAFFIRM the special ties of friendship and cooperation between their nations;

STRENGTHEN regional economic integration, which is one of the essential instruments for Latin American countries to advance in their economic and social development, promoting a better quality of life for their peoples;

DEVELOP their respective rights and obligations under the World Trade Organization (WTO) agreements and the 1980 Treaty of Montevideo;

ESTABLISH clear and mutually beneficial rules in their commercial exchange that will favor the necessary conditions for the growth and diversification of trade flows, ina manner compatible with existing potentialities;

PROVIDE economic agents with a predictable legal and commercial framework for the development of trade and investment, in order to encourage their active participation in economic and trade relations between the two countries;

AVOID distortions in their reciprocal trade;

PROMOTE trade in the innovative sectors of our economies; and

CREATE a larger and more secure market for trade in goods and services between the Parties;

HAVE AGREED as follows:

Chapter I. INITIAL PROVISIONS

Article 1.1. Establishment of the Free Trade Zone

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, specifically developed through its principles and rules, including those of national treatment, most-favored-nation treatment and transparency, are as follows:

a) stimulate the expansion and diversification of trade between the Parties;

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

c) promote conditions of fair competition in trade between the Parties;

d) improve investment opportunities in the territories of the Parties;

e) to establish guidelines for further cooperation between the Parties, as well as at the regional and multilateral levels to expand and enhance the benefits of this Agreement; and

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

2. The Parties shall interpret and apply the provisions of this Agreement in light of the objectives set forth in paragraph 1

and in accordance with the applicable rules of international law.

Article 1.3. Relationship to other Treaties and International Agreements

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

2. In case of incompatibility 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 incompatibility.

Article 1.4. Enforcement of the Agreement

Each Party shall ensure, in accordance with its domestic regulations, compliance with the provisions of this Agreement throughout its territory at the federal or national, state or regional, and municipal or local levels, respectively, except as otherwise provided in this Agreement. (1)

(1) A federal or national, state or regional, municipal or local government includes any non-governmental body in the exercise of any regulatory, administrative or other authority delegated to it by the federal or national, state or regional, municipal or local government.

Article 1.5. Succession of Treaties

Any reference made to other treaties or international agreements to which the Parties to this Agreement are parties shall be understood to be made to the treaties or agreements that succeed them.

Chapter II. GENERAL DEFINITIONS

Article 2.1. General Definitions

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

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

GATS: the General Agreement on Trade in Services of the World Trade Organization;

ALADI: Latin American Integration Association;

customs duty: any tax, duty or import tax and any charge of any kind applied in connection with the importation of goods, including any form of surcharge or additional charge on imports, except:

a) any charge equivalent to an internal tax established pursuant to paragraph 2 of Article III 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 applies in accordance with a Party's domestic law;

c) any duties or other charges related to the importation, proportionate to the cost of services rendered; and

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

Commission: the Administrative Commission established in accordance with Article 17.1 (Administrative Commission);

days: calendar days; business: any entity organized or organized under applicable law, whether or not

for profit and whether privately or governmentally owned, including corporations, trusts, partnerships, sole proprietorships, joint ventures or other associations;

enterprise of a Party means an enterprise incorporated or organized under the legislation of a Party;

State enterprise: an enterprise that is owned or controlled by a Party through ownership rights;

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

GATT 1994: the General Agreement on Tariffs and Trade 1994 of the World Trade Organization;

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

good of a Party: a domestic good as defined in the GATT 1994 of the World Trade Organization, or such good as the Parties may agree, and includes a good originating in that Party. A good of a Party may incorporate materials from other countries;

originating good or originating material: a good or material that complies with the rules set out in Chapter IV (Rules of Origin and Origin-Related Procedures);

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

Party: the United Mexican States, the Republic of Peru and any State with respect to which this Agreement has entered into force;

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

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

Harmonized System: the Harmonized Commodity Description and Coding System, as defined in the International Convention on the Harmonized Commodity Description and Coding System (done at Brussels on June 14, 1938), including the corresponding chapters, headings, subheadings and numerical codes, as well as the legal notes in force and including amendments, in the form in which the Parties have adopted and applied it in their respective domestic legislation;

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

territory: the territory of each Party as defined in the Annex to Article 2.1; and

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

Annex to Article 2.1. Country-Specific Definitions

For purposes of this Agreement, unless otherwise specified, shall mean:

territory:

a) with respect to Mexico:

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

ii) 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 inland maritime waters;

vi) the space located on the national territory, with the extension and modalities established by international law itself; and

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

b) with respect to Peru: The continental territory, islands, maritime spaces and the air space that covers them, under sovereignty or sovereign rights and jurisdiction of Peru in accordance with its national legislation and international law.

Chapter III. MARKET ACCESS

Article 3.1. Scope of Application

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

Section A. Definitions

Article 3.2. Definitions

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

Customs Valuation Agreement: Agreement on Implementation of Article VII of the General Agreement on Tariffs and Trade 1994;

import license or permit: is 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 generally required for customs clearance purposes);

printed advertising materials: those goods classified in Chapter 49 of the Harmonized System including brochures, printed matter, loose sheets, trade catalogs, trade association yearbooks, tourist promotion materials and posters, used to promote, publish or advertise a good or service, with the intent to advertise a good or service, and to be distributed free of charge;

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

remanufactured goods: industrial goods, assembled in the territory of a Party which:

a) are composed complete or partially of recovered goods; and

b) have a similar life expectancy and enjoy a factory warranty similar to that of new merchandise;

commercial samples of negligible value: commercial samples valued, individually or in the aggregate shipped, at not more than one United States dollar or the equivalent amount in the currency of another Party, or that are marked, broken, perforated or treated in a manner that disqualifies them for sale or for any use other than as samples;

advertising films and recordings: visual media or recorded audio materials consisting essentially of images and/or sound showing the nature or operation of goods or services offered for sale or hire 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 of:

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) that 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) that 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 certain 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 material in the production of other merchandise that is subsequently exported;

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

d) replaced by an identical or similar good that is subsequently exported.

consular requirements or transactions: requirements that goods of one Party destined for export to the territory of another

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.

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 Ill of the GATT 1994, including its interpretative notes. For this purpose, Article Ill of the GATT 1994 and its interpretative notes are incorporated into and made an integral part of this Agreement.

2. The national treatment provisions of paragraph 1 mean, with respect to a state, region or other level of government, treatment no less favorable than the most favorable treatment accorded by such state, region or other level of government to any like, directly competitive or substitute goods, as the case may be, of the Party of which such state, region or other level of government is a member.

3. Paragraphs 1 and 2 shall not apply to the measures set forth in the Annex to Articles 3.3 and 3.6.

Section C. Tariff Elimination

Article 3.4. Elimination of Customs Duties

1. Except as otherwise provided in this Agreement, neither Party may increase any existing customs duties, or adopt any new customs duties, on originating goods subject to the Tariff Elimination Program.

2. 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 and this Agreement.

3. Except as otherwise provided in this Agreement, each Party shall eliminate its customs duties on originating goods as_ set out in the Tariff Elimination Program contained in the Annex to Article 3.4-A.

4. The Parties shall consult, at the request of either Party, to consider the possibility of improving the tariff terms and conditions of market access for originating goods provided for in the Annex to Article 3.4-A. When the Parties approve an agreement to this effect, it shall prevail over any tariff or allowance category set out in its Annex to Article 3.4-A. These agreements shall be adopted by decisions of the Commission.

5. Except as provided in the Annex to Article 3.4-B, the Parties may deny preferential tariff treatment under this Agreement to used goods. For purposes of this paragraph, used goods include those goods identified as such in headings or subheadings of the Harmonized System and those rebuilt, repaired, recovered, remanufactured, or any other similar goods that, after having been used, have been subjected to a process to restore their original characteristics or specifications, or to restore their functionality when new.

6. A Party may: a) increase a customs duty on an originating good to a level no higher than that set out in its Schedule to the Annex to Article 3.4-A, following a unilateral reduction of such customs duty; or b) maintain or increase a customs duty on an originating good, when authorized by any dispute settlement provision of the WTO Agreement. Article 3.5: Customs Valuation In the application of customs valuation, the Parties shall be governed by the provisions of the Customs Valuation Agreement. To this effect, said Agreement is incorporated into this Agreement and is an integral part thereof.

Section D. Non-Tariff Measures

Article 3.6. Import and Export Restrictions

1. Except as otherwise provided in this Agreement, neither Party may adopt or maintain a non-tariff measure that prohibits or restricts the importation of any good of the other Party or 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 Xl of GATT 1994 and its interpretative notes are incorporated into this Agreement and form an integral part thereof.

2. The Parties understand that the rights and obligations of the GATT 1994 embodied in paragraph 1 prohibit a Party from

adopting or maintaining:

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

b) granting import licenses conditional on compliance with a performance requirement; or

c) voluntary export restrictions except as permitted under Article VI of GATT 1994, as implemented by Article 18 of the Agreement on Subsidies and Countervailing Measures and Article 8.1 of the Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994.

3. Paragraphs 1 and 2 shall not apply to the measures set forth in the Annex to Articles 3.3 and 3.6.

Article 3.7. Import Licenses or Permits

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

2. Unless otherwise provided in this Agreement, import licenses or permits shall be granted and issued within a maximum period of 20 working days, counted from the date the importing Party receives the request in accordance with the national legislation that regulates them.

Article 3.8. 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 whatever nature (other than customs duties, charges equivalent to an internal tax or other domestic charges applied in accordance with paragraph 2 of Article lll of the GATT 1994, and anti-dumping and countervailing duties), imposed on or in connection with importation or exportation, shall be limited to the approximate cost of services rendered and shall not represent an indirect protection to domestic goods ora tax on imports or exports for fiscal purposes.

2. No Party shall require consular transactions or requirements, including related fees and charges, in connection with the importation of any good of another Party.

3. Each Party shall make available and maintain, through the Internet, the fees or charges imposed in connection with the importation or exportation.

Article 3.9. Export Taxes

1. Except as provided in the Annex to Article 3.9, neither Party shall adopt or maintain any tax, levy or charge on the exportation of goods destined for the territory of the other Party, unless such taxes, levies or charges are adopted or maintained on such goods when destined for domestic consumption.

2. The Parties may hold consultations in connection with the application of the provisions of this Article, aimed at the application of measures that seek to avoid undesirable effects on the implementation of a domestic food aid program.

Section E. Special Customs Procedures

Article 3.10. Exemption from Customs Duties

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

2. No Party shall condition, explicitly or implicitly, the continuation of any existing customs duty exemption on compliance with a performance requirement.

Article 3.11. Temporary Admission or Importation of Goods

1. Each Party shall authorize the importation or temporary admission free of customs duties of the following goods, which are admitted to the territory of the other Party, irrespective of their origin:

a) professional equipment, including press or television equipment, computer software, and broadcasting and

cinematographic equipment, necessary for the exercise of the business, trade or profession of the person who qualifies for temporary entry under the legislation of the importing Party;

b) goods intended for exhibition or demonstration, including their component parts, auxiliary apparatus and accessories;

c) commercial samples, films and advertising recordings; and d) goods imported or admitted for sporting purposes.

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

a) is imported or admitted by the customs authority at the request of a national or resident of the other Party;

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

c) is not subject to sale or lease while it remains in its territory;

d) be 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, refundable upon departure of the goods;

e) is susceptible to identification when exported;

f) is exported within the period established by the Party in its legislation;

g) is imported or admitted in quantities not greater than reasonable in accordance with its intended use; and

h) imported or otherwise admissible into the territory of the Party under its legislation.

3. In the case of the goods referred to in paragraph 1(c) and in addition to the conditions set forth in paragraph 2, the goods must only be imported for the purpose of lifting future orders or for the supply of services.

4. If any of the conditions imposed by a Party under paragraphs 2 and 3 have not been complied with, the Party may apply the customs duty and any other charges that would normally be due for the importation or final admission of the good plus any other charges or penalties established under its law.

5. Each Party, through its customs authority, shall adopt procedures to facilitate the expeditious release of goods imported under this Article. To the extent possible, where such merchandise accompanies a national or resident of the other Party who is requesting temporary entry, such procedures shall allow the merchandise to be cleared simultaneously with the entry of that national or resident.

6. Each Party shall allow a good imported or temporarily admitted under this Article to be exported through a customs port other than the port through which it was imported or admitted.

7. Exceptionally, the importation or temporary admission may conclude with the total or partial destruction of the merchandise in case of an act of God, force majeure or the request of the beneficiary, as provided in the national legislation of each Party.

8. No Party:

a) shall prohibit a vehicle or container used in international transportation that has entered its territory from another Party from leaving its territory by any route that has a reasonable connection with the prompt and economical departure of such vehicle or container;

b) shall not require a bond or impose any penalty or charge solely on the grounds 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 has applied to the entry of a vehicle or container into its territory, on its departure through a particular port; and

d) shall 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.

9. For purposes of paragraph 8, vehicle means a truck, tractor-trailer, tractor, trailer or trailer unit, locomotive or railcar or other railroad equipment.

Article 3.12. Goods Reimported after Repair or Alteration

1. No Party shall 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 repairs or alterations could have been carried out in the territory of the Party from which the good was exported for repair or alteration.

2. No Party shall apply a customs duty to a good that, regardless of its origin, is temporarily admitted from the territory of another Party for the purpose of being repaired or altered.

3. Repairs or alterations do not include an operation or process, that destroys the essential characteristics of a good or converts it into a new or commercially different good, or transforms an unfinished good into a finished good.

Article 3.13. Duty-free Imports for 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 solely for the purpose of soliciting orders for goods or services supplied from the territory of the other Party, or from another non-Party; or

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

Section F. Market Access Committee

Article 3.14. Market Access Committee

1. The Parties establish a Market Access Committee to be composed of representatives of the Parties:

a) in the case of Mexico, by the Ministry of Economy or its successor; and

b) in the case of Peru, by the Ministry of Foreign Trade and Tourism or its successor.

2. The Committee shall meet preferably once a year on an ordinary basis, and at any time on an extraordinary basis, at the request of any of the Parties.

3. Ordinary meetings shall be held within 60 days following the request, and in the case of extraordinary meetings, such period shall not exceed 30 days.

4. The Committee shall have the following functions:

a) monitor compliance with, application and correct interpretation of the provisions of this Chapter and its Annexes, including future modifications of the Harmonized System to ensure the obligations of each Party under this Agreement;

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

c) address obstacles to trade in goods between the Parties, in particular those related to the application of non-tariff measures covered by Section D of this Chapter, and, if appropriate, submit these matters to the Commission for its consideration;

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

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

f) to promote cooperation in the implementation and administration of this Chapter; and

g) such other functions as may be entrusted to it by the Commission.

Chapter IV. RULES OF ORIGIN AND ORIGIN-RELATED PROCEDURES

Article 4.1. Definitions

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

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

aquaculture: the process of cultivation of fish, crustaceans, mollusks and other aquatic invertebrates, even when cultivation is carried out from fry (1) or non-originating larvae;

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

a) in the case of Mexico, for certification and control of origin, the Ministry of Economy or its successor, and for verification of origin, the Tax Administration Service of the Ministry of Finance and Public Credit or its successor; and

b) in the case of Peru, the Ministry of Foreign Trade and Tourism or its successor;

valid certificate of origin: one that complies with the provisions set forth in this Chapter;

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

a) motor vehicles of subheading 8701.20, tariff item 8702.10.aa or 8702.90.aa, subheading 8704.10, 8704.22, 8704.23, 8704.32 or 8704.90 or heading 87.05 or 87.06;

b) motor vehicles of subheading 8701.10 or 8701.30 to 8701.90;

c) motor vehicles of tariff item 8702.10.bb or 8702.90.bb or subheading 8704.21 or 8704.31; or

d) motor vehicles covered by subheading 8703.21 to 8703.90;

shipping containers and packaging materials: those used to protect merchandise during transportation, not including containers and materials in which merchandise is packed for retail sale;

exporter: a person located in the territory of a Party from which it exports a good;

importer: a person located in the territory of a Party into which a good is imported;

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

material: includes raw materials, inputs, ingredients, intermediate products, parts, components, pieces and goods used in the production of another good;

commodity: any good, product, article or material;

fungible goods or fungible materials: goods or materials that are interchangeable for commercial purposes and whose properties are essentially identical;

identical goods: goods that are the same in all respects, as defined in the Customs Valuation Agreement;

simple mixture: an activity, including dilution with water or other substance, that does not substantially alter the characteristics of the good. A simple mixture does not include a chemical reaction;

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

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

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

c) indicate a platform design; plant: a building or buildings next to, but not necessarily contiguous with, machinery, apparatus and plant under the control of a producer used in the production of any of the following:

a) light vehicles and heavy vehicles;

b) automotive parts; or

c) automotive component and subcomponent assemblies;

platform: the primary load-bearing structural assembly of a motor vehicle that determines the basic size of that motor vehicle and is the structural base that supports the powertrain, and serves as the attachment for the suspension components of the motor vehicle in various types of frames, such as for body assembly or dimensional frame and unit

body;

CIF price: the price of the imported goods, including insurance and freight costs to the port or place of entry in the country of importation;

FOB price: the price of the goods free on board, irrespective of the means of transport, at the point of shipment direct from the seller to the buyer;

Generally Accepted Accounting Principles: the recognized consensus or substantial support authorized 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. These standards may include broad guidelines of general application, as well as detailed practical rules and procedures;

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

producer: a person located in the territory of a Party who grows, raises, harvests, harvests, fishes, hunts, manufactures, assembles or processes a good;

chemical reaction: processes, including biochemical processes, that result in a molecule with new structure, breaking intramolecular bonds and forming new intramolecular bonds or altering the spatial arrangement of atoms in a molecule;

preferential tariff treatment: the preferential customs tariff applicable to a good, in accordance with this Agreement;

customs value: the transaction value of a good, being the price actually paid or payable for such good, determined according to the criteria for the application of the agreement for the interpretation of Article Vil of the Customs Valuation Agreement.

motor vehicle: an automobile, a commercial truck, a light truck, a medium truck, or a motor carrier, according to the following descriptions:

a) automobile: a vehicle intended for the transport of up to 10 persons and falling within subheading 8703.21 to 8703.33, tariff item 8703.90.aa or 8706.00.aa;

b) commercial truck: a vehicle with or without chassis, intended for the transportation of goods or more than 10 persons, with a gross vehicle weight of up to 2,727 kg. and which is provided for in subheading 8702.10, tariff item 8702.90.cc, subheading 8703.21 to 8703.33, tariff item 8703.90.aa, 8704.21.aa, 8704.31.aa, 8705.20.aa, 8705.40.aa or 8706.00.aa;

c) light truck: a vehicle with or without chassis, intended for the transportation of goods or more than 10 persons, with a gross vehicle weight of more than 2,727 kg. but not more than 7,272 kg. and that is established in subheading 8702.10, tariff item 8702.90.cc, 8704.21.aa, 8704.22.aa, 8704.31.aa, 8704.32aa, 8705.20.aa, 8705.40.aa or 8706.00.aa;

d) medium truck: a vehicle with or without chassis, intended for the transport of goods or more than 10 persons, with a gross vehicle weight of more than 7,272 kg. but not more than 8,864 kg. and falling under subheading 8702.10, tariff item 8702.90.cc, 8704.22.aa, 8704.32.aa, 8705.20.aa, 8705.40.aa or 8705.40.aa, or 8706.00.aa; or

e) motor vehicle: any motor vehicle whose gross vehicle weight exceeds 8,864 kilograms and corresponds to one of the following types:

i) integral bus: a motor vehicle without a chassis and with an integrated body, intended for the transport of 10 or more persons, classified in any of the following tariff items: 8702.10.cc or 8702.90.dd;

ii) heavy truck / bus: a motor vehicle with a chassis for the transport of goods or 10 or more persons, classified in any of the following tariff items: 8702.10.dd, 8702.90.e6e, 8704.22.bb, 8704.23.aa, 8704.32.bb, 8705.20.aa, 8705.40.aa or 8706.00.bb; or

iii) tractor-trailer: a motor vehicle with 2 or 3 axles used to transport goods by pulling trailers or semi-trailers, classified in tariff item 8701.20.aa.

(1) Fry means young fish in the post-larval stage, e.g. minnows, smolts and eels.

Article 4.2. Originating Goods

1. Unless otherwise provided in this Chapter, they shall be considered as originating:

a) goods wholly obtained or produced entirely in the territory of one or both Parties:

i) minerals extracted in the territory of one or both Parties;

ii) harvested in the territory of one or both Parties;

iii) live animals, born and raised in the territory of one or both Parties;

iv) goods obtained from hunting, fishing or aquaculture in the territory of one or both Parties;

v) goods obtained from live animals in the territory of one or both Parties, without involving the slaughter of such animals;

vi) fish, crustaceans and other marine species obtained outside the territory of the Parties by vessels registered, registered, flagged or reputed as such by any of the Parties, according to their legislation, through modalities such as affiliation, leasing or chartering;

vii) goods produced on board factory ships from the goods identified in item (vi), provided that such factory ships are registered, registered, flagged or reputed as such by any of the Parties, according to their legislation, through modalities such as affiliation, leasing or chartering;

viii) goods obtained by a Party or a person of a Party, from the seabed or subsoil, outside the territory of the Parties, provided that the Party has rights to exploit that seabed or subsoil;

ix) waste and scrap derived from production in the territory of one or both Parties or from used goods collected in the territory of one or both Parties, provided that such goods serve only for the recovery of raw materials; and

x) goods produced in the territory of one or both Parties, exclusively from the goods referred to in items (i) through (ix);

b) goods produced entirely in the territory of one or both Parties exclusively from originating materials in accordance with this Chapter; or

c) goods produced entirely in the territory of one or both Parties using non-originating materials, complying with the specific rules of origin set out in the Annex to Article 4.2.

2. Likewise, the merchandise must comply with the applicable provisions of this Chapter.

Article 4.3. Non-origin Conferring Transactions and Practices

1. A good shall not be considered originating, despite complying with the provisions of this Chapter, by virtue of having undergone only one of the following operations or practices:

a) operations intended to preserve goods during transport or storage, such as airing, cooling, freezing, removal of damaged parts, drying or addition of substances;

b) leaks or dilutions in water or any other substance that does not materially alter the characteristics of the goods;

c) cooking, cooling and freezing operations;

d) simple mixing operations;

e) dedusting, screening, classifying, sorting, washing, filtering, macerating, drying or cutting;

f) packing, repacking, wrapping, repacking or packaging for retail sale;

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

h) cleaning, including removal of rust, grease, paint or other coatings;

i) fractionation into lots or volumes, shelling or shelling;

j) the assembly of parts and components that are classified as one good, in accordance with Rule 2(a) of the General Rules for the Interpretation of the Harmonized System;

k) any price-fixing activity or practice in respect of a good for which it can be shown, on the basis of sufficient evidence, that its purpose is to evade compliance with the provisions of this Chapter;

l) any operation of packaging a good for wholesale sale;

m) the disassembly of goods into parts or pieces; or

n) the accumulation of two or more operations or practices indicated in subparagraphs (a) through (m).

2. The provisions of this Article shall prevail over the specific rules of origin set forth in the Annex to Article 4.2.

Article 4.4. Regional Content Value

1. When a good is required to meet a regional value content requirement to determine whether such good is originating, the calculation shall be based on the following method:

VCR = VT- VMN/VT x 100

where:

VCR: is the regional value content of the merchandise, expressed as a percentage;

VT: is the transaction value of a good on an FOB basis, adjusted in accordance with the provisions of Articles 1 to 8, 15 and their corresponding interpretative notes of the Customs Valuation Agreement;

VMN: is the value of all non-originating materials used by the producer in the production of the good.

2. For the purposes of paragraph 1, when the exporter is different from the producer, the latter may consider in the transaction value the costs of freight, insurance, packaging and all other costs incurred in transportation to the point where the exporter receives the goods within the territory where the producer is located.

3. To calculate the regional value content of a good classified in heading 87.01 through 87.07, the producer may average the calculation over its fiscal year or period, using any of the following categories, either on the basis of all motor vehicles in that category, or on the basis of only motor vehicles in that category that are exported to the territory of the other Party:

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

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

c) the same model line of motor vehicles produced in the territory of a Party.

Article 4.5. Value of Materials

1. For the purposes of Articles 4.4 and 4.9, the value of a material shall be:

a) in the case of a material imported directly by the producer of the merchandise, the customs value of the country of importation, in accordance with the provisions of Articles 1 to 8, 15 and their corresponding interpretative notes of the Customs Valuation Agreement;

b) in the case of a material purchased by the producer in the territory where the goods are produced:

i) in the case of originating material, the transaction value, taking into account freight, insurance, packing costs and all other costs incurred in transporting the material from the supplier's warehouse to the producer's location; or

ii) in the case of non-originating material, the transaction value. However, freight, insurance, packing costs and all other costs incurred in transporting the material from the supplier's warehouse to the producer's location shall not be considered; or

c) in the case of an intermediate material or where there is a relationship between the producer of the good and the seller of the material that influences the price actually paid or payable for the material, the sum of all costs incurred in the production of the material, including overhead. In addition, the amount of profit equivalent to that which would have been obtained in the normal course of trade, in accordance with the Customs Valuation Agreement, may be added.

2. In determining the value of the non-originating materials of a good, in accordance with Article 4.4, the producer of the good shall not take into account the value of the non-originating materials used by another producer in the production of an originating material or of a material that has been designated as an intermediate.

Article 4.6. Intermediate Materials

1. For purposes of calculating the regional value content under Article 4.5, 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 complies

with Article 4.2.

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

Article 4.7. Cumulation of Origin between the Parties

1. Goods or materials originating in a Party, incorporated into a good in the territory of the other Party, shall be considered as originating in the territory of the latter.

2. The production carried out by a producer in a Party may be cumulated with that of one or more producers in the territory of that Party or of the other Party, so that the production of the materials incorporated in the good is considered to be carried out by that producer, provided that the good meets the requirements set out in Article 4.2.

Article 4.8. Extended Cumulation of Origin

1. Where each Party has established a preferential trade agreement with a non-Party, and for purposes of determining whether a good is originating under this Agreement, a material that is produced in the territory of such non-Party, which would be originating under this Agreement if it were produced in the territory of one or both Parties, may be considered as originating in the territory of the exporting Party.

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

Article 4.9. De Minimis

1. A good produced in the territory of one or both Parties shall be considered to be originating if the value of all non-originating materials used in the production of that good that do not meet the applicable tariff classification change requirement does not exceed 10 percent of the transaction value of the good, adjusted in accordance with Article 4.5.

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

3. Paragraphs 1 and 2 do not apply to:

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

b) a non-originating material that is used in the production of goods falling within Chapters 01 through 27 of the Harmonized System, unless the non-originating material falls within a subheading other than that of the good for which origin is being determined under this Article. However, de minimis may be applied when using non-originating materials of the same subheading, provided that the materials are different from the final good.

4. A good provided for in Chapters 50 through 63 of the Harmonized System produced in the territory of one or both of the Parties shall be considered as originating if the weight of all non-originating fibers or yarns of the component that determines the tariff classification of the good, which do not meet the applicable tariff classification change requirement, does not exceed 10 percent of the total weight of the good.

Article 4.10. Expendable Goods and Materials

1. For purposes of establishing whether a good is originating, when originating and non-originating fungible materials that are physically mixed or combined are used in its production, the origin of the materials may be determined by any inventory management method recognized in the Generally Accepted Accounting Principles of the Party where the production takes place and set forth in its national legislation.

2. When originating and non-originating fungible goods are physically mixed or combined, the origin of the good may be determined by any inventory management method recognized in the Generally Accepted Accounting Principles of the Party where the production takes place and set out in its domestic legislation. A good to be exported to the territory of the other Party, whose origin has been determined in accordance with this Article, shall 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 loading, unloading or any other operation necessary to maintain the goods in good condition or to transport them to the territory of the other Party.

3. The inventory management method selected pursuant to this Article for a particular commodity or consumable shall continue to be used for that commodity or consumable throughout the taxable year of the person who selected the inventory management method.

Article 4.11. Accessories, Spare Parts and Tools

1. The origin of accessories, spare parts and tools delivered with the good shall be disregarded in determining whether all non-originating materials used in the production of the good comply with the applicable change in tariff classification, provided that:

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

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

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

3. When spare parts and tools are self-manufactured materials, the producer may choose to designate such materials as intermediate materials.

Article 4.12. Sets or Assortments

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

2. Notwithstanding the provisions of paragraph 1, a set or assortment of goods shall be considered originating if the transaction value of all non-originating goods used in the formation of the set or assortment, adjusted on a CIF basis, does not exceed 10 percent of the transaction value of the set or assortment, adjusted on an FOB basis.

3. The provisions of this Article shall prevail over the other provisions set forth in this Chapter.

Article 4.13. Retail Containers and Packaging Materials

1. The origin of the containers and packing materials in which a good is presented for retail sale when they are classified together with the good they contain, in accordance with Rule 5 of the General Rules for the Interpretation of the Harmonized System:

a) shall not be taken into account when the good is subject to a change in tariff classification requirement, when the good is wholly obtained or wholly produced, or when the good is produced exclusively from originating materials; and

b) shall be taken into account as originating or non-originating, as the case may be, if the merchandise is subject to a regional value content requirement, in order to make the corresponding calculation.

2. When packaging materials and containers correspond to self-manufactured materials, the producer may designate these materials as intermediate materials. Article 4.14: Containers and packing materials for shipment containers and packing materials in which a good is packed or packaged exclusively for transport shall not be taken into account in determining the origin of that good.

Article 4.15. Indirect Materials

1. Indirect materials shall be considered originating, regardless of the place of their production. The value of such materials shall be the cost recorded in the accounting records of the producer of the merchandise, for the purposes of the qualification of origin of the merchandise.

2. Indirect materials are those used in the production of a good, but which are not physically incorporated into the good,

such as:

a) fuel and energy;

b) tools, dies and molds;

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

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

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

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

g) catalysts and solvents; or

h) any other material that is not incorporated in the merchandise, provided that it can be reasonably demonstrated that it was used in the production of such merchandise.

Article 4.16. Processes Conducted Outside the Territories of the Parties

A good that qualifies as an originating good in accordance with the requirements of this Chapter shall lose such status if it undergoes further processing or any other operation outside the territories of the Parties, other than loading, unloading or any other operation necessary to maintain it in good condition or to transport it to the territory of the other Party.

Article 4.17. Shipment, Transport and Transit of Goods

1. For goods to retain their originating status and benefit from preferential tariff treatment, they must have been shipped directly from the exporting Party to the importing Party. For this purpose, they shall be considered as shipped directly to:

a) goods transported only through the territory of one or both Parties;

b) goods in transit through one or more countries not party to the Agreement, with or without transshipment or temporary storage, under the supervision of the competent customs authority, provided that:

i) not intended for trade, use or employment in the country of transit; and

ii) do not undergo, during transportation or temporary storage, any operation other than loading, unloading or any other operation necessary to maintain them in good condition or ensure their preservation.

2. The importer may demonstrate compliance with paragraph 1(b):

a) in case of transit only, with transport documents, such as the air waybill, bill of lading or consignment note, evidencing transportation from the country of origin to the country of importation, as appropriate;

b) in case of transshipment, with the transport documents, such as the air waybill, bill of lading, consignment note or multimodal or combined transport document, proving the transport from the country of origin to the country of importation, as applicable; or

c) in case of storage, with the air waybill, bill of lading, consignment note or multimodal or combined transport document, evidencing the transport from the country of origin to the country of importation, as the case may be, and the documents issued by the customs authority or other competent authority authorizing the storage, in accordance with the national legislation of the non-Party, as applicable.

Article 4.18. Certification of Origin

1. The certificate of origin is the document that certifies that the goods qualify as originating goods in accordance with the provisions of this Chapter and, therefore, may benefit from the preferential tariff treatment agreed to by the Parties.

2. The certificate of origin shall be issued in the single format agreed upon by the Parties, which shall contain a sworn statement by the final producer or exporter of the good, stating full compliance with the provisions of this Chapter and the veracity of the information recorded therein.

3. Certificates of origin shall be issued at the request of the final producer or exporter of the goods.

4. The certificate of origin covers the export of one or more goods to the territory of a Party.

5. The issuance and control of certificates of origin shall be the responsibility of the competent authority designated by each Party, which may delegate the issuance of such certificates to other public agencies or private entities, in accordance with its national legislation. The contact points of the competent authorities shall be duly notified by the Parties.

6. The names and seals of the public agencies or private entities authorized to issue certificates of origin, as well as the record of the names and signatures of the officials accredited for such purpose, shall be those notified by the Parties to the General Secretariat of ALADI, either for the registration procedure or for any changes to such records, in accordance with the provisions set forth in Resolution 252 of ALADI.

7. The certificate of origin shall be valid for 12 months from the date of issue.

8. The certificate of origin shall:

a) be duly filled out in accordance with its instructions;

b) indicate the name and signature of the certifying officer of the certifying agent accredited under paragraph 6 who issues the certificate;

c) be numbered sequentially by each certifying agency;

d) present the seal of the certifying entity, which corresponds to the one that has been officially notified to the General Secretariat of ALADI;

e) be presented without erasures, erasures or amendments in any of its fields; and

f) be issued on or after the date of issuance of the commercial invoice corresponding to the transaction, except as provided in Article 4.23.

9. In the event that a good is temporarily entered, admitted or stored under customs control in the importing Party, the validity of the certificate of origin shall be extended for a period equal to that for which the good has remained under such regime.

10. For the issuance of a certificate of origin, the commercial invoice and all necessary documents demonstrating that the good complies with the provisions set forth in this Chapter shall be presented, including a declaration of origin provided by the final producer or exporter of the good containing, at a minimum, the following information:

a) name, denomination or company name of the declarant;

b) tax domicile of the declarant;

c) description of the merchandise to be exported, which must correspond to what is recorded in the exporter's commercial invoice;

d) classification of the goods to be exported in the Harmonized System;

e) FOB value in U.S. dollars of the merchandise to be exported, adjusted in accordance with Article 4.5;

f) information regarding the components of the goods, indicating:

i) materials originating in the Parties, for which the origin must be indicated; the national or Harmonized System tariff codes; the CIF value in U.S. dollars, adjusted in accordance with Article 4.5, if necessary; and the percentage they represent in the value of the final good, if necessary;

ii) non-originating materials, for which the origin must be indicated; the national or Harmonized System tariff codes; the CIF value in U.S. dollars, adjusted in accordance with Article 4.5, if necessary; and the percentage they represent in the value of the final good, if necessary; and

iii) production process flow chart; and g) signed statement indicating the truthfulness of the information provided.

11. When the exporter is not the producer of the good, the exporter may request the issuance of a certificate of origin based on a declaration provided voluntarily by the producer of the good to such exporter or directly to the competent authority or certifying entities of the exporting Party.

12. The Parties may agree on procedures for the issuance and transmission of certificates of origin electronically. These

procedures shall be adopted by the Commission.

Article 4.19. Obligations with Respect to Imports

An importer claiming preferential tariff treatment with respect to a good imported into its territory from the territory of the other Party shall:

a) declare in the import document established by its legislation, based on a valid certificate of origin, that the merchandise qualifies as originating;

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

c) have in its possession the document that proves compliance with the requirements for shipment, transportation and transit of the merchandise established in Article 4.17, as applicable;

d) provide the documents referred to in subparagraphs (b) and (c), and in the case of the certificate of origin, a copy thereof, to the customs authority of the importing Party upon request; and

e) present, without delay, a corrected declaration and pay the corresponding customs duties, when he has reason to believe that the certificate of origin on which his import declaration is based contains incorrect information. The importer shall not be penalized when he presents the aforementioned declaration before the importing Party exercises its powers of verification or control or notifies the initiation of a procedure for requesting information or verification of origin in accordance with Articles 4.26, 4.27 or 4.28.

Article 4.20. Obligations with Respect to Exports

1. Before the importing Party exercises its powers of verification or control or notifies the initiation of a procedure for requesting information or verification of origin under Articles 4.26, 4.27 or 4.28, an exporter or producer who has signed a certificate or declaration of origin and has reason to believe that such certificate or declaration contains incorrect information shall promptly notify, in writing, his competent authority and all persons to whom he furnished the certificate or declaration of origin of this fact. In such cases the exporter or producer shall not be penalized for having submitted an incorrect certificate or declaration.

2. If the incorrect information is relevant to the origin of the merchandise, the importer must pay the corresponding customs duties. If the incorrect information is relevant to other taxes, the importer must pay them in accordance with his national legislation.

3. The exporter or producer who has signed a certificate of origin shall keep the necessary documentary evidence that the good complies with the requirements and make it available to the competent authority or authorized entity issuing the certificate or to the competent authority of the importing Party upon request.

Article 4.21. Exceptions

1. The Parties shall not require a certificate of origin for originating goods in the following cases:

a) an importation of goods the customs value of which does not exceed US$1,000 or its equivalent in national currency or such greater amount as the Party may establish; or

b) an importation of goods for which the importing Party has exempted the requirement of presentation of the certificate of origin.

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

Article 4.22. Issuance of Duplicate Certificates of Origin

1. In the event of theft, loss or destruction of the certificate of origin, the exporter may request in writing a duplicate certificate of origin from the competent authority or certifying agency that issued it, on the basis of the export documents in his possession.

2. The duplicate issued must contain in the "REMARKS" field the legend "DUPLICATE", as well as the date of issuance and number of the original certificate, so that its validity will count from that date.

Article 4.23. Invoicing by a Third Country Operator

1. Goods that comply with the provisions of this Chapter shall retain their originating status, even when invoiced by commercial operators of a third country.

2. For the purposes of the provisions of paragraph 10 of Article 4.18, if exceptionally at the time of issuing a certificate of origin, the number of the commercial invoice to be issued by an operator of a third country is not known, the competent authority or certifying agency shall issue the certificate of origin, stating in said certificate, in the field corresponding to "REMARKS", that the goods will be invoiced from a third country, indicating the name or company name and address of the operator of the third country.

3. When applying for preferential tariff treatment, the importer must have in his possession the commercial invoice issued by the third country operator.

4. For the purposes of paragraph 3, the date of issue of the certificate of origin may be prior to the date of issue of the commercial invoice issued by the third country operator covering the import. Article 4.24: Formal errors Obvious formal errors, such as typing errors, in a certificate of origin shall not cause such certificate to be rejected if they are errors which do not create doubts as to the correctness of the statements contained in the certificate.

Article 4.25. Record-keeping Requirements

1. An exporter or producer shall retain for a minimum of 5 years from the date of issuance of the certificate of origin, all records necessary to demonstrate that the good qualifies as originating, including records relating to:

a) the acquisition, costs, value and payment for the exported merchandise;

b) the acquisition, costs, value and payment of all materials, including indirect materials, used in the production of the exported merchandise; and

c) the production of the merchandise, in the form in which it was exported.

2. All costs referred to in this Chapter shall be recorded and maintained in accordance with Generally Accepted Accounting Principles applicable in the territory of the Party where the good is produced.

3. An importer claiming preferential tariff treatment for a good shall retain, fora minimum of 5 years from the date of such claim, all records or documents necessary to support the preferential tariff treatment referred to in Article 4.19. In the case of the certificate of origin, the importer shall keep the original.

4. The competent authority of each Party shall keep an updated record of the names and seals of its certifying entities, as well as the names, signatures and seals of the officials authorized to issue certificates of origin.

5. The competent authority or certifying agency of each Party shall keep on file a copy of all certificates of origin issued for at least 5 years from the date of issuance. The file shall include all information supporting the issuance of the certificate.

Article 4.26. Verification and Control of Origin

1. In case of doubt as to the authenticity of the certificate of origin, the veracity of the information contained in such certificate or the presumption of non- compliance with the provisions of this Chapter, the competent authority of the importing Party may initiate a procedure for requesting information or verification of origin, in accordance with Articles 4.27 and 4.28.

2. In the event that doubts arise at the time of release of the goods, the customs authority may not prevent the continuation of the import process and the release of the goods. However, the customs authority may adopt such measures as it deems necessary to ensure the fiscal interest, in accordance with its national legislation.

3. When measures are adopted to ensure the fiscal interest, in accordance with paragraph 2, the competent authority of the importing Party shall initiate the procedures referred to in Articles 4.27 or 4.28 within 60 days following the adoption of the measures; otherwise, the measures adopted shall be lifted.

Article 4.27. Procedure for Requesting Information

1. The competent authority of the importing Party may request information from the competent authority of the exporting

Party responsible for the certification of origin, in order to verify the authenticity of the certificates of origin or the veracity of the information contained therein.

2. The information shall be only that which the competent authority of the exporting Party requests from a producer or exporter in order to issue certificates of origin, in accordance with paragraph 10 of Article 4.18.

3. The competent authority of the importing Party shall indicate in its request the legal basis, number and date of the certificates of origin or the time period for which it is requesting the information related to a producer or exporter.

4. The competent authority of the exporting Party shall have 60 days from the date of receipt of the request to provide the requested information.

5. In the event that the competent authority of the importing Party does not receive the requested information and documentation within the established term or that the exporting Party does not recognize the authenticity of the certificates of origin or the veracity of the information contained therein, it may deny preferential tariff treatment to the goods covered by the certificates of origin subject to review and execute the measures that have been adopted in order to guarantee the fiscal interest.

6. The competent authority of the importing Party shall have a period of 60 days following the date of receipt of the requested information and documentation to determine the authenticity of the certificates of origin or the veracity of the information contained therein. If the competent authority of the importing Party does not issue a determination within the aforementioned term, it shall proceed to accept the preferential tariff treatment and to lift the measures that have been adopted in order to guarantee the fiscal interest within a maximum term of 90 days following the request for the release of the measures by the importer to the customs authority of the importing Party, which may be extended for up to 30 additional days in duly substantiated exceptional cases.

T. In the event that the competent authority of the exporting Party recognizes the authenticity of the certificates of origin or the veracity of the information contained therein and no doubts remain on the part of the competent authority of the importing Party, it shall proceed to accept the preferential tariff treatment and to lift the measures that have been adopted in order to guarantee the fiscal interest within a maximum period of 90 days following the request for release of the measures by the importer to the customs authority of the importing Party, which may be extended for up to 30 additional days in duly substantiated exceptional cases. If doubts persist regarding the origin of the merchandise, the competent authority of the importing Party shall communicate to the competent authority of the exporting Party the initiation of a verification of origin in accordance with Article 4.28.

Article 4.28. Procedure for Verification of Origin

1. The competent authority of the importing Party may initiate a verification of origin for the purpose of verifying the authenticity of the certificates of origin, the veracity of the information contained therein or the compliance with the provisions of this Chapter.

2. In order to carry out an origin verification procedure, the competent authority of the importing Party shall have the following mechanisms in place:

a) written origin verification questionnaires addressed to the exporter or producer in the territory of the other Party;

b) visits to the facilities of an exporter or a producer in the territory of the other Party, for the purpose of examining the facilities and production processes of the good in question, reviewing accounting records and verifying information and documentation attesting to the originating status of the good; or

c) other procedures to be agreed upon by the Parties.

3. Pursuant to paragraph 2(a):

a) The competent authority of the importing Party, before sending an origin verification questionnaire, shall notify the competent authority of the exporting Party of the sending of such questionnaire, informing it of the name of the producing or exporting company, the period of review, as well as the tariff classification and description of the goods subject to verification.

b) The origin verification questionnaire shall be sent to the producer or exporter by certified mail with acknowledgement of receipt or by any other means that confirms its receipt, which shall be sent directly to the address declared in the corresponding certificates of origin.

c) The producer or exporter shall have a period of 30 days following t h e date of receipt to answer the questionnaire of verification of origin. Within such period, the producer or exporter may request an extension of up to 30 additional days for the submission of the requested information and documentation.

d) In the event that the producer or exporter does not answer the questionnaire for verification of origin within the established period, the importing Party may deny preferential tariff treatment to the goods covered by the certificates of origin subject to verification and execute the measures it has adopted in order to guarantee the fiscal interest.

4. Pursuant to paragraph 2(b):

a) The competent authority of the importing Party shall notify, by registered mail with acknowledgement of receipt or by any other means confirming receipt, the competent authority of the exporting Party, as well as the producer or exporter, of its intention to carry out an origin verification visit.

b) The visit proposal must contain:

i) the identification and contact details of the competent authority making the notification;

ii) the name of the exporter or producer to be visited;

iii) the date of the proposed verification visit;

iv) the purpose and scope of the proposed verification visit, making specific mention of the verification period, the merchandise or merchandise, as well as the certificates of origin to be verified;

v) the tariff classification and description of the goods;

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

vii) the legal basis for the visit.

c) Any modification to the information referred to in items (i), (iii) or (vi) of subparagraph (b) shall be notified in writing to the exporter or producer and to the competent authority of the exporting Party at least 10 days before the proposed date of the visit.

d) The producer or exporter shall have a period of 20 days following the date of notification of the proposed visit, to express in writing its consent to the verification visit to the competent authority of the importing Party, in which it must indicate both the address where the production process of the goods subject to verification took place, as well as the address where the records relating to the origin of such goods are located, the latter being the place where the verification visit will begin.

e) When the producer or exporter does not authorize the proposed visit of verification of origin within the established term, the importing Party may deny preferential tariff treatment to the goods covered by the certificates of origin subject to verification and implement the measures it has adopted in order to ensure the fiscal interest.

f) When the producer or exporter receives the notification of the proposed visit, he may request, within 15 days from the date of receipt of such notification, a one-time postponement of the start of the verification visit for a period of up to 30 days. The importing Party may not deny preferential tariff treatment based solely on the postponement of the verification visit.

g) When the producer or exporter, during the verification visit, does not provide or refuses to provide the records or other documentation related to the origin of the goods under investigation, the importing Party may deny preferential tariff treatment to the goods covered by the certificates of origin subject to verification and execute the measures it has adopted in order to guarantee the fiscal interest.

h) The producer or exporter may designate 1 or 2 observers to be present during the visit. Failure to designate observers shall not result in the postponement of the visit, nor shall it affect the validity or evidentiary value of the minutes or the proceedings.

i) Without prejudice to any other type of formality that each Party considers necessary, once the verification visit is concluded, the officials of the competent authority of the importing Party shall sign a record together with the producer or exporter and, if applicable, with the observers. Said minutes shall record the information and documentation gathered by the competent 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 does not invalidate the minutes.

Article 4.29. Determination of Origin

1. The competent authority of the importing Party shall issue, within a period of no more than 365 days following the date of notification of the initiation of the verification procedure, a written determination of origin informing the producer or exporter whether or not the merchandise subject to verification qualifies as originating, which shall include the considerations of fact and legal grounds that justify such determination. Such determination of origin shall be notified by certified mail with acknowledgment of receipt or by any other means that confirms its receipt.

2. The competent authority of the importing Party shall communicate to the competent authority of the exporting Party the determination of origin within 30 days of its issuance. In the event that the competent authority of the exporting Party deems it necessary to have additional information in relation to the origin verification procedure, it may request such information from the competent authority of the importing Party, indicating the reason for such request.

3. If the competent authority of the importing Party does not issue a determination of origin within the period mentioned in paragraph 1, the preferential tariff treatment shall be accepted and the measures adopted to guarantee the fiscal interest shall be lifted within a maximum period of 90 days following the importer's request for release of the measures to the customs authority of the importing Party, which may be extended for up to 30 additional days in duly substantiated exceptional cases.

4. If as a result of the verification of origin:

a) If the originating status of the merchandise is recognized, the importing Party shall proceed to accept the request for preferential tariff treatment and to lift the measures adopted to guarantee the fiscal interest within a maximum period of 90 days following the request for release of the measures by the importer to the customs authority of the importing Party, which may be extended for up to 30 additional days in duly substantiated exceptional cases.

b) If the originating status of the good is unknown, the importing Party shall deny the request for preferential tariff treatment and shall proceed to execute the measures it has adopted in order to guarantee the fiscal interest. In addition, the importing Party shall apply the penalties that may be applicable, in accordance with this Chapter and its domestic legislation.

5. The importing Party shall not apply a determination that a good is non- originating, made under paragraph 4(b), to an importation made before the date on which such determination takes effect, provided that:

a) the importing Party has determined that the good does not qualify as originating according to the tariff classification or value applied by such Party to one or more materials used in the production of such good because they differ from the tariff classification or value applied to the materials on the basis of an advance ruling issued under Article 4.36 by the Party from whose territory the good has been exported; and

b) the aforementioned advance ruling is prior to the notification of the determination.

Article 4.30. Suspension of Preferential Tariff Treatment of Identical Goods

1. When, as a result of the origin verification procedures carried out by the competent authority of the importing Party, the latter becomes aware that a producer or exporter has submitted, on at least two occasions, false or unfounded false declarations with respect to identical goods that such producer or exporter has certified as originating, the importing Party may suspend the preferential tariff treatment applicable to identical goods that such producer or exporter certifies as originating, until such producer or exporter certifies to the competent authority of the importing Party that its goods qualify as originating under the terms of this Chapter.

2. The suspension of preferential tariff treatment shall be communicated by the competent authority of the importing Party, both to the competent authority of the exporting Party and to the exporter or producer concerned, stating the findings of fact and the legal basis justifying its determination.

Article 4.31. Tariff Refunds

1. In the event that an importer has not requested preferential tariff treatment for an originating good at the time of importation, he may request, within a period not to exceed 365 days following the date of importation, the refund of duties paid in excess, provided that the request is accompanied by:

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

b) acopy of the certificate of origin; and

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

2. Goods may be subject to procedures for requesting information or verification of origin in accordance with Articles 4.26, 4.27 and 4.28.

Article 4.32. Exchange of Information and Confidentiality

1. The Parties shall exchange in a prompt and timely manner information related to the origin of goods and information concerning the prevention, investigation and punishment of customs offenses and infringements related to the origin of goods.

2. Each Party shall, in accordance with its domestic law, maintain the confidentiality of information obtained under this Chapter and protect it from disclosure that would prejudice the competitive position of the person providing the information.

Article 4.33. Exchange of Information on Customs Matters

1. At the request of a Party, information that may assist in determining whether imports or exports from or to the other Party are in compliance with its customs laws and regulations shall be exchanged promptly and in a timely manner, subject to the confidentiality rules provided for in the national legislation of each Party.

2. For the purposes of the preceding paragraph, the Parties shall seek to implement mechanisms for the electronic exchange of information.

Article 4.34. Sanctions

Each Party shall establish or maintain criminal, civil or administrative penalties for violations related to this Chapter, in accordance with its laws and regulations.

Article 4.35. Means of Challenging Administrative Actions

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

a) a level of administrative review independent of the official or unit that issued the administrative act; and

b) a level of judicial review of the administrative act issued in the final administrative instance.

Article 4.36. Advance Rulings

1. Each Party shall expeditiously issue advance written rulings prior to the importation of a good into its territory. Advance rulings shall be issued by the importing Party upon written request of an importer in its territory, or of an exporter or producer in the territory of the other Party, based on the facts and circumstances stated by them, in relation to:

a) tariff classification;

b) whether a good qualifies as originating under this Chapter;

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

d) such other matters as the Parties may agree.

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

a) information reasonably required to process the request;

b) the authority's power to request additional information from the applicant during the application evaluation process; and

c) the obligation of the authority to issue the advance ruling in a complete, founded and motivated manner.

3. Each Party shall issue an advance ruling in accordance with the time period established in its domestic law, which may not exceed 150 days from the date on which the authority has obtained all necessary information from the person who has requested the advance ruling. In issuing the advance ruling, the Party shall take into account the facts and circumstances presented by the applicant.

4. The advance ruling shall be effective as of the date of its issuance or other date specified in the ruling, provided that the facts or circumstances on which it is based have not changed. 5. An_ advance ruling may be modified or revoked by the Party issuing the ruling after the Party notifies the applicant and shall take effect upon such notification. However, the Party issuing the ruling may retroactively modify or revoke the advance ruling only if the person to whom it was issued has submitted incorrect or false information. 6. The advance ruling may be modified or revoked in the following cases:

a) when the advance ruling was based on an error:

i) in fact;

ii) in the tariff classification of the good or materials that are the subject of the determination; or

iii) in the application of the regional value content under this Chapter;

b) where the ruling is not in accordance with an interpretation that the Parties have agreed upon with respect to this Chapter;

c) when the circumstances or facts on which it is based change; or

d) in order to comply with an administrative or judicial decision or to conform to a change in the domestic law of the Party that has issued the advance ruling.

7. Subject to confidentiality requirements under its domestic law, each Party shall make its advance rulings publicly available.

8. If an applicant provides false information or omits relevant facts or circumstances related to the advance ruling, or fails to act in accordance with the terms and conditions of the ruling, the Parties, pursuant to Articles 4.32 and 4.33, may exchange information in order to apply appropriate measures, including civil, criminal and administrative actions, monetary or other sanctions.

9. The holder of an advance ruling may use it only as long as the facts and circumstances that served as the basis for its issuance are maintained. In this case, the holder of the ruling may submit the information necessary for the issuing authority to proceed in accordance with the provisions of paragraph 6.

10. No advance ruling shall be issued on goods subject to a procedure of request for information or verification of origin or to any instance of review or challenge in the territory of any of the Parties.

Section 4.37. Short Supply Committee

1. The Parties establish the Committee on Short Supply (CSC), in order to evaluate the inability of a producer to dispose in the territory of the Parties, in commercial quantities and in a timely manner, in whole or in part, of certain materials classified in Chapters 50 to 63 of the Harmonized System, and if necessary, to allow their temporary or indefinite importation from third countries.

2. The CSC shall agree on rules of procedure no later than 1 year after the entry into force of this Agreement. These regulations shall include the CSC's operating procedures rules and the conditions for assessing the inability to dispose of the materials mentioned in paragraph 1.

3. The Commission shall adopt the regulations referred to in paragraph 2, as well as the resolutions of the CSC.

4. The CEA will have a term of 10 years, which may be extended by decision of the Commission.

Article 4.38. Committee on Rules of Origin and Origin-Related Procedures

1. The Committee on Rules of Origin and Origin-Related Procedures shall have the following functions:

a) cooperate in the application of this Chapter;

b) to adapt the Annex to Article 4.2, in accordance with the modifications and updates of the Harmonized System;

c) at the request of either Party, consider proposals for modifications to the specific rules of origin in the Annex to Article 4.2, duly substantiated, that are due to changes in production processes or other matters related to the determination of the origin of a good;

d) reach agreements, to the extent possible, on: i) tariff classification and customs valuation issues;

ii) modifications to the format of the certificate of originreferred to in Article 4.18; and

iii) the uniform interpretation, application and administration of this Chapter;

e) propose to the Commission the adjustments to this Chapter, including the adoption of the agreements provided for in subsection (d) (ii) and (iii); and

f) examine proposals for administrative or operational changes in customs matters that may affect the flow of trade between the territories of the Parties.

2. The Parties recognize the importance of trade facilitation in the commercial exchange between the Parties, considering it as an indispensable element for the correct implementation and application of this Chapter. Consequently, the Committee on Rules of Origin and Origin-Related Procedures shall seek to eliminate unjustified obstacles or delays generated in the territory of the Parties, which hinder import or export trade operations, to the detriment of commercial operators.

3. For the purposes of paragraph 2, the Committee shall submit to the Commission proposals for implementing customs procedures that result in direct benefits to customs users, such as improving clearance times and risk assessment techniques.

Chapter V. RECOGNITION AND PROTECTION OF APPELLATIONS OF ORIGIN

Article 5.1. Confirmation of WTO Rights and Obligations

The provisions contained in Article 23 of the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights shall be applicable to the appellations of origin referred to in the following article.

Article 5.2. Recognition and Protection of Appellations of Origin

1. Peru recognizes the appellation of origin "Tequila" for its exclusive use in products originating in Mexico. Consequently, the importation, manufacture or sale of products under the appellation of origin "Tequila" will not be allowed in Peru, unless they have been produced and certified in Mexico, in accordance with the laws, regulations and standards of Mexico applicable to such products.

2. Mexico recognizes the appellation of origin "Pisco" for its exclusive use in products originating in Peru. Consequently, in Mexico, the importation, manufacture or sale of products under such appellation of origin shall not be allowed, unless they have been produced and certified in Peru, in accordance with the Peruvian legislation applicable to such products. The recognition provided for in this paragraph is without prejudice to the rights that Mexico has recognized, exclusively, in the matter of appellations of origin, in other trade agreements previously signed with other countries.

3. The Parties, by mutual agreement, may extend the agreed protection to other appellations of origin of the Parties. To this effect, one Party shall notify the other Party of the new appellations protected under its national legislation. The inclusion of such appellations of origin shall be made effective by decisions adopted by the Commission within a period not exceeding 4 months from the date of notification by one Party to the other.

Chapter VI. SAFEGUARD CLAUSES

Article 6.1. Definitions

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

threat of serious injury: the clear imminence of serious injury. A determination of the existence of a threat of serious injury shall be based on facts and not merely on allegation, conjecture or remote possibility;

competent investigating authority:

a) in the case of Mexico, the Ministry of Economy or its successor; and

b) in the case of Peru, the Instituto Nacional de Defensa de la Competencia y de la Protección de la Propiedad Intelectual or its successor (for global safeguard measures); and the Ministerio de Comercio Exterior y Turismo or its successor (for bilateral safeguard measures);

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

directly competitive merchandise: merchandise that is not similar to the imported merchandise with which it is compared, but is essentially equivalent for commercial purposes because it is intended for the same use and is interchangeable with the imported merchandise;

like product: a good identical to the imported good with which it is compared or that which, although not the same in all its aspects as the imported good with which it is compared, possesses similar or similar characteristics and composition, which allows it to fulfill the same functions; official dissemination bodies:

a) in the case of Mexico, the Diario Oficial de la Federación; and

b) in the case of Peru, the Official Gazette El Peruano;

transition period: the period of relief applicable to each good as provided for in the Tariff Elimination Program, plus 3 years; and

domestic industry: the producers as a whole of the like or directly competitive merchandise operating within the territory of a Party, or those whose collective production of the like or directly competitive merchandise constitutes a major proportion of the total domestic production of such merchandise in a Party.

Section A. Global Safeguard Measures

Article 6.2. Global Safeguard Measures

1. The Parties retain their rights and obligations to apply global safeguard measures under Article XIX of GATT 1994 and the WTO Agreement on Safeguards, except as provided in Article 6.3.

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

a) a bilateral safeguard measure; and

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

Article 6.3. Criteria for Excluding Imports Originating In a Party from a Global Safeguard Measure

1. When a Party decides to adopt a global safeguard measure, it may apply it only to goods originating in the other Party when it determines that imports of such goods represent a substantial part of total imports, and contribute significantly to the growth of imports that caused the serious injury or threat of serious injury.

2. Imports of goods from the other Party shall be considered to be substantial if, during the 3 years immediately preceding the initiation of the investigation, they are included in the imports of the 5 principal supplier countries of that good in the importing Party.

3. Imports of goods of the other Party shall not be considered to contribute significantly to the growth of imports that caused the serious injury or threat of serious injury if their share of the absolute growth in the volume of imports during the period in which the increase in imports occurred is substantially less than the share of the other supplying countries in that period.

4. The Party applying the global safeguard measure from which a good of the other Party was initially excluded shall have the right to subsequently include it when the competent investigating authority determines that a significant increase in imports of such good substantially reduces the effectiveness of the measure, in such a way as to limit the actual or potential growth of the domestic industry in the domestic market.

Section B. Bilateral Safeguard Measures

Article 6.4. Bilateral Safeguard Measures

1. After investigation, the Parties may apply, on an exceptional basis and in accordance with the conditions set out in this Chapter, bilateral safeguard measures to imports of a good originating in the other Party, if as a result of the tariff reduction or elimination provided for in this Agreement, imports of such good increase in absolute terms and in relation to domestic production, and under conditions such as to cause or threaten to cause serious injury to the domestic industry of like or directly competitive goods.

2. Bilateral safeguard measures applied pursuant to this Chapter may consist of the temporary suspension of further reductions in the customs tariff as provided for in Chapter III (Market Access) or increase the customs tariff to a level that may not exceed the lesser of:

a) the most-favored-nation (MFN) tariff rate for that good on the date of adoption of the bilateral measure; or

b) the MFN customs duty applied to that good on the day immediately prior to the entry into force of this Agreement.

3. The Parties shall apply bilateral safeguards only to the extent necessary to prevent or remedy serious injury and to facilitate adjustment of the domestic industry.

4. Without prejudice to the provisions of the preceding paragraphs, the preference applicable at the time of the adoption of the bilateral safeguard measure shall be maintained for a quota of imports which shall be the average of the imports made in the 3 full years or 36 months immediately preceding the period in which the existence of serious injury or threat of serious injury was determined, unless clear justification is given of the need to set a different level to prevent or remedy serious injury.

5. At the end of the period of application of the bilateral safeguard measure, the Party that has adopted it shall:

a) apply the applicable customs duty under the Tariff Elimination Program as if the bilateral safeguard measure had not been applied; or

b) apply the preferential customs tariff in effect at the time of the imposition of the bilateral safeguard measure, rescheduling the tariff elimination in equal annual stages, to conclude on the date initially set for the elimination of the tariff under the Tariff Elimination Program.

6. The bilateral safeguard measure shall have an initial maximum duration of 2 years, which may be extended for up to 1 year when it is determined, in accordance with the provisions of this Chapter, that it continues to be necessary to remedy serious injury or threat of serious injury and that there is evidence that the domestic industry is in the process of adjustment. The total period of application of the bilateral safeguard measure, including its extension, shall not exceed 3 years.

7. The Parties shall not apply a bilateral safeguard measure more than once to a particular good originating in the other Party, unless a period equal to the total duration of the measure initially applied, including its extension, has elapsed.

8. No bilateral safeguard measure shall be applied or maintained after the end of the transition period, except with the consent of the Party against whose good the measure was taken.

Article 6.5. Procedures Relating to the Application of Bilateral Safeguard Measures

1. Each Party shall ensure the uniform, impartial, transparent, equitable and reasonable application of the provisions of a procedure for the adoption of bilateral safeguard measures under this Chapter.

2. Proceedings for the adoption of bilateral safeguard measures may be initiated ex officio or by petition filed with the competent investigating authorities by companies or entities representing the domestic industry (hereinafter "the petitioner"), which produce at least 25 percent of the total domestic production of a like or directly competitive good of the imported good.

3. When a proceeding is initiated ex officio, the initiation determination must be duly supported by sufficient evidence to determine that the increase in imported goods subject to tariff preferences has caused or threatens to cause serious injury to the domestic industry.

4. When a proceeding is initiated by an application filed with the competent investigating authorities, the applicant shall

provide the following information indicating its sources or, to the extent that the information is not available, its best estimates and the basis for them:

a) detailed description of the good that is the subject of the application and its similar or directly competing goods, tariff classification, applied tariff, characteristics and uses, as well as a brief description of the production process;

b) data on their representativeness:

i) the names and addresses of the person or persons submitting the request, as well as the identification of the main establishments where the merchandise in question is produced; and

ii) the value and/or volume of the production of the like or directly competitive merchandise produced by the petitioner and the percentage that such production represents in relation to the total national production, as well as the reasons that lead it to affirm that it is representative of the national production;

data for at least the 36 available months closest to the date of submission of the application, relating to:

i) imports of the investigated merchandise (volume, price and country of origin), both in absolute terms and inrelation to total imports;

ii) total domestic production of the like or directly competitive merchandise (volume); and

iii) evidence that allows evaluating the existence of serious injury or threat of serious injury caused by the imports of the merchandise subject of the request, such as the description of the serious injury or threat of serious injury; the information regarding production, sales in the domestic and export market, installed and used capacity, productivity, employment, inventories, losses or profits, related to the domestic industry; the prices of the national merchandise and the imported merchandise at the same level of commercialization within the market of the importing Party, that allows making a reasonable comparison; and any other information that supports the request for the application of the bilateral safeguard measure;

d) enumeration and description of the alleged causes of serious injury or threat of serious injury, and the substantiation that the increase in imports of such merchandise, either in absolute terms or relative to domestic production, is the cause of serious injury or threat of serious injury, supported by relevant information;

e) description of the actions to be taken in order to adjust the competitive conditions of the domestic industry; and

f) identification and justification of the confidential information, and a non-confidential summary thereof; if it is indicated that such information cannot be summarized, a statement of the reasons why it is not possible to do so.

5. If the application complies with all the requirements set forth in this Article, the competent investigating authority shall initiate the investigation after having carefully assessed the accuracy and relevance of the evidence provided with the application and whether there is sufficient evidence to justify the initiation of the proceeding.

6. For purposes of determining serious injury or threat of serious injury, the competent investigating authority shall analyze, inter alia, information regarding the rate and amount of increase in imports of the subject merchandise in absolute and relative terms; the proportion of the domestic market covered by increased imports; and changes in the levels of sales, production, productivity, capacity utilization, exports, prices and inventories, profits or losses, and employment. None of these factors in isolation, nor several of them taken together, will necessarily be sufficient to provide decisive guidance.

7. The competent investigating authority shall not make an affirmative determination of serious injury or threat thereof unless its investigation demonstrates, on the basis of objective evidence, the existence of a clear causal link between increased imports from the other Party and serious injury or threat thereof.

8. Where factors other than the increase in imports from the other Party are at the same time causing or threatening to cause serious injury to the domestic industry, such injury shall not be attributed to the increase in imports.

9. The final determination of the investigations on the application of bilateral safeguard measures shall be issued and made public within 1 year from the initiation of the proceeding and, in exceptional circumstances that are duly justified by the competent authority and made known to the accredited interested parties, within 18 months.

10. During the investigation the competent investigating authority shall collect, receive, examine and, if necessary, verify relevant information, hold a public hearing, and give all accredited interested parties an opportunity to prepare and present their arguments.

Article 6.6. Publications and Notifications

1. The Parties shall publish in their official organs of diffusion the resolutions issued by the competent authority indicated below:

a) initiations, those that determine the imposition of provisional or definitive measures, those that terminate the proceeding, and those that terminate the proceeding without imposing them and those extending a measure; and

b) those that, once an investigation has been initiated, accept the withdrawal of the applicants.

2. The competent investigating authority:

a) shall notify in writing any determination referred to in paragraph 1, within 5 days after its publication, to the competent investigating authority and the diplomatic mission of the other Party and shall attach a copy of the relevant determination and/or report containing the elements of fact and law supporting the respective determination;

b) in the case of the determination of initiation, it shall send with the notification a copy of the public version of the request for initiation of the investigation and its annexes, as well as the questionnaires used by each Party and made available to the parties showing interest in the investigation; and

c) In all cases, notifications must include the name, address, e-mail address, telephone number and fax number of the office where additional information may be obtained, consultations may be made and access to the public version of the file that is the subject of the investigation may be obtained.

3. During any stage of the procedure, the notified Party may request such additional information as it deems necessary from the other Party.

Article 6.7. Deadlines

1. The competent investigating authority of each Party shall grant the interested parties a period of no less than 30 days, counted from the initiation of the investigation, to submit their responses to the questionnaires referred to in the preceding article.

2. In the event that the competent investigating authority imposes a provisional measure, it shall grant a term of not less than 30 days as from the publication of the preliminary determination, in order for the interested parties to state what is in their best interest.

Article 6.8. Hearings

In bilateral safeguard investigations, the accredited interested parties shall be given the opportunity to participate in a public hearing convened by the competent investigating authority for the purpose of allowing them to present the arguments they deem pertinent. The date of the public hearing shall be notified to the interested accredited parties at least 14 days in advance.

Article 6.9. Provisional Bilateral Safeguard Measures

1. In critical circumstances, where any delay would cause injury which would be difficult to repair, the Parties may adopt a provisional bilateral safeguard measure pursuant to a duly grounded and motivated preliminary determination of the existence of clear evidence that increased imports subject to tariff preference have caused or threaten to cause serious injury to the domestic industry of the other Party.

2. The duration of the provisional bilateral safeguard measure shall not exceed 180 days. 3. Upon notification of the resolution imposing a provisional bilateral safeguard measure, at the request of the exporting Party, the Parties shall meet within a period of no more than 30 days following the issuance of the notification for consultations. The main purpose of such consultations shall be to exchange information on the measure in question and to seek to resolve the clarifications raised.

Article 6.10. Consultations and Offsets In Bilateral Safeguards

1. The Party applying or extending a definitive bilateral safeguard measure shall grant to the other Party mutually agreed compensation in the form of concessions having trade effects equivalent to the impact of the safeguard measure. For such purposes, consultations may be held to determine compensation having equivalent trade effects to the measures

concerned.

2. If within 30 days following the initiation of consultations under paragraph 1 no agreement on trade liberalization compensation is reached, the exporting Party may suspend the application of concessions having equivalent trade effects to the measure imposed by the other Party. The exporting Party shall notify the other Party at least 30 days in advance of the suspension of concessions.

Article 6.11. Reinstatement of Benefits and/or Refund of Fees

1. Where a provisional bilateral safeguard measure has been imposed and the final determination is not to impose a definitive bilateral safeguard measure, any cash payments or deposits shall be promptly refunded with interest and/or any security lodged shall be released upon request.

2. When the final determination is to impose a measure to be imposed if the final bilateral safeguard tariff is lower than the provisional tariff, any excess customs duties collected shall be reimbursed, at the request of the party, with interest or the excess guarantees shall be released, as appropriate.

3. When a bilateral safeguard measure is eliminated pursuant to the decision of a national challenge mechanism, it shall proceed in accordance with the national legislation of each Party, prompily, at the request of a party, to refund with interest any payment or cash deposit and/or to release any security lodged.

4. When the bilateral safeguard measure is decreased in compliance with the decision of a national challenge mechanism, any excess duties paid or deposited shall be refunded with interest and/or the guarantees presented shall be released, upon request of the party.

Chapter VII. SANITARY AND PHYTOSANITARY MEASURES

Article 7.1. Objectives

The objectives of this Chapter are:

a) define the mechanisms so that, within the framework of free trade between the Parties, the life and health of people, animals and plants in their territories are protected;

b) strengthening the implementation of the SPS Agreement; and

c) to promote, through the Committee foreseen in Article 7.10, the constant improvement of the sanitary and phytosanitary situation of the Parties, as well as to attend to and resolve sanitary and phytosanitary problems arising in trade between the Parties.

Article 7.2. Definitions

1. For the purposes of this Chapter, the definitions in Annex A of the SPS Agreement, definitions in the glossary of terms of the competent international organizations and definitions adopted by the Commission in accordance with paragraph 7(e) of Article 7.10 shall be used.

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

SPS Agreement: the WTO Agreement on the Application of Sanitary and Phytosanitary Measures; and

international organizations: the organizations mentioned in paragraph 3 of Annex A of the SPS Agreement.

Article 7.3. General Provisions

1. The Parties undertake to facilitate trade in agricultural, aquaculture, fishery and forestry goods and their products, beverages and foodstuffs for human consumption, originating in the Parties, and therefore establish provisions based on the principles and disciplines of the SPS Agreement.

2. The Parties incorporate their rights and obligations established in the SPS Agreement, without prejudice to the provisions of this Chapter.

Article 7.4. Rights and Obligations of the Parties

1. The Parties shall adopt, maintain or apply their sanitary and phytosanitary measures to achieve the appropriate level of sanitary or phytosanitary protection based on scientific principles.

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

3. Sanitary or phytosanitary measures shall not constitute a disguised restriction on trade or have the purpose or effect of creating unnecessary barriers to trade between the Parties.

Article 7.5. Equivalence

1. The Parties shall hold consultations for the recognition of equivalence of sanitary and phytosanitary measures, considering the standards, guidelines and recommendations established by the competent international organizations and the decisions adopted by the Committee on Sanitary and Phytosanitary Measures of the WTO on the matter.

2. Each Party shall accept as equivalent the sanitary or phytosanitary measures of the other Party, even if they differ from its own, provided that it is demonstrated that they achieve and do not diminish the importing Party's appropriate level of protection.

3. The Parties shall define the mechanisms for evaluating and, _ if necessary, accepting the equivalence of sanitary and phytosanitary measures.

Article 7.6. Risk Assessment

1. Sanitary and phytosanitary measures shall be based on a scientific assessment appropriate to the circumstances of the risks to human, animal or plant life and health, including forest products and by-products, taking into account relevant standards, guidelines and recommendations developed by relevant international organizations.

2. In establishing their appropriate level of protection, the Parties shall take into account the objective of minimizing negative effects on trade and shall avoid making arbitrary or unjustifiable distinctions in the levels they consider appropriate in different situations, if such distinctions result in discrimination or a disguised restriction on trade.

Article 7.7. Recognition of Zones or Areas, or Compartments, Free or of Low Pest or Disease Prevalence

The Parties shall establish, in accordance with paragraph 7(d) of Article 7.10, a procedure for the recognition of zones or areas, or compartments, free or of low pest or disease prevalence in animal health, plant health and forest health. For this purpose, the Parties shall take into consideration the certifications issued by the competent international organizations, in particular those issued by the World Organization for Animal Health (OIE).

Article 7.8. Control, Inspection and Approval

The Parties shall establish, in accordance with paragraph 7(d) of Article 7.10, control, inspection and approval procedures, taking into consideration Article 8 and Annex C of the SPS Agreement.

Article 7.9. Transparency

1. The Parties shall notify each other, through the contact points they designate, of the adoption or application of sanitary and phytosanitary measures in accordance with the procedure provided for in Annex B of the SPS Agreement.

2. The Parties shall notify each other immediately:

a) changes occurring in the field of animal health, such as the emergence of exotic diseases and those Diseases on the OIE List;

b) the occurrence of an outbreak or spread of plant pests that may constitute an immediate or potential risk to trade between the Parties; and

c) emergency situations regarding the control of food traded between the Parties, in which a risk of serious adverse effects on human health associated with the consumption of certain foods is detected and clearly identified even though the agents

causing such effects have not been identified, in accordance with the corresponding standard of the Codex Alimentarius Commission in force, and the causes for which a product of the exporting Party is rejected by the importing Party.

3. Additionally, the Parties shall notify each other:

a) scientific findings of epidemiological importance and significant changes in relation to pests and diseases not included in the paragraph 2(a) and 2(b) that may affect trade between the Parties, within a period to be agreed by the Committee;

b) the periodic recording of rejections of shipments by the importing Party, giving as much information as is available;

c) cases of suspected exotic pests or diseases or unusual occurrence when applicable;

d) the status of the processes and measures in process with respect to requests for access to products of interest between both Parties in an agile and timely manner;

e) non-compliance with measures detected in the certification of animal, plant and forestry products by the exporting Party; and

f) information on authorized firms authorized to issue certificates, import and export permits and details of authorized points of entry.

4. In order to comply with the provisions of this Article, the Parties may establish an information system whose development, structure and deadlines for its initiation and completion shall be agreed upon by the Committee.

5. A Party may adopt an emergency measure by promptly notifying the other Party, together with the reasons giving rise to the adoption of such measure, in accordance with paragraph 6 of Annex B of the SPS Agreement.

6. When a Party is affected by a measure adopted by the other Party, the latter shall provide information on the progress of new scientific evidence available or under investigation, in order to obtain further elements that will allow it to eliminate the provisional measure or adopt a definitive measure on a concrete and conclusive risk basis, which shall be notified to the other Party.

Article 7.10. Committee on Sanitary and Phytosanitary Measures

1. The Parties establish the Committee on Sanitary and Phytosanitary Measures to Implement this Chapter, as well as to contribute to the fulfillment of its objectives and provisions.

2. The Committee shall be composed of the authorities of both Parties with responsibilities in this area.

3. The Committee shall meet at least once a year in person or by teleconference, videoconference or other technological means.

4. The Parties shall assume the chairmanship of the meetings on an alternating basis. The Committee shall hold its first meeting no later than 6 months after the entry into force of the Agreement. Likewise, the Committee may determine those cases in which extraordinary meetings shall be held.

5. The Committee shall submit to the Commission such reports as it deems pertinent or as may be required by the Commission.

6. The Committee shall be of a permanent nature and may establish such technical working groups on sanitary and phytosanitary matters as it deems appropriate.

7. The Committee shall have the following functions:

a) serve as a forum for the Parties to consult and resolve issues and problems related to this Chapter that may affect trade between the Parties in a timely manner;

b) promote cooperation, technical assistance, training and exchange of information on sanitary and phytosanitary measures;

c) to follow up on the agreements adopted within the Committee and in the technical working groups;

d) agree on actions, procedures and deadlines for the recognition of equivalencies; the streamlining of the risk assessment process; the recognition of zones or areas, or compartments, free or of low prevalence of pests or diseases; control, inspection and approval; as well as the mechanism for transparency and exchange of information;

e) agree on definitions that are not contemplated in Article 7.2 or clarify existing ones, and recommend their adoption to the Commission;

f) work on the design and implementation of electronic systems for the issuance of sanitary and phytosanitary certificates; and

g) review this Chapter in the light of any developments in the work of the WTO Committee on Sanitary and Phytosanitary Measures and make any necessary recommendations to the Commission.

Article 7.11. Settlement of Disputes

Once the consultation procedure has been exhausted in accordance with paragraph 7(a) of Article 7.10, any Party that considers the outcome of such consultations to be unsatisfactory may have recourse to the dispute settlement mechanism of this Agreement.

Chapter VIII. TECHNICAL BARRIERS TO TRADE

Article 8.1. Objective

The objective of this Chapter is to increase and facilitate bilateral trade by preventing standards, technical regulations and conformity assessment procedures from constituting unnecessary barriers to trade, as well as to increase cooperation and technical assistance between the Parties.

Article 8.2. Definitions

1. For the purposes of this Chapter, the provisions of Annex 1 of the TBT Agreement shall apply, as well as the general terms referring to standards and conformity assessment agreed upon by the Parties, contained in the standards, guides or recommendations adopted by the international standardization organizations.

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

TBT Agreement: the WTO Agreement on Technical Barriers to Trade;

legitimate objective: objective related to national security; prevention of practices that may mislead consumers; protection of human life, health or safety, animal or plant life or health, or the environment, among others;

standardizing body: a body whose standardization activities are recognized by the governments of the Parties; and

international standardizing bodies: standardizing bodies open to participation by the relevant bodies of at least all WTO Members, including the International Organization for Standardization (ISO), the International Electrotechnical Commission (IEC), the Codex Alimentarius Commission, the International Telecommunication Union (ITU), the International Organization of Legal Metrology (OIML), or any other body designated by the Parties.

Article 8.3. Confirmation of International Rights and Obligations

The Parties incorporate their rights and obligations established in the WTO TBT Agreement, without prejudice to the provisions of this Chapter.

Article 8.4. Basic Rights and Obligations

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

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

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

national origin and to like products imported from any other country.

4. The Parties shall ensure that standards, technical regulations or conformity assessment procedures are not prepared, adopted or applied with a view to or with the effect of creating unnecessary obstacles to international trade. To this end, standards, technical regulations or conformity assessment procedures shall not be more trade-restrictive than necessary to fulfil a legitimate objective, taking into account the risks non-fulfilment would create.

Article 8.5. Scope of Application

1. The provisions of this Chapter apply to the elaboration, adoption and application of all standards, technical regulations and conformity assessment procedures of the Parties (1), including those of the central government level and local public institutions, which may directly or indirectly affect trade in goods between the Parties.

2. The provisions of this Chapter do not apply to sanitary and phytosanitary measures, nor to purchase specifications established by governmental institutions for the production or consumption needs of such institutions.

(1) Any reference made in this Chapter to standards and technical regulations includes those standards and technical regulations on matters relating to metrology, as well as the conformity assessment procedures derived therefrom.

Article 8.6. Technical Regulations

1. In pursuing its legitimate objectives, each Party may assess the risks that failure to achieve them would create. In assessing such risks, consideration shall be given, inter alia, to available scientific and technical information, related processing technology, or end uses for which the products are intended.

2. The Parties shall favorably consider accepting as equivalent their technical regulations, even if they differ from their own, provided they are satisfied that they adequately fulfill the legitimate objectives of their own technical regulations.

3. When the technical regulation of a Party allows the legitimate objective established in the technical regulation of the other Party to be achieved, it shall be considered as equivalent by means of a common declaration of the Parties formalized by a decision of the Commission.

4. When a Party does not accept as equivalent a technical regulation of the other Party, it shall state the reasons for its decision so that the other Party may take appropriate action.

Article 8.7. Conformity Assessment

1. The Parties shall promote the acceptance of the results of conformity assessment procedures with respect to standards and technical regulations conducted by bodies located in the territory of the other Party.

2. The Parties may enter into negotiations for the conclusion of mutual recognitionagreements between competent bodies in areas of conformity assessment following the principles of the TBT Agreement.

3. If a Party rejects a request from 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 so that appropriate action can be taken.

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

5. If one of the Parties does not accept the results of a conformity assessment procedure carried out in the territory of the other Party, it shall provide the reasons for its decision so that appropriate action can be taken.

6. Each Party shall accredit, license or otherwise recognize conformity assessment bodies in the territory of the other Party on terms no less favorable than those accorded to conformity assessment bodies in its territory. If a Party accredits, authorizes or otherwise recognizes a conformity assessment body for a specific standard or technical regulation in its territory and refuses to accredit, authorize or otherwise recognize a conformity assessment body for that standard or technical regulation in the territory of the other Party, it shall, at the request of the other Party, provide reasons for its decision so that appropriate action may be taken.

Article 8.8. Transparency

1. The Parties shall ensure that standardizing bodies comply with the Code of Good Practice in Annex 3 of the TBT Agreement.

2. The Parties shall transmit electronically, through the contact point established for each Party under Article 10 of the TBT Agreement, the notifications of draft technical regulations and conformity assessment procedures referred to in Articles 2.9, 3.2, 5.6 or 7.2 of the TBT Agreement, at the same time that the Party notifies the countries with which it has free trade agreements.

3. Parties shall notify even those draft technical regulations or conformity assessment procedures that are consistent with the technical content of relevant international standards, guidelines or recommendations.

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

5. In cases of urgency, when a Party notifies a technical regulation or conformity assessment procedure adopted under Articles 2.10, 3.2, 5.7 or 7.2 of the TBT Agreement, it shall transmit it electronically to the other Party, through the established contact point, at the same time that the Party notifies the countries with which it has free trade agreements. The Parties shall notify even those technical regulations or conformity assessment procedures that are consistent with the technical content of relevant international standards, guidelines or recommendations.

6. Each Party shall publish or make available to the public, in printed or electronic form, its responses to comments received no later than the date on which the final version of the technical regulation or conformity assessment procedure is published.

7. Each Party shall, upon request of the other Party, provide information on the objective and justification of a technical regulation or conformity assessment procedure that the Party has adopted or proposes to adopt.

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

9. Each Party shall comply with this Article as soon as practicable and in no case later than 2 years after the entry into force of this Agreement.

Article 8.9. Cooperation and Technical Assistance

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

a) to promote the application of this Chapter;

b) to promote the implementation of the TBT Agreement;

c) strengthen their respective standardization bodies, technical regulations, conformity assessment, metrology, and information and notification systems within the scope of the TBT Agreement, including the training and education of human resources;

d) assist in the establishment of mutual recognition agreements of interest to the Parties;

e) facilitate the acceptance of the equivalence of technical regulations;

f) collaborate in the development and implementation of international standards, guidelines or recommendations;

g) exchange information on their technical cooperation activities related to standards, technical regulations and conformity assessment procedures;

h) sharing information of a non-confidential nature that served as a basis for a Party in the development of a technical regulation; and

i) other cooperation and technical assistance activities agreed upon by the Parties.

Article 8.10. Committee on Technical Barriers to Trade

1. The Parties establish the Committee on Technical Barriers to Trade, composed of representatives of each Party, in accordance with the Annex to Article

2. The functions of the Committee shall include:

(a) to follow up on the implementation and administration of this Chapter;

(b) to deal promptly with matters raised by a Party with respect to the development, adoption or application of standards, technical regulations or conformity assessment procedures;

(c) increase cooperation in the development of standards, technical regulations and conformity assessment procedures;

(d) facilitate, as appropriate, sectoral cooperation between governmental and non-governmental conformity assessment bodies in the territories of the Parties;

(e) exchange information about the work being carried out in non-governmental, regional and multilateral fora involved in activities related to standards, technical regulations and conformity assessment procedures;

(f) mutually facilitate access to information on standardization activities, technical regulations, conformity assessment procedures, especially those affecting trade between the Parties;

(g) to consult on any matter arising under this Chapter at the request of a Party;

(h) review this Chapter in light of any developments in the work of the WTO Committee on Technical Barriers to Trade and make any necessary recommendations to the Commission;

(i) take any other action that the Parties consider will assist them in the implementation of this Chapter and the TBT Agreement;

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

(k) establish, if necessary, working groups to deal with specific issues related to technical barriers to trade;

(l) facilitate the process of negotiating mutual recognition agreements; and

(m) discuss any other matier related to this Chapter.

3. The Committee shall meet at least once a year in person or by teleconference, videoconference or other technological means. At the request of either Party, additional meetings shall be held.

Article 8.11. Technical Consultations

1. The Parties may conduct technical consultations before the Committee on Technical Barriers to Trade, or alternatively resort to the consultations provided for in Article 15.4 (Consultations), on the application, interpretation or obligations under this Chapter. The Parties may not use both channels simultaneously.

2. Technical consultations will have the following procedure:

a) the Party concerned shall communicate its request in writing to the other Party for consideration of the matter. The Parties may submit the matter to experts for the purpose of obtaining non-binding technical advice or recommendations;

b) the Parties shall meet, in person or by teleconference, videoconference or other technological means, within a period not to exceed 30 days, unless they agree on a different period; and

c) the Parties shall make every effort to reach a mutually satisfactory solution.

Article 8.12. Exchange of Information

1. Any information or explanation that is provided upon request by a Party, in accordance with the provisions of this Chapter, shall be provided in printed or electronic form within a reasonable period. The Party shall endeavor to respond to each request within 60 days.

2. With respect to the exchange of information, in accordance with the following paragraphs 1 and 3 of Article 10 of the TBT Agreement, the Parties should apply the recommendations under the sections Handling of requests for information and

requests for information that the competent services should be prepared to respond contained in the document "Decisions and Recommendations adopted by the WTO Committee on Technical Barriers to Trade since 1 January 1995", G/TBT/1/Rev.9, dated 8 September 2008 and its successive revisions.

Chapter IX. UNFAIR INTERNATIONAL TRADE PRACTICES

Article 9.1. Definitions

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

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

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

investigating authority: the authority of the Party that has the authority to conduct and rule on a dumping or subsidy investigation:

a) in the case of Mexico, the Ministry of Economy or its successor; and

b) in the case of Peru, the Commission for the Control of Dumping and Subsidies of the National Institute for the Defense of Competition and Protection of Intellectual Property (INDECOPI) or its successor;

injury: material injury to a domestic industry, threat of material injury to a domestic industry, or material retardation of the establishment of such an industry;

domestic legislation on antidumping and countervailing duties: the laws, regulations and administrative rules of a Party relating to the application of antidumping and countervailing duties;

official dissemination bodies:

a) in the case of Mexico, the Diario Oficial de la Federaci6n; and

b) in the case of Peru, the Official Gazette El Peruano.

Article 9.2. General Principles

The Parties recognize the need to eliminate export subsidies not permitted by the WTO and reject any unfair international trade practices and other domestic policies that distort trade between the Parties.

Article 9.3. Export Subsidies

No Party may grant or maintain export subsidies for products into the territory of the other Party, provided for in Article 3.1 of the Subsidies Agreement.

Article 9.4. Procedures

1. Without prejudice to the provisions of this Chapter, with respect to investigation procedures for the application of antidumping or countervailing duties, the Parties agree to apply the provisions contained in the Antidumping Agreement and the Subsidies Agreement, according to their domestic legislation on antidumping and countervailing duties.

2. Notwithstanding the provisions of the preceding paragraph, the Parties shall promptly publish determinations of initiation; those imposing provisional or definitive antidumping and countervailing duties; those modifying the antidumping and countervailing duties imposed; those declaring the investigation terminated, for whatever reason, including the withdrawal of the petitioners once the investigation has been initiated; and those issued as a result of a price undertaking. The Parties shall publish the aforementioned resolutions in their official publication organs and on their Internet pages.

3. The notification of initiation shall be sent to the known exporters and the investigating authority of the other Party with a copy of the respective resolution; the public version of the application for the initiation of the investigation and its annexes; the questionnaires to be used by the investigating authority or, if applicable, the minimum information required by the latter; and the description of the form in which it shall be submitted.

4. Likewise, the Parties shall publish on their respective websites their determinations or reports, as the case may be,

indicating the methodology used by the investigating authority to determine the margin of dumping or the amount of the subsidy; the injury arguments; and the causal relationship between the dumped or subsidized imports and the alleged injury.

Article 9.5. Technical Information Meetings

1. Upon written request of any accredited interested party, the investigating authority will hold technical information meetings, in order to explain the methodology used in the determinations of the preliminary and/or final determinations.

2. The investigating authority shall hold the meeting within 15 working days from the publication of the respective resolution.

3. In the technical information meetings, the investigating authority shall duly protect confidential information. The accredited interested parties shall have the right to obtain the spreadsheets and computer files, if any, that the investigating authority has used to make its determinations, provided that they are public information provided by any interested party.

4. The technical information meetings shall not affect the deadlines established in the processes for challenging the resolutions contemplated in the domestic legislation of each Party.

Article 9.6. Accreditation of Personality of Interested Parties

1. The Parties shall allow the interested parties to accredit their representatives through powers of attorney issued in accordance with the requirements contemplated in their domestic legislation. For this purpose, the interested parties may submit the powers of attorney with the corresponding apostille or consular legalization or, alternatively, copies of the powers of attorney duly certified by the investigating authority of the other Party, which shall verify that the content of such documents coincides with that of the originals, prior to their submission to the investigating authority. The presentation of certified copies of the powers of attorney by the investigating authority replaces the apostille or consular legalization of the powers of attorney.

2. No later than 3 months after the entry into force of the Agreement, the Parties shall notify each other in writing of the particulars (name, title, signature, among others) of the officials responsible for certifying the documents. Any change shall be notified to the other Party immediately.

Article 9.7. Hearings

In antidumping or subsidy investigations, the accredited interested parties shall be given the opportunity to participate in a public hearing convened by the investigating authority for the purpose of presenting the arguments they consider pertinent. The date of the public hearing shall be notified to the accredited interested parties atleast 14 days in advance.

Article 9.8. Imposition of Anti-dumping Duties

1. When any of the Parties decides to impose an anti-dumping duty, this shall be lower than the margin of dumping found, provided that such lower duty is adequate to eliminate the injury to the domestic industry. For this purpose, the authorities shall compare the import prices of the dumped product and the non- injurious price to the domestic industry calculated based on the methodologies described below:

a) Import price of the investigated product, corresponding to those exporters or producers of the same country of origin for which it has been determined that they did not practice dumping.

b) Weighted average import price of the investigated product from the rest of the countries that supply the domestic market.

c) Price of the domestic industry in a comparable period with the investigated one that is within the injury analysis period.

d) Costs of production of the like product produced by the domestic industry, plus expenses and a reasonable profit margin.

2. The investigating authority shall justify the use of the methodology applied.

3. If the non-injurious price is higher than the import price plus the corresponding dumping margin, the amount of the anti-dumping duty shall be equal to the dumping margin.

Article 9.9. Establishment of Countervailing Duties

1. When any of the Parties decides to impose a countervailing duty, it shall be less than the amount of the subsidy found, provided that such lesser duty is adequate to remove the injury to the domestic industry. For this purpose, the authorities shall compare the import prices of the subsidized product and the price not injurious to the domestic industry calculated on the basis of the methodologies described below:

a) Import price of the investigated product, corresponding to those exporters or producers of the same country of origin for which it has been determined that they did not benefit from the subsidy.

b) Weighted average import price of the investigated product from the rest of the countries that supply the domestic market.

c) Price of the domestic industry in a comparable period with the investigated one that is within the injury analysis period.

d) Costs of production of the like product produced by the domestic industry, plus expenses and a reasonable profit margin.

2. The investigating authority shall justify the use of the methodology applied.

3. If the non-injurious price is higher than the import price plus the amount of the corresponding subsidy, the amount of the countervailing duty shall be equal to the amount of the subsidy.

Article 9.10. Minimum Margins and Volumes

1. The Party shall immediately terminate antidumping investigation proceedings when the margin of dumping is less than 5 percent expressed as a percentage of the FOB export price.

2. The Party shall terminate the investigation immediately if the volume of total imports of the investigated product from the other Party represents less than 5 percent of the total imports or when they represent less than 2 percent of the domestic market of the investigated product.

Article 9.11. Duration and Extent of Anti-dumping Duties

1. Definitive anti-dumping duties shall be terminated no later than 5 years from the date of their imposition unless the authorities have determined, in a review carried out on the basis of a duly substantiated request made by or on behalf of the domestic industry, that the expiry of such duty would be likely to lead to recurrence or continuation of dumping and injury.

2. In no case shall the term of the duties be extended more than once. Once the term has been extended, the Party may not apply a new antidumping duty with respect to the same product until at least 12 months have elapsed since the expiration of the term of the definitive duty.

Article 9.12. Duration and Extent of Countervailing Duties

1. Definitive countervailing duties shall be terminated no later than five years from the date of their imposition unless the authorities have determined, in a review carried out on the basis of a duly substantiated petition made by or on behalf of the domestic industry, that subsidization is continuing and that the expiry of such duty would be likely to lead to continuation or recurrence of injury.

2. In no case shall the term of the duties be extended more than once. Once the term has been extended, the Party may not apply a new countervailing duty with respect to the same product until at least 12 months after the expiration of the term of the definitive countervailing duty.

Article 9.13. Price Commitments

1. Proceedings may be (1) suspended or terminated without the imposition of provisional or definitive anti-dumping or countervailing duties if the exporter or government concerned gives notice that it voluntarily undertakes satisfactory undertakings (2) to revise its prices or to cease exports at dumped or subsidized prices, so that the investigating authority is satisfied that the injurious effect of the unfair international trade practice is eliminated. The price increases stipulated in such undertakings shall not be higher than necessary to offset the margin of dumping or the amount of subsidy determined for such exporter. It is desirable that the price increases be less than the margin of dumping or the amount of the subsidy, if such increases are sufficient to remove the injury to the domestic industry.

2. Price undertakings shall not be sought or accepted from exporters or the government concerned, except where the investigating authority of the importing Party has made a preliminary affirmative determination of dumping or subsidization and of injury caused by such dumping or subsidization. Prior to the issuance of such a determination, the investigating authority shall inform the exporters or the government concerned of their right to offer price undertakings.

3. The acceptance or rejection of a price undertaking shall be based on its own merits. The investigating authority shall provide the exporter or the government concerned with the reasons which have led it to consider the acceptance of an undertaking inappropriate, and shall give the exporter an opportunity to comment thereon and to reformulate its proposal on a one-time basis.

4. In the case of the dumping modality, the investigating authority may not require as a condition for its acceptance that the undertaking be presented by all exporters, by a majority or by a determined group of exporters. Likewise, it shall not be a justifiable reason for rejecting the undertakings offered if the number of actual or potential exporters is too large or for reasons of general policy.

5. In the event of a breach of an undertaking, the investigating authority of the importing country shall notify the exporter concerned or the government concerned and give it an opportunity to comment and correct any errors or deficiencies. If information satisfactory to the investigating authority is not submitted, the investigating authority may take prompt action, which may consist of the immediate application of provisional duties on the basis of the best information available. In such cases, definitive anti-dumping or countervailing duties may be levied on products declared for consumption not more than 90 days prior to the application of the provisional duties imposed as a result of the breach, except that such retroactivity shall not apply to imports declared prior to the breach of the undertaking.

(1) The word "may" shall not be construed to mean that proceedings are permitted to continue simultaneously with the application of price undertakings, except in cases where, although an undertaking is accepted, the investigation of dumping and injury is completed at the exporter's request or at the direction of the authorities.

(2) The term "satisfactory" shall not be interpreted to require that an undertaking be submitted by "all" exporters of the investigated product to the importing Party or a majority thereof.

Article 9.14. Reimbursement or Elimination of Antidumping and Countervailing Duties

1. Where the final determination is not to impose antidumping or countervailing duties, any cash payment or deposit shall be promptly refunded with interest and/or any security shall be released upon request.

2. When the final determination is to impose a definitive antidumping or countervailing duty, and this is less than the provisional duty, any provisional duty overcharged shall be refunded, upon request, with interest, or the excess security shall be released, as appropriate.

3. When an antidumping or countervailing duty is eliminated pursuant to the decision of a domestic challenge mechanism, it shall proceed in accordance with the domestic law of each Party, promptly, upon request, to refund with interest any payment or cash deposit and/or to release any security submitted.

4. When the duty is diminished in compliance with the decision of a national challenge mechanism, any amount paid or deposited in excess will be refunded with interest and/or the guarantees presented will be released, upon request of the party.

Article 9.15. Cooperation

The Parties recognize the importance of cooperation and coordination between their respective investigating authorities to achieve the effective implementation of the Antidumping Agreement and the Subsidies Agreement, as well as their respective domestic antidumping and countervailing duty laws. Accordingly, the Parties shall cooperate on matters relating to the implementation of the aforementioned rules, including the possibility of consulting and exchanging information, except confidential information, related to the implementation of the Party's domestic antidumping and countervailing duty legislation.

Article 9.16. Working Group

1. The Parties shall establish a working group composed of representatives of each Party. 2. The working group shall seek to

promote greater understanding, communication and cooperation between the Parties in relation to the matters covered by this Chapter, in particular with a view to complying with Article 9.15.

3. Two years after the entry into force of this Agreement, the working group shall report on the status of its progress to the Commission, and may make appropriate recommendations for the proper implementation of this Chapter.

Article 9.17. Multilateral Negotiations

The Parties express their willingness to work, to the extent possible, jointly in multilateral fora, including the WTO, with a view to clarifying and improving disciplines relating to the application of antidumping and countervailing duties, with the objective of minimizing their potential to hinder or impede international trade.

Article 9.18. Settlement of Disputes

Disputes arising between the Parties with respect to the application of this Chapter shall be resolved in accordance with the provisions of Chapter XV (Dispute Settlement). However, the Parties reserve the right to resort to the dispute settlement procedures provided for in the Understanding on Rules and Procedures Governing the Settlement of Disputes of the WTO.

Chapter X. CROSS-BORDER TRADE IN SERVICES

Article 10.1. 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 one Party to the territory of the other Party;

b) in the territory of a Party, by a person of that Party, to a person of the other Party; or

c) by a national of a Party in the territory of the other Party;

but does not include the supply of a service in the territory of a Party for an investment as defined in Chapter 11 (Investment);

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

professional services: services which for their supply require specialized higher education (2) or equivalent education or training (3), 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.

(1) For purposes of Articles 10.3 and 10.4, "service suppliers" has the same meaning as "services and service suppliers" as set out in Articles II and XVII of the GATS.

(2) "Specialized higher education" includes education beyond secondary education that is related to a specific area of knowledge.

(3) "Apprenticeship or training" includes intermediate technical-productive education.

Article 10.2. Scope of Application

1. This Chapter applies 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 measures affecting:

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

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

c) access to and use of distribution systems, transport or telecommunication networks and services related to the supply of a service;

d) the presence in its territory of a service supplier of the other Party; and

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

2. For the purposes of this Chapter, "measures adopted or maintained by a Party" means measures adopted or maintained by:

a) federal or national, state or regional, or municipal or local governments and authorities; and

b) non-governmental institutions in the exercise of the powers delegated to them by federal or national, state or regional, or municipal or local authorities or governments.

3. This Chapter does not apply to:

a) public procurement;

b) traffic rights and to services directly related to the exercise of traffic rights, except:

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

ii) the sale and marketing of air transportation services; and

iii) computerized reservation system (CRS) services; and

c) financial services as defined in Article 12.1 (Definitions).

4. Articles 10.6 and 10.9 shall apply to measures of a Party affecting the supply of a service in its territory by an investment (4) as defined in Chapter 11 (Investment).

5. 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 such national with respect to such access or employment.

6. This Chapter does not apply to services supplied in the exercise of governmental authority in the territory of a Party. A "service supplied in the exercise of governmental authority" means any service supplied neither on a commercial basis, nor in competition with 1 or more service suppliers.

(4) Nothing in this Chapter, including this paragraph, is subject to dispute settlement between a Party and an investor of the other Party under Section C of Chapter 11 (Investment).

Article 10.3. Subsidies

1. The Parties shall periodically exchange information on all existing or future government-supported subsidies or grants, including tax exemptions or rebates and government-supported loans, guarantees and insurance related to trade in services that they provide to their domestic service suppliers. The first exchange shall take place no later than 1 year after the entry into force of this Agreement.

2. If the results of the negotiations related to paragraph 1 of Article XV of the GATS (or the results of any similar negotiations undertaken in other multilateral fora in which both Parties participate) enter into force for each Party, this Article shall be amended, as appropriate, after consultations between the Parties, so that those results become an integral part of this Agreement.

Article 10.4. National Treatment

1. Each Party shall accord to service suppliers of the other Party treatment no less favorable than that it accords, in like circumstances, to its service suppliers.

2. Treatment accorded by a Party under paragraph 1 means, with respect to a state or regional government, treatment no less favorable than the most favorable treatment accorded, in like circumstances, by that state or regional government to service suppliers of the Party of which it is a constituent part.

Article 10.5. Most Favored Nation Treatment

Each Party shall accord to service suppliers of the other Party treatment no less favorable than that it accords, in like circumstances, to service suppliers of a non- Party.

Article 10.6. Market Access

1. In sectors where each Party has undertaken market access commitments under its Schedule to Annex lll (Market Access), no Party may adopt or maintain, either on the basis of of a state or regional subdivision or its entire territory, unless otherwise specified in its Schedule, measures that:

a) impose limitations on:

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

ii) the total value of transactions or service assets in the form of numerical quotas or by requiring an economic needs test;

iii) the total number of service operations or the total amount of service output, expressed in designated numerical units, in the form of quotas or the requirement of an economic needs test;5 or

iv) the total number of nationals that may be employed in a given service sector or that a service provider may employ and that are necessary for the supply of a specific service and are directly related to it, in the form of numerical quotas or the requirement of 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.

Article 10.7. Local Presence

No Party may require the service supplier of the other Party to establish or maintain representative offices or any other form of enterprise, or to be resident, in its territory as a condition for the cross-border supply of a service.

Article 10.8. Nonconforming Measures

1. Articles 10.4, 10.5 and 10.7 do not apply to:

a) any existing non-conforming measure maintained by a Party:

i) at the federal or national level, as stipulated in its Annex I List (Non-Conforming Measures); (5) This paragraph does not cover measures of a Party that limit inputs for the supply of services.

ii) at the state or regional level, for 6 months after the entry into force of this Agreement and thereafter, as a Party may indicate in its Schedule to Annex I (Nonconforming Measures), in accordance with paragraph 2; or

iii) at the municipal or local level;

b) the continuation or prompt renewal of any nonconforming measure referred to in subsection (a); or

c) the modification of any nonconforming measure referred to in subparagraph (a) to the extent that such modification does not diminish the degree of conformity of the measure, as in effect immediately before the modification, with Articles 10.4, 10.5 or 10.7.

2. Each Party shall have up to 6 months from the entry into force of this Agreement to indicate in its Schedule to Annex I (Nonconforming Measures) any existing nonconforming measure maintained by a state or region referred to in paragraph 1(a)(ii) and shall be incorporated within that period into this Agreement by a decision adopted by the Commission pursuant to Article 17.2(b)(viii) (Functions of the Administrative Commission).

3. Articles 10.4, 10.5 and 10.7 do not apply to any measures that a Party adopts or maintains with respect to sectors, sub-sectors or activities, as set out in its Schedule to Annex II (Future Measures).

(5) This paragraph does not cover measures of a Party that limit inputs for the supply of services.

Article 10.9. National Regulations

1. Where a Party requires authorization for the supply of a service, the competent authorities of the Party shall, within a reasonable time after the submission of an application considered complete under its laws and regulations, inform the applicant of the decision on the application. At the request of the applicant, the competent authorities of the Party shall, without undue delay, provide information concerning the status of the application.

2. In order to ensure that measures relating to qualification requirements and procedures, technical standards and licensing requirements do not constitute unnecessary barriers to trade in services, the measures that each Party adopts or maintains:

a) will be based on objective and transparent criteria, such as competence and ability to provide the service;

b) shall not be more burdensome than necessary to ensure quality of service; and

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

3. If the results of the negotiations related to paragraph 4 of Article VI of the GATS (or the results of any similar negotiations undertaken in other multilateral fora in which both Parties participate) enter into force for each Party, this Article shall be amended, as appropriate, after consultations between the Parties, so that those results become an integral part of this Agreement.

Article 10.10. Transparency

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. (6)

(6) The implementation of the obligation to establish appropriate mechanisms for small administrative agencies may need to take into account budgetary and resource constraints.

Article 10.11. Mutual Recognition

1. For purposes of complying, in whole or in part, with its standards or criteria for the authorization, licensing or certification of service suppliers, and subject to the requirements of paragraph 3, a Party may recognize education or experience obtained, requirements met, or licenses or certifications granted in a Party or non- Party. Such recognition, which may be achieved through harmonization or otherwise, may be based on an agreement or arrangement with the Party or non-Party, 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 certifications granted in the territory of a non-Party, Article 10.5 shall not be construed to require the Party to grant such recognition to education or experience obtained, qualifications completed, or licenses or certifications granted in the territory of the other Party.

3. No Party shall grant recognition in a manner that, in the application of its rules or criteria for the authorization, licensing or certification of service suppliers, constitutes a disguised restriction on trade in services.

4. The Annex to Article 10.11 applies 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 10.12. Transfers and Payments

1. Each Party shall allow all transfers and payments related to the cross-border supply of services to be made freely and without delay to and from its territory.

2. Each Party shall allow all transfers and payments related to the cross-border supply of services to be made in freely circulating currency at the market rate of exchange prevailing on the date of 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 laws with respect to:

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

b) issuance, marketing or sale of securities, futures, options or derivatives;

c) financial reports or records of transfers, when necessary to assist law enforcement or financial regulatory authorities;

d) criminal offenses; or

e) guarantee of compliance with judicial or administrative orders or rulings.

Article 10.13. Denial of Benefits

Upon notice and subject to Article 15.4 (Consultations), a Party may deny the benefits of this Chapter to:

a) aservice supplier of the other Party, where the Party determines that the service is being supplied by an enterprise owned or controlled by persons of a non-Party and:

i) the Party denying benefits does not maintain diplomatic relations with the non-Party; or

ii) the Party denying benefits adopts or maintains measures with respect to the non-Party that prohibit transactions with that enterprise that would be violated or circumvented if the benefits of this Chapter were accorded to that enterprise; or

b) a service supplier of the other Party, where the Party determines that the service is being supplied by an enterprise owned or controlled by persons of a non-Party, and that does not engage in substantial business activities in the territory of that other Party.

Article 10.14. Implementation and Consultation

The Parties shall consult annually, unless otherwise agreed, to review the implementation of this Chapter and to consider other matters of trade in services of mutual interest. Among other matters, the Parties shall consult with a view to determining the feasibility of removing any continued citizenship or permanent residence requirements for the licensing or certification of service suppliers of each Party. Such consultations shall also include consideration of the development of procedures that could contribute to increasing the transparency of the measures described in paragraphs 1(c) and 3 of Article 10.8.

Annex to Article 10.11. Professional Services

Scope of application

1. This Annex applies to measures adopted or maintained by the Parties in relation to the granting of licenses or certificates to professional service suppliers, as set out in the provisions befow.

Target

2. The purpose of this Annex is to establish the rules to be observed by the Parties to harmonize between them, the measures that will regulate the mutual recognition of licenses or certificates for the rendering of professional services, through the granting of authorization for professional practice.

Processing of applications for the granting of licenses and certificates

3. Each Party shall ensure that its competent authorities, within a reasonable time after the submission of an application for licenses or certificates by a national of the other Party:

a) if the application is complete, decide on the application and notify the applicant of the decision; or

b) if it is incomplete, notify the applicant, without undue delay, of the status of the application and of any additional information required under their national law.

Development of professional standards

4. The Parties shall encourage the relevant agencies in their respective territories to develop mutually acceptable standards and criteria for the licensing and certification of professional service providers, as well as to submit recommendations to the Commission on their mutual recognition.

5. The standards and criteria referred to in paragraph 4 may be developed in relation to the following aspects:

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: duration and nature of experience required to obtain a license;

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

e) professional development and certification renewal: continuing education and the corresponding requirements to maintain professional certification;

f) scope of action: extent and limits of authorized activities;

g) local knowledge: requirements on knowledge of aspects such as local laws and regulations, language, geography or climate; and

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

6. Upon receipt of a recommendation referred to in paragraph 4, the Commission shall review it within a reasonable period of time to decide whether it is consistent with the provisions of this Agreement. Based on the review conducted by the Commission, 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

7. 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 providers of the other Party.

Review

8. The Commission shall periodically review, at least once every 3 years, the application of the provisions of this Annex.

Professional Services Working Group

9. The Parties establish a Working Group on Professional Services, including representatives of each Party, to facilitate the activities listed in paragraphs 4 through 7 of this Annex.

10. Issues for the working group to consider with respect to general professional services and, as appropriate, for individual professional services include:

a) develop workable procedures on standards for licensing and certification of professional service providers;

b) provide for the granting in its territory of temporary licenses for service suppliers of the other Party; and

c) other matters of mutual interest related to the provision o f professional services.

11. To facilitate the efforts of the working group, each Party shall consult with the relevant agencies in its territory to identify the professional services to which the working group shall give priority. The first meeting of this group shall focus on discussing the outcome of such consultations and shall be held no later than one year after the entry into force of this Agreement.

12. The working group shall report to the Commission on its progress and future activities within 18 months of the entry into force of this Agreement.

Chapter XI. INVESTMENT

Section A. General Provisions

Article 11.1. Definitions

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

ICSID: the International Centre for Settlement of Investment Disputes;

ICSID Convention: the Convention on the Settlement of Investment Disputes between States and Nationals of other States, concluded in Washington, D.C., on March 18, 1965;

New York Convention: the United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards,

concluded in New York, June 10, 1958;

enterprise: an enterprise as defined in Article 2.1 (General Definitions), and branches of that enterprise;

investment: the assets owned or controlled by investors of a Party, acquired in accordance with the laws and regulations of the other Party in its territory, listed below:

a) a company;

b) shares of a company;

c) debt instruments of a company:

i) when the company is a subsidiary of the investor; or

ii) when the original maturity date of the debt instrument is at least 3 years,

but does not include an obligation of a Party or a State enterprise, regardless of the original maturity date;

d) a loan to a company:

i) when the company is a subsidiary of the investor; or

ii) when the original maturity date of the loan is at least 3 years,

but does not include a loan to a Party or a State enterprise, regardless of the original maturity date;

e) an interest in a company, which allows the owner to participate in the company's revenues or profits;

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

g) real estate or other property, tangible or intangible, acquired or used for the purpose of economic benefit or for other business purposes; and

h) the 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, in accordance with:

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

ii) contracts where the remuneration depends substantially on the production, revenues or profits of a company;

but investment does not mean:

i) pecuniary claims arising exclusively from:

i) commercial contracts for the sale of goods or services by a national or enterprise in the territory of a Party to an enterprise in the territory of the other Party; or

ii) the extension of credit in connection with a commercial transaction, such as trade financing, other than a loan covered by the provisions of subsection (d); or

j) any other pecuniary claim, which does not involve the interest rates set forth in subsections (a) through (h);

investor of a Party: a Party or a State enterprise, or a national or enterprise of such Party, that intends to make (1), makes or has made an investment;

disputing party: the disputing investor or the disputing Party;

Disputing Party: the Party against which a claim is made under the terms of Section C of this Chapter;

disputing parties: the disputing investor and the disputing Party;

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

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

International Centre for Settlement of Investment Disputes.

(1) It is understood that an investor of a Party intends to make an investment in the territory of the other Party, when it has carried out concrete, substantial and necessary actions to make such investment, such as when the investor has submitted an application for a permit or license authorizing the establishment of an investment.

Article 11.2. Scope of Application

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

a) investors of the other Party;

b) investments of investors of the other Party made in its territory; and c) all investments in its territory, with respect to Articles 11.7 and 11.17.

2. This Chapter does not apply to measures adopted or maintained by a Party to the extent that they are covered by Chapier XII (Financial Services).

3. The obligations of a Party under this Chapter shall apply to a state enterprise or other person when any of them is acting in the exercise of regulatory, administrative or other governmental authority delegated to it by that Party.

Section B. Investment Protection

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, sale or other disposition of investments.

2. Each Party shall accord to investments of investors of the other Party 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, sale or other disposition of investments.

3. Treatment accorded by a Party under paragraphs 1 and 2 means, with respect to a state or region, treatment no less favorable than the most favorable treatment accorded by that state or region, in like circumstances, to investors and investments of the Party of which it forms an integral part.

Article 11.4. Most-favored-nation Treatment (2)

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 any non-Party with respect to the establishment, acquisition, expansion, management, conduct, operation, sale or other disposition of investments.

2. Each Party shall accord to investments of investors of the other Party treatment no less favorable than that it accords, in like circumstances, to investments of investors of any non-Party with respect to the establishment, acquisition, expansion, management, conduct, operation, sale or other disposition of investments.

(2) The treatment "with respect to the establishment, acquisition, expansion, management, conduct, operation, sale or other disposition of investments" referred to in this Article does not extend to dispute settlement provisions, such as those set forth in Section C, provided for in other international trade or investment agreements.

Article 11.5. Standard of Treatment

Each Party shall accord to investors and investments of investors of the other Party the best of the treatment required by Articles 11.3 and 11.4.

Article 11.6. Minimum Standard of Treatment Under Customary International Law

1. Each Party shall accord to investments of investors of the other Party treatment consistent with the minimum standard of

treatment under customary international law, including fair and equitable treatment and full protection and security.

2. For greater certainty, the concepts of "fair and equitable treatment" and "full protection and security" do not require treatment in addition to that required by the minimum standard of treatment of aliens under customary international law, or going beyond it. A finding that another provision of this Chapter or of a separate international agreement has been violated does not establish that this Article has been violated.

Article 11.7. Performance Requirements

1. No Party may impose or enforce any of the following requirements or enforce any commitment or initiative, in connection with the establishment, acquisition, expansion, management, conduct or operation of an investment of an investor of a Party or of a non-Party in its territory for:

a) export a certain level or percentage of goods or services;

b) to reach a certain degree or percentage of domestic content;

c) to purchase or use or grant preference to goods produced or services rendered in its territory, or to purchase goods from producers or services from service providers in its territory;

d) relate in any way the volume or value of imports to the volume or value of exports, or to the amount of foreign exchange inflows associated with such investment;

e) restrict sales in its territory of the goods or services that such investment produces or provides, by relating such sales in any way to the volume or value of its exports or foreign exchange earnings;

f) transfer to a person in its territory technology, a production process or other proprietary knowledge, except where the requirement is imposed or the undertaking or initiative is enforced by a judicial or administrative tribunal or competent authority to remedy an alleged violation of competition laws, or to act in a manner not inconsistent with multilateral agreements relating to the protection of intellectual property rights; or

g) act as the exclusive supplier of the goods it produces or services it provides for a specific regional or global market.

2. A measure that requires an investment to employ a technology to comply generally with applicable health, safety or environmental requirements shall not be considered inconsistent with paragraph 1(f). For greater certainty, Articles 11.3 and 11.4 apply to such a measure.

3. No Party may condition the receipt or continued receipt of an advantage, in connection with an investment in its territory by an investor of a Party or of a non-Party, on the fulfillment of any of the following requirements:

a) to reach acertain degree or percentage of domestic content;

b) to purchase, use or give preference to goods produced in its territory, or to purchase goods from producers in its territory;

c) relate, in any way, the volume or value of imports to the volume or value of exports, or to the amount of foreign exchange inflows associated with such investment; or

d) restrict sales in its territory of the goods or services that such investment produces or renders, by relating such sales in any way to the volume or value of its exports or to the foreign exchange earnings it generates.

4. Nothing in paragraph 3 shall be construed to prevent a Party from conditioning the receipt or 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, on the 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.

5. Paragraphs 1 and 3 do not apply to any requirements other than those set forth in those paragraphs.

6. Provided that such measures are not applied in an arbitrary or unjustified manner, or do not constitute a disguised restriction on international trade or investment, nothing in paragraphs 1(b) or 1(c), or 3(a) or 3(b) shall be construed to prevent a Party from adopting or maintaining measures, including those of an environmental nature necessary to:

a) ensure compliance with laws and regulations that are not inconsistent with the provisions of this Agreement;

b) protect human, animal or plant life or health; or

c) the preservation of living or non-living non-renewable natural resources.

Article 11.8. Senior Management and Boards of Directors

1. Neither Party may require an enterprise of that Party, which is an investment of an investor of the other Party, to appoint individuals of any particular nationality to senior management positions.

2. A Party may require that a majority of the members of a board of directors, or of any committee of such a board, of a company of that Party that is an investment of an investor of the other Party, is of a particular nationality or is resident in the territory of the Party, provided that the requirement does not significantly impair the ability of the investor to exercise control over its investment.

Article 11.9. Nonconforming Measures

1. Articles 11.3, 11.4, 11.7 and 11.8 shall not apply to:

a) any existing non-conforming measure maintained by a Party:

i) at the federal or national level, as stipulated in its Annex I List (Non-Conforming Measures);

ii) at the state or regional level, for 6 months after the entry into force of this Agreement and thereafter, as a Party may indicate in its Schedule to Annex I (Nonconforming Measures), in accordance with paragraph 2; or

iii) at the municipal or local level;

b) the continuation or prompt renewal of any nonconforming measure referred to in subsection (a); or

c) the modification of any nonconforming measure referred to in subparagraph (a) provided that such modification does not diminish the degree of conformity of the measure, as in effect prior to the modification, with Articles 11.3, 11.4, 11.7, and 11.8.

2. Each Party shall have 6 months from the entry into force of this Agreement to indicate in its Schedule to Annex I (Nonconforming Measures) any existing nonconforming measure maintained by a state or region referred to in paragraph 1(a)(ii) and shall be incorporated into this Agreement by a decision adopted by the Commission pursuant to Article 17.2 (Functions of the Administrative Commission).

3. Articles 11.3, 11.4, 11.7 and 11.8 shall not apply to any measures that a Party adopts or maintains, in relation to sectors, subsectors or activities, as indicated in its Schedule to Annex II (Future Measures).

4. Neither Party may require, pursuant to any measure adopted after the entry into force of this Agreement and included in a Schedule to Annex II (Future Measures), 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 enters into force.

5. The provisions contained in:

a) paragraphs 1(a), 1(b) and 1(c), and 3(a) and 3(b) of Article 11.7 shall not apply to the requirements for qualification of goods and services with respect to export promotion and foreign aid programs;

b) paragraphs 1(b), 1(c), 1(f) and 1(g), and 3(a) and 3(b) of Article 11.7 shall not apply to purchases made by a Party or a State enterprise; and

c) paragraphs 3(a) and 3(b) of Article 11.7 shall not apply to requirements imposed by an importing Party on goods that, by virtue of their content, qualify for preferential tariffs or quotas.

Article 11.10. Exceptions

1. Articles 11.3, 11.4 and 11.8 do not apply to:

a) purchases made by a Party or a state enterprise; or

b) subsidies or grants, including government-backed loans, guarantees and insurance, provided by a Party or a state enterprise.

2. Article 11.4 does not apply to treatment accorded by a Party pursuant to international agreements, or with respect to

sectors, set out in its Schedule to Annex II (Future Measures) or Annex IV (Exceptions to Most-Favored-Nation Treatment).

3. A Party has the right to engage exclusively in the economic activities listed in Annex V (Activities reserved to the State), and to refuse to authorize the establishment of investments in such activities.

Article 11.11. Compensation for Losses

With respect to measures such as restitution, indemnification, compensation and other settlement, investors of a Party whose investments suffer losses in the territory of the other Party due to war, armed conflict, state of national emergency, revolt, insurrection, riot or any other similar event, shall be accorded treatment no less favorable than that which the other Party accords to its own investors or investments of any non-Party.

Article 11.12. Expropriation and Compensation (3)

1. No Party shall expropriate or nationalize an investment, directly or indirectly through measures tantamount to expropriation or nationalization (hereinafter referred to as "expropriation"), unless it is:

a) for a public purpose (4) ;

b) on a non-discriminatory basis;

c) in accordance with the principle of legality; and

d) by payment of compensation in accordance with paragraph 2.

2. Compensation:

a) shall be equivalent to the fair market value of the expropriated investment immediately before the expropriation took place. The fair market value will not reflect any change in value due to the fact that the expropriation was publicly known in advance. The valuation criteria will include the current value, the value of the assets, including the declared tax value of the property of tangible assets, as well as other criteria that are appropriate for determining fair market value;

b) will be paid without delay;

c) shall include interest at a reasonable commercial rate for the currency in which such payment is made, from the date of expropriation until the date of payment; and

d) shall be fully liquidable and freely transferable.

3. An investor whose investment is expropriated shall have the right, under the law of the Party that carried out the expropriation, to a prompt review of its case by a judicial or other competent authority and to a valuation of its investment in accordance with the provisions set forth in this Article.

(3) The Parties confirm that: 1. An act or series of acts of a Party may not constitute an expropriation unless it substantially interferes with a property right, tangible or intangible, or with the essential attributes or powers of ownership of an investment. 2. This Article addresses two situations. The first is direct expropriation, where an investment is nationalized or otherwise directly expropriated through the formal transfer of title or right of ownership. The second situation is indirect expropriation, where an act or series of acts by a Party has an effect equivalent to a direct expropriation without the formal transfer of title or right of ownership. a) The determination of whether an act or series of acts by 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 the governmental act, although the fact that an act or series of acts of a Party has an adverse effect on the economic value of an investment, standing alone, does not determine that an indirect expropriation has occurred; ii) the extent to which the governmental act substantially interferes with the unambiguous and reasonable expectations of the investment, and iii) the nature of the governmental act. b) Except in exceptional circumstances, non-discriminatory regulatory acts of a Party that are adopted and applied to protect legitimate public welfare objectives, such as public health, safety and the environment, among others, shall not constitute indirect expropriations.

(4) "Public purpose" means, in the case of Mexico, public utility, and in the case of Peru, public necessity or national security.

Article 11.13. Transfers

1. Each Party shall permit all transfers relating to an investment of an investor of the other Party to be made freely and without delay to and from its territory.

2. Each Party shall allow transfers to be made in a freely convertible currency at the market rate of exchange prevailing on the date of transfer. Such transfers shall include:

a) initial capital and additional amounts to maintain or increase an investment;

b) profits, dividends, interest, capital gains, royalty payments, management fees, technical assistance payments and other remuneration, as well as other amounts derived from the investment;

c) proceeds from the total or partial sale of the investment, or from the total or partial liquidation of the investment;

d) payments made under a contract to which an investor or its investment is a party, including payments made under a loan agreement;

e) payments derived from expropriation compensation; and

f) payments arising from the application of dispute resolution provisions.

3. For the purposes of paragraph 1, transfers shall be deemed to have been made without delay when they have been carried out within the time normally required for the completion of the transfer.

4. Notwithstanding paragraphs 1, 2 and 3, a Party may prevent the implementation of a transfer through the equitable, non-discriminatory and good faith application of its legislation in the following cases:

a) bankruptcy, insolvency or protection of creditorsâ rights;

b) issuance, trading or operations of securities;

c) criminal or administrative offenses;

d) reports from transfers from transfer reports u other monetary instruments; or

e) guarantee of compliance with rulings in contentious proceedings.

5. In the event of a fundamental disequilibrium in the balance of payments or a threat thereto, each Party may, on a temporary basis, restrict transfers, provided that such Party implements measures or a program that:

a) is consistent with the Articles of Agreement of the International Monetary Fund;

b) does not exceed what is necessary to meet the circumstances mentioned in paragraph 5;

c) is temporary and is eliminated as soon as conditions permit; d) is promptly notified to the other Party; and

e) is equitable, non-discriminatory and in good faith.

Article 11.14. Special Formalities and Reporting Requirements

1. Nothing in Article 11.3 shall be construed to prevent a Party from adopting or maintaining a measure prescribing special formalities in connection with the establishment of investments by investors of the other Party, such as a requirement that the investors be residents of the Party or that the investments be constituted in accordance with the laws and regulations 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 investments of investors of another Party under this Chapter.

2. Notwithstanding Articles 11.3 and 11.4, a Party may require an investor of the other Party or its investment in its territory to provide routine information concerning that investment solely for informational or statistical purposes. The Party shall protect from disclosure information that is confidential and that could adversely affect the competitive position of the investment or the investor. 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 laws.

Article 11.15. Relationship with other Chapters

1. In case of incompatibility between this Chapter and another Chapter, the latter shall prevail to the extent of the incompatibility.

2. The fact that a Party requires a service supplier of the other Party to post a bond or other form of financial security as a condition for supplying a service in its territory does not, of itself, make this Chapter applicable to the cross-border supply of that service. This Chapter applies to the treatment accorded by that Party to the posted bond or financial security.

Article 11.16. Denial of Benefits

1. A 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 such investor, if such enterprises are owned or controlled by investors of a non-Party, and:

a) the Party denying benefits does not maintain diplomatic relations with the non-Party; or

b) the Party denying the benefits adopts or maintains measures in relation to the non-Party that prohibit transactions with that enterprise or that would be violated or circumvented if the benefits of this Chapter were accorded to that enterprise or its investments.

2. A Party may, upon notification to the other Party, deny the benefits of this Chapter to an investor of the other Party that is an enterprise of that Party and to investments of such investor, if investors o f 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 law it is incorporated or organized.

Article 11.17. Measures Relating to the Environment

1. Nothing in this Chapter shall be construed to prevent a Party from adopting, maintaining or enforcing any measure, otherwise consistent with this Chapter, that it considers appropriate to ensure that investments in its territory are made taking into account environmental concerns.

2. The Parties recognize that it is inappropriate to encourage investment by relaxing domestic health, safety or environmental measures. Accordingly, no Party should waive or otherwise derogate from, or offer to waive or derogate from, such measures as a means of inducing the establishment, acquisition, expansion or retention of an investor's investment in its territory. If a Party considers that the other Party has encouraged an investment in such a manner, it may request consultations with that other Party and both Parties shall consult with a view to avoiding such inducements.

Section C. Dispute Settlement between a Party and an Investor of the other Party

Article 11.18. Objective

This Section establishes a mechanism for the settlement of disputes between a Party and an investor of the other Party arising out of an alleged breach of an obligation set forth in Section B of this Chapter, resulting in damage.

Article 11.19. Notification and Consultation

1. The disputing parties shall first attempt to settle the dispute through consultation or negotiation.

2. In order to resolve the dispute amicably, the disputing investor shall notify the disputing Party in writing of its intention to submit the claim to arbitration at least 6 months before the claim is submitted in accordance with the Annex to the Article 11.19. The notification shall specify:

a) the name and address of the disputing investor and, where the claim is made by an investor on behalf of an enterprise pursuant to Article 11.20, the name and address of the enterprise;

b) the provisions of Section B of this Chapter alleged to have been breached and any other applicable provisions;

c) the matters of fact and law on which the claim is based; and

d) the repair requested and the approximate amount of damages claimed.

Article 11.20. Submission of a Claim to Arbitration

1. An investor of a Party may, at its own expense, submit a claim to arbitration that the other Party has breached an obligation set forth in Section B, and that the investor has suffered loss or damage by reason of or arising out of that

breach.

2. An investor of a Party may, on behalf of an enterprise that is a juridical person organized under the laws of the other Party and owned or controlled by the investor, submit to arbitration a claim that the other Party has breached an obligation set forth in Section B, and that the enterprise has suffered loss or damage by reason of, or arising out of, that breach.

3. An investment may not submit a claim to arbitration under this Section.

4. An investor may not submit a claim to arbitration under this Section unless 6 months have elapsed since the events giving rise to the claim took place.

5. A disputing investor may submit the claim to arbitration pursuant to:

a) the ICSID Convention, provided that both the disputing Party and th e Party of the investor are parties to the ICSID Convention;

b) the ICSID Additional Facility Rules, where either the disputing Party or the Party of the investor, but not both, is a party to the ICSID Convention;

c) the UNCITRAL Arbitration Rules; or

d) if the disputing parties so agree, any other arbitration rules.

6. A disputing investor may submit a claim to arbitration only if:

a) the investor expresses its consent to submit to arbitration in accordance with the procedures set forth in this Chapter; and

b) the investor and, where the claim concerns loss or damage to an interest in an enterprise of the other Party that is a juridical person owned or controlled by the investor, the enterprise, waive their right to initiate or continue any proceedings before an administrative tribunal or court under the Party's law, or other binding dispute settlement procedures, with respect to the measure of the disputing Party alleged to be in breach of Section B, seeking compensation for damages caused by the measure for breach of obligations other than those contained in Section B, except for proceedings seeking injunctive, declaratory or extraordinary relief, not involving the payment of damages, in accordance with the laws of the disputing Party.

7. A disputing investor may, under paragraph 2, submit a claim to arbitration on behalf of an enterprise of the other Party that is a juridical person owned or controlled by the investor only if both the investor and the enterprise:

a) they express their consent to submit to arbitration in accordance with the procedures set forth in this Chapter; and

b) the investor and, where the claim concerns loss or damage to an interest in an enterprise of the other Party that is a juridical person owned or controlled by the investor, the enterprise, waive their right to initiate or continue any proceedings before an administrative tribunal or court under the Party's law, or other binding dispute settlement procedures, with respect to the measure of the disputing Party alleged to be in breach of Section B, seeking compensation for damages caused by the measure for breach of obligations other than those contained in Section B, except for proceedings seeking injunctive, declaratory or extraordinary relief, not involving the payment of damages, in accordance with the laws of the disputing Party.

8. The consent and waiver required by this Article shall be in writing, delivered to the disputing Party and included in the submission of the claim to arbitration.

9. The applicable arbitration rules shall govern the arbitration, except as modified by this Section.

10. A dispute may be submitted to arbitration provided that the investor has delivered to the Party that is a party to the dispute, the notice of intent referred to in Article 11.19, at least 180 days in advance and provided that no more than 3 years have elapsed from the date on which the investor or the enterprise of the other Party that is a legal person owned or controlled by the investor first had, or should have first had, knowledge of the facts giving rise to the dispute.

11. If the investor, or an enterprise owned or controlled by the investor, brings a claim that an obligation under Section B of this Chapter has been breached before a competent administrative or judicial tribunal of the Party, or, as the case may be, before any other binding dispute setilementprocedure, it may not submit to arbitration under Section C of this Chapter a claim with respect to the allegedly breached measure.

12. The liability of the disputing parties for expenses arising from their participation in the arbitration shall be established:

a) by the arbitration institution before which the dispute has been submitted, in accordance with its rules of arbitration procedure; or

b) in accordance with the rules of arbitration procedure agreed upon by the investor and the Party, where applicable.

Article 11.21. Consent of the Party

1. Each Party gives its unconditional consent to submit a dispute to international arbitration in accordance with the procedures set forth in this Section.

2. The consent referred to in paragraph 1 and the submission of a claim to arbitration by a disputing investor shall comply with the requirements set forth in:

a) Chapter II of the ICSID Convention (Jurisdiction of the Centre) and the ICSID Additional Facility Rules, which require the written consent of the parties; and

b) Article II of the New York Convention, which requires a written agreement. Article 11.22: Membership of the arbitral tribunal 1. Unless otherwise agreed by the disputing parties, the arbitral tribunal shall consist of 3 arbitrators. Each disputing party shall appoint one arbitrator. The third arbitrator, who shall be the Chairman of the arbitral tribunal, shall be appointed by agreement of the disputing parties.

2. The arbitrators referred to in paragraph 1 shall have experience in international law and investment matters.

3. If an arbitral tribunal has not been constituted within 90 days from the date on which the claim was submitted to arbitration, either because one of the disputing parties has not appointed a member or because there is no agreement on the appointment of the Chairman of the tribunal, the Secretary-General of ICSID shall, at the request of any of the disputing parties, appoint, at his discretion, the arbitrator or arbitrators not yet appointed. However, in appointing the Chairman of the arbitral tribunal, the Secretary-General of ICSID shall ensure that the Chairman is not a national of any of the Parties.

Article 11.23. Accumulation

1. Pursuant to the provisions of this Article, the Secretary-General of ICSID may establish a consolidation tribunal under the UNCITRAL Arbitration Rules. The consolidation tribunal shall proceed in accordance with such Rules, except as modified by this Section.

2. In the interest of a fair and efficient resolution, and unless it is determined that the interests of either disputing party would be seriously prejudiced, a tribunal established under this Article shall consolidate the proceedings:

a) when 2 or more investors related to the same investment submit a claim to arbitration under this Chapter; or

b) when 2 or more claims arising out of common legal or factual considerations are submitted to arbitration.

3. At the request of a disputing party, a tribunal established under Article 11.22, pending the determination of a consolidation tribunal under paragraph 4, may order that the proceedings that have been initiated be suspended.

4. A tribunal established under this Article, having heard the disputing parties, may determine that:

a) assumes jurisdiction, hears and resolves jointly, all or part of the claims; or

b) assumes jurisdiction, hears and resolves one or more of the claims, on the basis that it would contribute to the resolution of the others.

5. A court established under Article 11.22 shall not have jurisdiction to hear and determine a claim, or part of a claim, over which a consolidation court has assumed jurisdiction.

6. A disputing party seeking a determination of aggregation under this Article may request the Secretary-General of ICSID to establish a tribunal, and shall specify in its request:

a) the name and address of the disputing Party or disputing investors in respect of which the cumulation order is sought;

b) the nature of the requested consolidation order; and

c) the basis on which the request is supported.

7. A disputing party shall deliver a copy of its request to the other disputing party or to any other disputing investor in

respect of which the order of cumulation is sought.

8. Within 60 days from the date of receipt of the request, the Secretary-General of ICSID, having heard the disputing parties in respect of which a consolidation order is sought, shall establish a tribunal composed of three arbitrators. One arbitrator shall be a national of the disputing Party and the other arbitrator shall be a national of the investor Party. A third arbitrator, who shall serve as Chairman of the arbitral tribunal, shall not be a national of either disputing party.

9. Where a disputing investor submitting a claim to arbitration under Article 11.20 has not been named in the request for consolidation, the disputing investor or the disputing Party may request in writing that the tribunal include the disputing investor inthe order made pursuant to paragraph 2:

a) the name and address of the disputing investor;

b) the nature of the requested consolidation order; and

c) the grounds on which the request is based.

10. A disputing investor referred to in paragraph 9 shall provide a copy of its request to the other disputing parties identified in a request made under paragraph 6. Article 11.24: Notification The disputing Party shall deliver to the other Party:

a) written notice of a claim that has been submitted to arbitration no later than 30 days after the date of submission of the claim to arbitration; and

b) copies of all pleadings filed in the arbitration proceedings.

Article 11.25. Participation of a Party

Upon written notice to the disputing parties, a Party may submit submissions to a tribunal on a question of interpretation of this Chapter.

Article 11.26. Documentation

1. a Party shall be entitled to receive from the disputing Party, a copy of:

a) the evidence offered to the tribunal; and

b) the written arguments presented by the disputing parties.

2. A Party receiving information pursuant to paragraph 1 shall treat the information as if it were a disputing Party.

Article 11.27. Place of Arbitral Proceedings

Any arbitration under this Section shall, at the request of either disputing party, be conducted in a State that is a party to the New York Convention. For the purposes of Article 1 of the New York Convention only, claims submitted to arbitration under this Section shall be deemed to arise out of a commercial relationship or transaction.

Article 11.28. Indemnification

In an arbitration under this Section, a disputing Party shall not assert as a defense, counterclaim, right of set-off or for any other reason, that indemnification or other compensation, in respect of all or part of the alleged loss or damage, has been or is to be received by the investor pursuant to an indemnity, guarantee or insurance contract.

Article 11.29. Applicable Law

1. An arbitral tribunal established under this Section shall decide disputes submitted to it in accordance with this Agreement and the applicable rules of international law.

2. An interpretation by the Commission of a provision of this Agreement shall be binding on any tribunal established pursuant to this Section.

Article 11.30. Interpretation of Annexes

1. Where a Party asserts as a defense that an allegedly violative measure falls within the scope of a reservation or exception set out in Annex I (Nonconforming Measures), Annex II (Future Measures), Annex IV (Exceptions to Most-Favored- Nation Treatment) or Annex V (Activities Reserved to the State), the tribunal shall, at the request of the disputing Party, request the Commission for an interpretation of that matter. The Commission shall, within 60 days of delivery of the request, submit its interpretation in writing to the tribunal.

2. Pursuant to Article 11.29(2), the Commission's interpretation submitted under paragraph 1 shall be binding on the tribunal. If the Commission fails to submit an interpretation within 60 days, the tribunal shall decide the matter.

Article 11.31. Awards and Enforcement

1. Unless the disputing parties agree otherwise, an arbitral award finding that a Party has failed to comply with its obligations under this chapter may only be made separately or in combination:

a) monetary damages and any applicable interest; or

b) restitution of the property, in which case the award shall provide that the disputing party may pay monetary damages, plus interest as appropriate, in lieu of restitution.

A tribunal may also award costs and attorneysâ fees in accordance with the applicable arbitration rules.

2. Pursuant to paragraph 1, when the claim has been filed on behalf of an enterprise:

a) an award granting restitution of property shall provide that restitution shall be granted to the enterprise in the territory of the disputing Party;

b) an award of monetary damages and any applicable interest, shall provide for the sum to be paid to the enterprise in the territory of the disputing Party; and

c) an award shall provide that the award shall be made without prejudice to any right that any person may have to relief under applicable domestic law.

3. Arbitral awards shall be final and binding only between the disputing parties and only with respect to the particular case.

4. The arbitral award shall be public, unless the disputing parties agree otherwise.

5. An arbitral tribunal may not order the payment of punitive damages.

6. Each Party shall adopt in its territory such measures as may be necessary for the effective enforcement of awards in accordance with the provisions of this Article, and shall facilitate the enforcement of any award rendered in a proceeding to which it is a party.

7. A disputing investor may seek enforcement of an arbitral award under the ICSID Convention or the New York Convention, if both Parties are parties to those instruments.

8. A disputing party may not enforce a final award until: a) in the case of a final award rendered under the ICSID Convention:

i) 120 days have elapsed since the date on which the award was rendered, and neither of the disputing parties has requested the revision or annulment of the award; or

ii) the review or annulment proceedings have been concluded; and

b) in the case of a final award rendered under the ICSID Additional Facility, the UNCITRAL Arbitration Rules or any other arbitration rules previously agreed upon by the disputing parties:

i) 3 months have elapsed since the date on which the award was rendered, and neither of the disputing parties has commenced proceedings for the revision, setting aside or annulment of the award; or

ii) a court has granted or dismissed an application to revise, set aside or annul the award and there is no further appeal.

9. A Party may not institute proceedings under Chapter XV (Dispute Settlement) for a dispute concerning the violation of the rights of an investor, unless the other Party fails to comply with or abide by an award rendered in a dispute that such investor has submitted under this Section. In such a case, the arbitral tribunal established under Chapter XV (Dispute Settlement) may, at the request of th e Party whose investor was a party to the dispute, issue:

a) a determination that noncompliance or contempt of the final award is inconsistent with the obligations of this Chapter;

and

b) a recommendation that the other Party comply with or abide by the final award.

Article 11.32. Expert Opinions

Without prejudice to the appointment of other types of experts where authorized by the applicable arbitration rules, the tribunal, at the request of a disputing party, or on its own initiative unless the disputing parties do not agree, may appoint one or more experts to render written opinions on any factual issue concerning environmental, health, safety or other scientific matters raised by a disputing party in a proceeding, in accordance with such terms and conditions as the disputing parties may agree.

Article 11.33. Interim Measures of Protection

An arbitral tribunal may order an interim measure of protection to preserve the rights of a disputing party or to ensure that the arbitral tribunal's jurisdiction is given full effect, including an order to preserve evidence in the possession or control of a disputing party, or to protect the arbitral tribunal's jurisdiction. An arbitral tribunal may not order either attachment or a stay of enforcement of the allegedly violative measure referred to in Article 11.20. For purposes of this paragraph, an order includes a recommendation.

Article 11.34. Transparency of Arbitral Proceedings

1. Any disputing party may make public any documentation submitted to, or issued by, a tribunal established pursuant to this Section, including an award, provided that it is protected:

a) confidential company information;

b) information that is privileged or otherwise protected from disclosure under the terms of the applicable laws of either Party; and

c) as appropriate, information that the disputing party is required to protect in accordance with the relevant arbitration rules.

2. Each Party may share with government officials at the federal or national, state or regional, or municipal or local level, all relevant documentation generated in the course of a dispute established pursuant to this Section, including information deemed confidential.

In addition, the disputing parties may disclose to other persons involved in the arbitral proceedings such documents submitted to or issued by a tribunal established under this Section as they deem necessary for the preparation of their cases, provided that they ensure that such persons will protect the confidential information contained in such documents.

Article 11.35. Exceptions

1. Without prejudice to the application or non-application of the dispute settlement provisions of this Section or Chapter XV (Dispute Settlement) to other actions taken by a Party pursuant to Article 18.2 (National Security), a ruling by a Party prohibiting or restricting the acquisition of an investment in its territory by an investor of the other Party or its investment pursuant to that Article shall not be subject to such provisions.

2. In the case of Mexico, the dispute settlement provisions of this Section and Chapter XV (Dispute Settlement) shall not apply to a decision of the National Foreign Investment Commission resulting from the assessment under the provisions of Annex I (Nonconforming Measures), reservation I-M-F-4, set forth in Mexico's Schedule, as to whether or not an acquisition that is subject to such assessment should be permitted.

Annex to Article 11.19 . Notification

1. The notice of intent referred to in paragraph 2 of Article 11.19 of this Chapter shall be delivered:

a) in the case of Mexico, at the Dirección General de Consultoria Juridica de Negociaciones of the Secretaría de Economia or its successor; and

b) in the case of Peru, in the General Directorate of International Economic Affairs, Competition and Private Investment of

the Ministry of Economy and Finance or its successor.

Any change in relation to the above mentioned entities shall be published, in the case of Mexico, in the Diario Oficial de la Federación, and in the case of Peru, in the Diario Oficial El Peruano; and shall be communicated by the corresponding Party to the other Party through a diplomatic note.

2. The disputing investor shall submit the notice of intent referred to in paragraph 2 of Article 11.19 of this Chapter, in Spanish.

3. In order to facilitate the consultation process, the investor shall submit, together with the notification referred to in the preceding paragraphs, copies of the following documents:

a) where the investor is a national, passport or other official evidence of nationality thereof, or where the claim is made by an investor that is an enterprise of such Party, articles of incorporation or other evidence of incorporation or organization under the law of the non-disputing Party;

b) where an investor of a Party intends to submit a claim to arbitration on behalf of an enterprise of the other Party that is a juridical person owned or controlled by the investor:

i) articles of incorporation or other evidence of incorporation or organization under the laws of the disputing Party; and

ii) document proving that the disputing investor has ownership or control over the enterprise; and

c) if applicable, power of attorney of the legal representative or the document containing the power of attorney sufficient to act on behalf of the disputing investor.

Chapter XII. FINANCIAL SERVICES

Article 12.1. Definitions

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

competent authority: the authority of each Party listed in the Annex to Article 12.1;

business: any entity organized or incorporated under applicable law, whether or not for profit and whether privately or governmentally owned, including partnerships, joint ventures, sole proprietorships, joint ventures or other associations;

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

State enterprise: an enterprise owned or controlled by the State of a Party through ownership rights;

public entity: a central bank or monetary authority of a Party, or an entity owned or controlled by a Party, that is principally engaged in performing governmental, regulatory or supervisory functions or activities for governmental purposes, excluding entities principally engaged in the supply of financial services on a commercial basis;

financial institution: any financial intermediary or an enterprise that is authorized to do business and is regulated or supervised as a financial institution under the laws of the Party in whose territory it is incorporated;

financial institution of the other Party: a financial institution incorporated in the territory of a Party that is owned or controlled by persons of the other Party;

investment:

a) shares and quotas and any other form of participation, in any proportion, in a financial institution, including the investment made by the latter in a company that provides complementary or auxiliary services for the fulfillment of its corporate purpose, which entitles the owner to participate in the income or profits of the same; and

b) an interest in a financial institution, including the investment made by it in a company that provides complementary or auxiliary services for the fulfillment of its corporate purpose, which entitles the owner to participate in the equity of that financial institution in a liquidation;

However, it shall not be understood as an investment:

c) pecuniary claims arising exclusively from:

i) commercial contracts for the sale of goods or services by a person in the territory of a Party to an enterprise in the

territory of the other Party; or

ii) the granting of credit in connection with a commercial transaction, such as trade financing;

d) any other pecuniary claim that does not involve the types of fees set forth in subsections (a) and (b); or

e) a loan granted by a financial institution or a debt security owned by a financial institution, other than a loan granted to a financial institution or a debt security issued by a financial institution that is treated as equity for regulatory purposes by the Party in whose territory the financial institution is incorporated;

investment of an investor of a Party: an investment owned or controlled directly or indirectly by an investor of a Party in the territory of the other Party;

investment of a non-Party: the investment of an investor that is not an investor of a Party;

investor of a Party: a Party, an enterprise of the State of that Party or a person of that Party that intends to make, is making or has made an investment in the territory of the other Party;

disputing investor: a person bringing a claim under Section C of Chapter 11 (Investment);

new financial service: a financial service not supplied in the territory of a Party that is supplied in the territory of the other Party, including any new form of distribution of a financial service or sale of a financial product that is not sold in the territory of a Party;

self-regulatory bodies: any non-governmental entity, including any securities or financial derivatives exchange, clearing house or any other association or organization that exercises proprietary or delegated regulatory or supervisory authority over financial institutions or cross-border financial service providers;

person: a national or an enterprise of a Party, not including branches;

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

a) from the territory of one 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 aperson 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 for an investment in that territory;

financial service supplier of a Party: a person of a Party engaged in the business of supplying any financial service in the territory of that Party;

cross-border financial service supplier of a Party means a person of a Party that is engaged in the business of supplying financial services in the territory of the Party and that has the purpose of supplying or provides financial services through the cross-border supply of such services; and

financial service: any service of a financial nature offered by a financial service supplier of a Party. Financial services include the following activities:

A. Insurance and insurance-related services:

1. direct insurance, including coinsurance;

a) life insurance;

b) non-life insurance;

2. reinsurance and retrocession;

3. insurance intermediation activities, e.g., insurance brokers and agents; and

4. auxiliary insurance services, e.g. consultants, actuaries, risk assessment and loss adjusting.

B. Banking and other financial services, excluding insurance:

1. acceptance of deposits and other repayable funds from the public;

2. loans of all types, including personal loans, mortgage loans, factoring and financing of commercial transactions;

3. leasing services;

4. all payment and money transfer services, including credit, debit and similar cards, traveler's checks and bank drafts;

5. guarantees and commitments;

6. 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:

a) money market instruments, including checks, bills of exchange and certificates of deposit;

b) currencies;

c) products financial products derivatives, including, including, but not limited to including, but not limited to, futures and options;

d) exchange and money market instruments, such as swaps and forward rate agreements;

e) transferable securities; and

f) other negotiable instruments and financial assets, including coinage metal;

7. 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;

8. foreign exchange brokerage;

9. asset management, e.g., cash or portfolio management, collective investment management in all its forms, pension fund management, depository and custodial services, and trust services;

10. payment and clearing services in respect of financial assets, including securities, derivatives and other negotiable instruments;

11. provision and transfer of financial information, and processing of financial data and related software, by providers of other financial services; and

12. advisory, intermediation and other auxiliary services in respect of any of the activities listed in paragraphs 1 to 11, including credit analysis and reports, investment and portfolio research and advice; and advice on acquisitions and on restructuring and corporate strategy.

Article 12.2. Scope of Application and Extent of Obligations

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

a) financial institutions of the other Party; b) cross-border trade in financial services; and

c) investors of the other Party and investments of such investors in financial institutions in the territory of the Party, as well as investments of the latter in companies that provide them with complementary or auxiliary services for the fulfillment of their corporate purpose.

2. This Chapter does not apply to:

a) activities or services that are part of public retirement or pension plans or public social security systems;

b) the use of financial resources owned by the other Party; or

c) other financial activities or services on behalf of, or with the guarantee of, the Party or its public entities.

3. 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 ofthe inconsistency.

Article 12.3. Self-regulatory Bodies

Where a Party requires a financial institution or cross-border financial service provider of the other Party to be a member of,

participate in, or have access to a self-regulatory body in order to offer a financial service in or into its territory, the Party shall ensure that such body complies with the obligations of this Chapter.

Article 12.4. Right of Establishment

1. The Parties recognize the principle that investors of one Party should be permitted to establish a financial institution in the territory of the other Party, through any of the modes of establishment and operation permitted by the laws of the other Party.

2. Each Party may impose, at the time of establishment of a financial institution, terms and conditions that are consistent with Article 12.6.

Article 12.5. Cross-border Trade (1)

1. Each Party shall permit persons 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 that other Party. This does not oblige a Party to allow such cross-border financial service suppliers to advertise or conduct business by any means in its territory. Parties may define what is "advertising" and "doing business" for purposes of this obligation.

2. Where a Party permits the cross-border supply of financial services and without prejudice to other means of prudential regulation of cross-border trade in financial services, it may require the registration of cross-border financial service suppliers of the other Party and of financial instruments.

(1) This Article does not impose any obligation on the Parties to allow the cross-border supply of financial services, as defined in subparagraphs (a) and (c) of the definition of "cross-border supply of financial services or cross-border trade in financial servicesâ in Article 12.1.

Article 12.6. National Treatment

1. Each Party shall accord to investors of the other Party treatment no less favorable than that it accords to its own investors, in like circumstances, with respect to the establishment, acquisition, expansion, management, conduct, operation, sale or other disposition of similar financial institutions and investments in similar 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, treatment no less favorable than that it accords, in like circumstances, to its own financial institutions and to investments of its own investors in similar financial institutions with respect to the establishment, acquisition, expansion, management, conduct, operation, sale or other disposition of financial institutions and investments.

3. Where a Party permits the cross-border supply of a financial service under Article 12.5, it shall accord to cross-border financial service suppliers of the other Party treatment no less favorable than that it accords to its own financial service suppliers in like circumstances with respect to the supply of such service.

4. Treatment accorded by a Party, in like circumstances, to financial institutions and cross-border financial service suppliers of the other Party, whether identical to or different from that accorded to its own institutions or service suppliers, is consistent with paragraphs 1 through 3, if it provides equal opportunity to compete.

5. The treatment of a Party, in like circumstances, does not afford equal opportunity to compete if it places the financial institutions and cross-border financial service suppliers of the other Party at a disadvantage in their ability to supply financial services compared to the ability of the Party's own financial institutions and financial service suppliers to supply such services.

Article 12.7. Most-favored-nation Treatment

Each Party shall accord to financial institutions of the other Party, cross-border financial service suppliers of the other Party, investors of the other Party, and investments of such investors in financial institutions, treatment no less favorable than that accorded, in like circumstances, to financial institutions, cross-border financial service suppliers, investors and investments of such investors in like financial institutions of a non-Party.

Article 12.8. Recognition and Harmonization

1. In applying the measures covered by this Chapter, a Party may recognize the prudential measures of the other Party or of a non-Party. Such recognition may be:

a) unilaterally granted;

b) achieved through harmonization or other means; or

c) granted on the basis of an agreement or arrangement with the other Party or with a non-Party.

2. The Party granting recognition of prudential measures pursuant to paragraph 1 shall provide appropriate opportunities for the other Party to demonstrate that there are circumstances under which equivalent regulations exist or will exist, supervision and enforcement of the regulation and, if appropriate, procedures for sharing information between the Parties.

3. Where a Party grants recognition of prudential measures in accordance with paragraph 1 and the circumstances provided for in paragraph 2 exist, that Party shall provide adequate opportunity for the other Party to negotiate accession to the agreement or arrangement, or to negotiate a similar agreement or arrangement.

Article 12.9. Exceptions

1. The provisions of this Chapter or Chapters X (Cross-Border Trade in Services), Xl (Investment) and XIll (Entry and Temporary Stay of Business Persons) shall not be construed to prevent a Party from adopting or maintaining reasonable prudential measures of a financial nature for reasons such as:

a) protect investors, depositors or other creditors, policyholders or beneficiaries or persons who are creditors of fiduciary obligations owed by a financial institution or a cross-border financial services provider;

b) maintaining the safety, soundness, integrity or financial responsibility of financial institutions or cross-border financial service providers; and

c) ensure the integrity and stability of that Party's financial system.

2. The provisions of this Chapter or Chapters X (Cross-Border Trade in Services), Xl (Investment), and XIll (Entry and Temporary Stay of Business Persons) do not apply to nondiscriminatory measures of general application adopted by a public entity in the conduct of monetary policy or credit policy, or exchange rate policy. This paragraph shall not affect the obligations of any Party under Articles 12.17 or 11.13 (Performance Requirements).

3. Notwithstanding Article 12.17, a Party may prevent or limit transfers from a financial institution or cross-border financial service provider to or for the benefit of an affiliate or a person related to that institution or service provider through the fair and non-discriminatory application of measures relating to the maintenance of the safety, soundness, integrity, or financial responsibility of financial institutions or cross-border financial service providers. The provisions of this paragraph shall be without prejudice to any other provision of this Agreement that permits a Party to restrict transfers.

4. Article 12.6 shall not apply to the grant by a Party of exclusive rights toa financial institution to supply a financial service referred to in paragraph 2(a) of Article 12.2.

Article 12.10. Transparency

1. In addition to the provisions of Article 16.3 (Publication), each Party shall ensure that any measure it adopts on matters related to this Chapter is officially published or otherwise made known in writing in a timely manner to those to whom itis addressed.

2. The competent authorities of each Party shall make available to interested parties any information regarding the requirements for completing and submitting an application for the supply of financial services.

3. At the request of the applicant, the competent authority shall inform him/her of the status of his/her application. Where that authority requires additional information from the applicant, it shall inform him/her without undue delay.

4. Each competent authority shall, within 180 days, issue an administrative ruling on a complete application related to the supply of a financial service, submitted by an investor in a financial institution, by a financial institution or by a cross-border financial service supplier of the other Party. The authority shall communicate the determination to the interested party without delay. The 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 issue a determination within 180 days, the competent authority shall inform the person concerned without undue delay and thereafter endeavor to issue the determination within

a reasonable period of time.

5. Nothing in this Chapter obligates a Party to disclose or allow access to:

a) information relating to the financial affairs and accounts of individual customers of financial institutions or cross-border financial service providers; or

b) any confidential information the disclosure of which could hinder the application of the regulations in force, be contrary to the public interest or harm the legitimate commercial interests of a specific person.

6. Each competent authority shall maintain or establish one or more consultation centers to respond in writing as soon as possible to all reasonable written questions submitted by interested persons regarding the measures of general application to be adopted by each Partyin relation to this Chapter.

Article 12.11. Financial Services Committee

1. The Parties establish the Financial Services Committee, composed of the competent authorities of each Party. Representatives of other institutions may also participate when deemed appropriate by the competent authorities.

2. The Committee:

a) supervise the application of this Chapter and its subsequent development;

b) shall consider the financial services aspects submitted to it by any Party;

c) participate in dispute settlement procedures in accordance with Articles 12.19 and 12.20; and

d) facilitate the exchange of information between national supervisory authorities and cooperate in the area of prudential regulatory advice, seeking the harmonization of regulatory frameworks and other policies when deemed appropriate.

3. The Committee shall meet at least once a year to evaluate the operation of this Chapter.

Article 12.12. Consultations

1. Either Party may request consultations with the other Party with respect to any matter related to this Agreement affecting financial services and the other Party shall consider such request. The consulting Parties shall make the results of their consultations known to the Committee at its meetings.

2. Officials of the competent authorities of the Parties shall participate in the consultations provided for in this Article.

3. Each Party may request that the competent authorities of the other Party participate in consultations under this Article to discuss 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.

4. The provisions of this Article shall not be construed to require the competent authorities involved in consultations pursuant to paragraph 3 to disclose information or to act in a manner that would interfere with particular regulatory, supervisory, administrative or enforcement matters.

5. In cases where, for supervisory purposes, a Party needs information on a financial institution in the territory of the other Party or on cross-border financial service providers in the territory of the other Party, the Party may approach the responsible competent authority in the territory of that other Party to request the information.

Article 12.13. New Financial Services

Each Party shall permit a financial institution of the other Party to lend to any new financial service of a type similar to those which that other Party permits its financial institutions to provide, in accordance with its legislation. The Party may decide the institutional and legal modality through which such service is offered and may require authorization for the provision of such service. When such authorization is required, the respective resolution shall be issued within a reasonable period of time and authorization may only be denied for prudential reasons.

Article 12.14. Data Processing

Subject to prior authorization by the relevant regulator, where required, each Party shall permit financial institutions of the

other Party to transfer information into or out of the Party's territory, using any means authorized therein, for processing, when necessary to carry out the ordinary business activities of those institutions.

Article 12.15. Senior Management and Boards of Directors

1. Neither Party may require financial institutions of the other Party to hire personnel of any particular nationality for senior corporate management or other key positions.

2. No Party may require that the board of directors or the board of trustees of a financial institution of the other Party be composed of more than a simple majority of nationals of that Party, residents of its territory, or a combination of both.

Article 12.16. Denial of Benefits

A Party may deny, in whole or in part, benefits under this Chapter to a financial institution of the other Party or a cross-border financial service supplier of the other Party, after notice and consultations in accordance with Articles 12.10 and 12.12, where the Party determines that the service is being supplied by an enterprise that does not conduct substantial business activities or substantive business operations in the territory of the other Party or that, in accordance with each Party's applicable law, is owned or controlled by persons of a non-Party.

Article 12.17. Transfers

1. Each Party shall permit all transfers relating to an investment of an investor of the other Party to be made freely and without delay to and from its territory.

2. Each Party shall allow transfers to be made in a freely convertible currency at the market rate of exchange prevailing on the date of transfer. Such transfers shall include:

a) initial capital and additional amounts to maintain or increase an investment;

b) profits, dividends, interest, capital gains, royalty payments, management fees, technical assistance payments and other remuneration, as well as other amounts derived from the investment;

c) proceeds from the total or partial sale of the investment, or from the total or partial liquidation of the investment;

d) payments made under a contract to which an investor or its investment is a party, including payments made under a loan agreement;

e) payments derived from expropriation compensation; and

f) payments arising from the application of dispute resolution provisions.

3. For the purposes of paragraph 1, transfers shall be deemed to have been made without delay when they have been carried out within the period normally necessary for the completion of the transfer.

4. Notwithstanding paragraphs 1, 2 and 3, a Party may prevent the implementation of a transfer through the equitable, non-discriminatory and good faith application of its legislation in the following cases:

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

b) issuance, trading or operations of securities;

c) criminal or administrative offenses;

d) reports of currency transfers or other monetary instruments; or

e) guarantee of compliance with rulings in contentious proceedings.

5. In the event of a fundamental disequilibrium in the balance of payments or a threat thereto, each Party may, on a temporary basis, restrict transfers, provided that such Party implements measures or a program that:

a) is consistent with the Articles of Agreement of the International Monetary Fund;

b) does not exceed what is necessary to meet the circumstances mentioned in the preceding paragraph;

c) is temporary and is eliminated as soon as conditions permit;

d) is promptly notified to the other Party; and

e) is equitable, non-discriminatory and in good faith.

Article 12.18. Expropriation and Compensation

1. No Party shall expropriate or nationalize an investment, directly or indirectly, through measures tantamount to expropriation or nationalization (hereinafter referred to as "expropriation"), unless it is:

a) for a public purpose (2) ;

b) on a non-discriminatory basis;

c) in compliance with the principle of legality and in accordance with the minimum standard of treatment; and

d) by payment of compensation in accordance with paragraph 2.

2. Compensation:

a) shall be equivalent to the fair market value of the expropriated investment immediately before the expropriation took place. The fair market value will not reflect any change in value due to the fact that the expropriation had been publicly known in advance;

b) Valuation criteria shall include current value, asset value, including the reported tax value of tangible property, as well as other criteria that are appropriate to determine fair market value;

c) will be paid without delay;

d) shall include interest at a reasonable commercial rate for the currency in which such payment is made, from the date of expropriation until the date of payment; and

e) shall be fully liquidable and freely transferable.

3. An investor whose investment is expropriated shall have the right, under the law of the Party that carried out the expropriation, to a prompt review of its case by a judicial or other competent authority and to an evaluation of its investment in accordance with the provisions set forth in this Article.

(2) "Public purpose" means, in the case of Mexico, public utility, and in the case of Peru, public necessity or national security.

Article 12.19. Settlement of Disputes between the Parties

1. As amended by this Article, Chapter XV (Dispute Settlement) applies to the settlement of disputes arising between the Parties with respect to this Chapter.

2. The Committee shall develop by consensus a list of up to 10 individuals, including up to 5 individuals from each Party, who have the skills and qualifications necessary to serve as panelists in disputes under this Chapter. The members of this roster shall, in addition to satisfying the requirements set out in Chapter XV (Dispute Settlement), have expertise in financial matters or extensive experience derived from the exercise of responsibilities in the financial sector or its regulation.

3. For the purposes of the constitution of the Panel, the list referred to in paragraph 2 shall be used, except that the disputing Parties may agree that individuals not included in that list may serve on the Panel, provided that they meet the requirements set forth in paragraph 2.

4. In any dispute in which the Panel has found a measure to be inconsistent with the obligations of this Agreement, where the suspension of benefits referred to in Chapter XV (Dispute Settlement) is appropriate and the measure affects:

a) only to the financial services sector, the complaining Party may suspend benefits only in that sector;

b) to 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 that measure on the financial services sector; or

c) In the case of any sector other than the financial services sector, the complaining Party may not suspend benefits in the financial services sector.

Article 12.20. Solution of Disputes between a Party and an Investor of the other Party

1. Except as provided in this Article, claims brought by a disputing investor against a Party in connection with obligations under this Chapter shall be resolved in accordance with the provisions of Section C of Chapter 11 (Investment).

2. When the Party against which the complaint is made invokes any of the exceptions referred to in Article 12.9 , the following procedure shall be observed:

a) the arbitral tribunal shall refer the matter to the Committee for decision. The tribunal may not proceed until it has received a decision of the Committee under the terms of this Article or 60 days have elapsed from the date of receipt by the Committee; and

b) upon receipt of the matter, the Committee shall decide whether and to what extent the Article 12.9 exception invoked is a valid defense to the investor's â claim and shall transmit a copy of its decision to the arbitral tribunal and to the Commission. That decision shall be binding on the tribunal.

3. Each disputing Party shall take the necessary steps to ensure that the members of the arbitral tribunal have the expertise or experience described in paragraph 2 of Article 12.19. 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.

Article 12.21. Nonconforming Measures

1. Articles 12.4, 12.5, 12.6, 12.7 and 12.15 do not apply to:

a) any existing non-conforming measure that is maintained by a Party, as set out by that Party in the non-conforming measures contained in Section A of its Schedule to Annex VI;

b) the continuation or prompt renewal of any nonconforming measure referred to in subsection (a); or

c) a modification of any non-conforming measure referred to in subparagraph (a), provided that such modification does not diminish the conformity of the measure as in effect immediately prior to the modification. Nonconforming measures shall include measures with respect to which no Party shall increase the degree of nonconformity with those Articles as of the date of entry into force of this Agreement.

2. The Parties shall gradually liberalize, through future negotiations between themselves, any non-conforming measures referred to in paragraph 1.

3. In the interpretation of a non-conforming measure, all elements of the non- conforming measure shall be considered.

4. Articles 12.4, 12.5, 12.6, 12.7 and 12.15 do not apply to any measures that a Party adopts or maintains in relation to sectors, subsectors or activities, as indicated in Section B of its Schedule to Annex VI.

5. Where a Party has established, in Chapters X (Cross-Border Trade in Services) and XI (Investment) of this Agreement, a reservation to Articles 10.4 (National Treatment), 11.3 (National Treatment), 10.5 (Most-Favored-Nation Treatment), or 11.4 (Most-Favored-Nation Treatment), the reservation shall be deemed to be made to Articles 12.6 and 12.7, as the case may be, to the extent that the measure, sector, subsector, or activity specified in the non-conforming measure is covered by this Chapter.

Article 12.22. Future Work

The Commission shall determine the procedures for establishing market access obligations or quantitative restrictions.

Annex to Article 12.1 . Competent Authority

For the purposes of this Chapter, the competent authority of each Party shall be:

a) in the case of Mexico, the Ministry of Finance and Public Credit or its successor; and

b) in the case of Peru, the Ministry of Economy and Finance or its successor.

Chapter XIII. TEMPORARY ENTRY AND STAY OF BUSINESS PEOPLE

Article 13.1. Definitions

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

temporary entry: the entry of a business person of one Party into the territory of the other Party, without the intention of establishing permanent residence;

immigration measure: any law, regulation, procedure, provision, requirement or practice affecting the entry and stay of foreigners;

business person: a national of a Party who engages in trade in goods or supply of services, or in investment activities in the other Party;

professional: the business person of a Party who carries out a specialized occupation that requires:

a) post-secondary education (1), requiring 4 years or more of study (or the equivalent of such degree), related to a specific area of knowledge; and

b) the theoretical and practical application of this area;

technical professional: the business person of a Party who carries out a specialized occupation that requires:

a) post-secondary education (1) or technical education requiring between 1 and 4 years of study (or the equivalent of such degree), related to a specific area of knowledge; and

b) the theoretical and practical application of this area.

(1) In the case of Mexico, "post-secondary education" is equivalent to education beyond the baccalaureate level.

Article 13.2. General Principles

1. This Chapter reflects the preferential trade relationship between the Parties, the desirability of facilitating entry and temporary stay in accordance with the provisions of the Annex to Article 13.4, according to the principle of reciprocity and the need to establish transparent criteria and procedures for entry and temporary stay, as well as to ensure border security and to protect the national labor force and permanent employment in either Party.

2. Each Party shall apply expeditiously its measures relating to the provisions of this Chapter in accordance with paragraph 1 to avoid undue delay or impairment in trade in goods and services or in the conduct of investment activities covered by this Agreement.

Article 13.3. Scope of Application

1. This Chapter shall apply to measures affecting the entry and temporary stay of nationals of a Party who enter the other Party for business purposes.

2. This Chapter shall not apply to measures relating to nationality or citizenship, or permanent residence or employment.

3. This Chapter shall not prevent a Party from applying measures to regulate the entry of nationals of the other Party into, or their temporary stay in, that Party, including those measures necessary to protect the integrity and ensure the orderly movement of natural persons across its borders, provided that such measures are not applied in such a manner as to nullify or impair the benefits accorded to the other Party under the terms of the categories set out in the Annex to Article 13.4.

4. The fact of requiring a visa for nationals shall not be construed to nullify or impair the benefits granted to any specific category.

Article 13.4. Authorization for Entry and Temporary Stay

1. Each Party shall authorize the entry and temporary stay of business persons of the other Party in accordance with this Chapter, including under the terms of the categories set forth in the Annex to Article 13.4.

2. 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 13.5. Provision of Information

1. In addition to the provisions of Article 16.3 (Publication), each Party:

a) provide the other Party with such information as will enable it to become acquainted with the measures relating to this Chapter; and

b) no later than 1 year after the date of entry into force of this Agreement, prepare, publish and make public, explanatory material in a consolidated document relating to the requirements for entry and temporary stay under this Chapter.

2. Upon eniry into force of this Agreement, each Party shall, to the extent practicable, collect, maintain and make known to the other Party, information regarding the authorization of entry and temporary stay of business persons of the other Party under this Chapter.

Article 13.6. Entry and Temporary Stay Committee

1. For purposes of the implementation and operation of this Chapter, in accordance with Article 17.1 (Administrative Commission), the committee on entry and temporary stay is established, which shall meet at least once a year.

2. The functions of the committee shall be:

a) review the implementation and operation of this Chapter;

b) consider the development of additional measures to facilitate the entry and temporary stay of business personsinaccordance with the provisions of the Annex to Article 13.4-A;

c) improve mutual understanding between the parties on credentials and other qualifications relevant to the entry and temporary stay of business persons under this Chapter;

d) present its findings and make recommendations to the Commission, including possible modifications or additions to this Chapter; and

e) to carry out other functions delegated by the Commission, in accordance with Article 17.2 (Functions of the Administrative Commission).

Article 13.7. Settlement of Disputes

1. Notwithstanding Article 15.4 (Consultations), a Party may not request consultations with the other Party with respect to a denial of authorization for entry and temporary stay of business persons under this Chapter, unless:

a) the matter concerns a recurring practice; and

b) the affected business persons have exhausted the available administrative remedies applicable to this particular matter.

2. The remedies referred to in paragraph 1(b) shall be deemed exhausted when the competent authority of a Party has not issued a final determination within 1 year from the date of initiation of an administrative proceeding, and the determination has not been delayed for reasons attributable to the business persons concerned.

Article 13.8. Relationship with other Chapters

1. Except as provided in this Chapter and in Chapters | (Initial Provisions), II (General Definitions), XV (Dispute Settlement), XVII (Administration of the Agreement), XIX (Final Provisions), and Articles 16.2 (Points of Contact), 16.3 (Publication), 16.4 (Notification and Provision of Information), and 16.5 (Administrative Procedures), nothing in this Agreement shall impose any obligation on the Parties with respect to their migration measures.

2. Nothing in this Chapter shall be construed to impose any obligations or commitments with respect to other Chapters of this Agreement.

Article 13.9. Transparency In the Application of Regulations

1. In addition to Chapter XVI (Transparency), each Party shall maintain or establish appropriate mechanisms to respond to

inquiries from interested persons regarding regulations relating to the temporary entry of business persons, in accordance with its laws and regulations on transparency.

2. Each Party shall, within 30 working days after considering that the application for temporary entry is complete under its laws and regulations, inform the applicant of the decision taken on the application. Upon request of the applicant, the Party shall provide, without undue delay, information concerning the status of the application.

Annex to Article 13.4 . Temporary entry and stay of business people (2)

(2) The time limits for the entry and temporary stay of business persons are set forth in Part II of this Annex.

Part I. Categories of Entry and Temporary Stay of Business Persons

Section A. Business Visitors

1. Each Party shall authorize temporary entry to a business person who intends to carry out a business activity referred to in Appendix 13.4-A, without requiring employment authorization, provided that, in addition to complying with existing immigration measures applicable to temporary entry, he or she exhibits:

a) proof of nationality of a Party;

b) documentation evidencing that it will undertake such activities and stating the purpose of its 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 provide that a business person meets the requirements set forth in paragraph 1(c) when it demonstrates that:

a) the principal source of remuneration for that activity is outside the territory of the Party authorizing temporary entry; and

b) the principal place of business and where most of the profits are earned are outside the territory of the Party authorizing temporary entry.

The Party will normally accept an oral statement as to the principal place of business and place of profit. Where the Party requires additional verification, it will normally consider a letter from the employer stating such circumstances as sufficient evidence.

3. Each Party shall authorize the temporary entry of a business person who intends to engage in any activity other than those listed in Appendix 13.4-A, without requiring employment authorization, on terms no less favorable than those provided for in the existing provisions listed in Part II of this Annex, provided that such business person also complies with the existing immigration measures applicable to temporary entry.

4. No Party may:

a) require, as a condition for authorizing temporary entry under paragraph 1 or 3, prior approval procedures, petitions, proof of labor certification or other procedures of similar effect; or

b) impose or maintain numerical restrictions in connection with temporary entry pursuant to paragraph 1 or 3.

5. Notwithstanding paragraph 4, a Party may require a business person requesting temporary entry under this Section to obtain a visa or equivalent document prior to entry. B e fo re imposing the visa requirement the Party shall consult with the other Party whose business persons would be affected in order to avoid the application of the requirement. Where a visa requirement exists in a Party, at the request of the other Party, consultations shall be held with a view to eliminating it.

Section B. Traders and Investors

1. Each Party shall authorize the temporary entry and grant the corresponding documentation to the intended business person:

a) to engage in substantial trade in goods or services between the territory of the Party of which he is a national and the territory of the Party from which he seeks entry; or

b) establish, develop, or manage an investment in which the person or his or her enterprise has committed, or is in the process of committing, a substantial amount of capital and which involves supervisory, executive, or critical skill functions , provided that the person also complies with applicable immigration measures in force for 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 in connection with temporary entry pursuant to paragraph 1.

3. Except as provided in paragraph 2, a Party may expeditiously examine the proposed investment of a business person to assess whether the investment complies with applicable legal provisions.

4. Except as provided in paragraph 2, a Party may require a business person requesting temporary entry under this Section to obtain, prior to entry, a visa or equivalent document.

Section C. Transfer of Personnel Within a Company

1. Each Party shall authorize temporary entry and issue supporting documentation to a business person employed by an enterprise legally constituted and operating in its territory, who intends to work as a manager, executive, specialist or qualified technical personnel in that enterprise or in one of its subsidiaries or affiliates, provided that such person and that enterprise comply with the immigration measures in force applicable to temporary entry.

2. Each Party may require the approval of the employment contract by the competent authority as a prerequisite for the authorization of temporary entry.

3. Notwithstanding the provisions of paragraph 2, each Party within 2 years from the date of entry into force of this Agreement shall evaluate the possibility of relaxing or eliminating the requirement of approval of the labor contract required by the Labor Administrative Authority or by the competent authority.

4. No Party may impose or maintain numerical restrictions on temporary entry under paragraph 1.

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

executive: a person who is primarily responsible for the management of the organization and has broad freedom of action to make decisions;

specialist: a person who possesses specialized knowledge of an advanced level essential to the establishment, the provision of the service and/or possesses the organization's proprietary knowledge;

manager: a person who is primarily responsible for the direction of the organization or any of its departments or subdivisions and supervises and controls the work of other supervisors, managers or professionals; and

qualified technical personnel: a person with a completed post-secondary education who holds diplomas, degrees or certificates awarded by a university or non-university higher education institution (3), who possesses all the necessary and valid documents for the exercise in accordance with the legislation of the Party from which he/she comes.

6. Except as provided in paragraph 2, a Party may require that a business person requesting temporary entry under this Section, obtain, prior to entry, a visa or equivalent document. The Parties shall consult with each other with a view to eliminating visa or equivalent document requirements.

(3) Non-university higher education entity means: a) in the case of Mexico, technical studies beyond the high school level; and b) in the case of Peru, post-secondary technical studies.

Section Section D: Professionals and Technical Professionals

1. A business person who intends to carry out activities as a professional or technical professional (4) , on the basis of a personal contract (5) in the other Party, shall be authorized entry and temporary stay, and shall be issued the supporting

documentation for a period set forth in Part II of this Annex, when the business person, in addition to complying with the immigration requirements applicable to entry and temporary stay, exhibits:

a) proof of nationality of a Party;

b) documentation evidencing that the person will undertake such activities and stating the purpose of entry; and

c) documentation attesting that the person possesses the relevant minimum academic requirements or alternative qualifications.

2. No Party:

a) impose or maintain quantitative restrictions on entry in accordance with paragraph 1;

b) require other prior approval procedures, petitions, proof of labor certification or others of similar effect, as a condition for authorizing temporary entry under paragraph 1.

3. A Party may require a business person of the other Party requesting entry and temporary stay under paragraph 1 to obtain a visa or equivalent document prior to such entry.

4. The Parties shall exchange information on the curricula of the professions taught in each Party, in order to facilitate the evaluation of applications for temporary entry.

5. In the case of the technical professional, the commitments of this Section shall apply only to the technical professions listed in Appendix 13.4-D.

6. For greater certainty, the entry and temporary stay of a professional or technical professional does not imply the recognition of titles or certificates, nor the granting of licenses for professional practice.

(4) A business person requesting entry and temporary stay pursuant to this Section may perform training functions related to his or her field of expertise, including the delivery of seminars.

(5) The term "personal contract" means for Peru a contract for the provision of services and for Mexico a contract for the provision of services, in accordance with the corresponding legislation of each Party.

Appendixes to the Annex to Article 13.4

Appendix 13.4-A . Business Visitors

Research and design

- Technical, scientific and statistical researchers conducting research independently or for an enterprise located in the territory of another Party.

Cultivation, manufacturing and production

- Harvesting machine owners who supervise a group of operators admitted in accordance with the applicable provisions.

- Purchasing and production personnel, at management level, who carry out commercial operations for an enterprise located in the territory of another Party.

Marketing

- Market researchers and analysts who conduct research or analysis independently or for a company located in the territory of another Party.

- Trade show and promotional staff attending trade conventions.

Sales

- Sales representatives and sales agents who place orders or negotiate contracts for goods and services for an enterprise located in the territory of another

Party, but do not deliver the goods or provide the services.

- Buyers making purchases for an enterprise located in the territory of another Party.

Distribution

- Transport operators that carry out transport operations of goods or passengers to the territory of one Party from the territory of the other Party, or carry out loading and transport operations of goods or passengers from the territory of one Party to the territory of the other Party, without unloading operations, in the territory of the other Party.

- Customs brokers who provide advisory services for the purpose of facilitating the import or export of goods.

After-sales 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 related to the sale of commercial or industrial equipment or machinery, including computer software purchased from an enterprise located outside the territory of the Party from which temporary entry is sought, during the term of the warranty or service contract.

General Services

- Professionals conducting business activities at the professional level within the scope of Section D.

- Management and supervisory personnel engaged in business operations for an enterprise located in the territory of the other Party.

- Financial services personnel (insurance agents, banking personnel or investment brokers) engaged in commercial transactions for an enterprise located in the territory of the other Party.

- Public relations and advertising personnel who advise clients or attend or participate in conventions.

- Tourism personnel (tour and travel agents, tour guides or tour operators) attending or participating in conventions or conducting an excursion that has been initiated in the territory of the other Party.

- Translators or interpreters providing services as employees of an enterprise located in the territory of the other Party.

- Kitchen staff (cooks and kitchen assistants) attending or participating in gastronomic events or exhibitions, or conducting customer consultations/business contacts.

- Information technology and telecommunication service providers attending meetings, seminars, or conferences; or conducting consultations with a business contact.

- Franchise marketers and developers wishing to offer their services in the territory of the other Party.

Appendix 13.4-D . Technical professionals

Technical Professions:

1. Technical Professional in Advertising, Communication and Design

2. Professional Technician in Architecture and Interior Design

3. Technical Professional in Administration and Accounting

4. Professional Technician in Tourism and Gastronomy

5. Professional Systems, Computer and Information Technology Technician

6. Professional Engineering Technician

7. Professional Health Technician (includes technicians in Nursing, Pharmacy and Physical Therapy)

8. Professional Construction Technician

9. Professional Electrical Technician

10. Professional Technician in Industrial Production Processes

11. Professional Technician in Maintenance and Repair of Machinery and Equipment (includes maintenance and repair of all types of vehicles, vessels and aircrafts), as long as he/she is not part of the crew of any vessel or aircraft flying the Mexican merchant flag or insignia.

Part II. Deadlines for the Entry and Temporary Stay of Business Persons

1. For purposes of entry and temporary stay pursuant to Section A of Part I, each Party shall authorize a stay of up to 183 days.

2. For purposes of entry and temporary stay pursuant to Sections B, C and D of Part I, both Parties shall authorize a stay of up to 1 year, which may be extended as many times as necessary to complete a total term of 4 years, counted from the first renewal.

3. Notwithstanding the provisions of paragraph 2, in the case of Peru, business persons who are traders or are in the process of committing an investment shall be authorized a stay of up to 183 days.

Chapter XIV. MUTUAL RECOGNITION OF CERTIFICATES, DIPLOMAS AND/OR ACADEMIC DEGREES

Article 14.1. Relationship to other Agreements

1. The Parties acknowledge:

a) the 1974 Regional Convention on the Recognition of Studies, Degrees and Diplomas in Higher Education in Latin America and the Caribbean;

b) the Agreement Andrés Bello Agreement of Integration Educational, Scientific, Technology and Culture, 1990; and

c) any other agreement or arrangement to which they are parties prior to the date of entry into force of this Agreement.

2. Notwithstanding the provisions of paragraph 1, the Parties recognize the need to further develop the provisions on mutual recognition of certificates, diplomas and/or academic degrees set forth in that paragraph.

3. In the event of incompatibility between the provisions of this Chapter and the agreements mentioned in paragraph 1, the provisions of this Chapter shall prevail to the extent of the incompatibility.

Article 14.2. Definitions

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

certificate: document that certifies the completion of a partial or total period of studies of the corresponding professional or academic training. The certificate is issued by the university or by non-university higher education centers;

professional experience: the effective and lawful exercise in any of the Parties of the profession in question;

academic degree: document issued by the competent authority in each of the Parties that certifies that the holder has concluded studies of Bachelor's Degree (1) or university, Masters Degree and/or Doctorate in universities and other authorized institutions, complying with the specific academic standards;

Party of origin: the Party where the certificate, degree and/or academic degree to be recognized in the receiving Party is issued;

Receiving Party: the Party where the recognition of the certificate, degree and/or academic degree obtained in the Party of origin is requested;

pre-professional internships or student social service: the exercise of competencies, under the responsibility of a qualified professional, according to the requirements of the Party where they are performed;

aptitude test: an examination carried out by the competent authorities of the receiving Party to assess the applicant's aptitude to practice a profession in that Party and that he/she is a qualified professional in the Party of origin. This examination covers the applicant's professional knowledge, the knowledge essential to the exercise of the profession and

may include the deontology applicable to the activities in question. The modalities of the aptitude test shall be established by the competent authorities of the receiving Party; and

diploma: document issued by the competent authority in each of the Parties certifying that the holder has completed post-secondary studies at universities or non-university higher education centers (2) in compliance with the specific academic standards;

(1) The bachelor's degree is only applicable for studies in Peru. This academic degree is granted upon satisfactory completion of undergraduate university studies in Peru.

(2) Non-university higher education institutions are understood to mean: a) for Mexico, technical studies beyond the baccalaureate level; and b) for Peru, post-secondary technical studies.

Article 14.3. Scope of Applicationt

This Chapter shall apply to any person who has completed his or her studies in one of the Parties, whatever his or her nationality, and who intends to practice a profession (3), or to continue post-secondary studies (4), in the receiving Party.

(3) The recognition granted in accordance with this Chapter does not necessarily imply that the beneficiaries of such recognition are qualified for professional practice.

(4) In the case of Mexico, "post-secondary studies" is equivalent to studies beyond the baccalaureate level.

Article 14.4. Mutual Recognition of Certificates, Degrees and/or Academic Degrees

1. Except as provided in paragraphs 2 and 3, the receiving Party shall automatically recognize certificates, diplomas and/or academic degrees obtained by the applicant in the Party of origin. In order to obtain such recognition, the applicant of the Party of origin must present the certificate, degree and/or academic degree obtained in said Party.

2. When there is no reasonable equivalence, either because of a difference in the duration of training (5) or because the certificate, diploma and/or academic degree obtained in the Party of origin includes substantially different subjects from those covered by them in the receiving Party, the latter may require the applicant:

a) To undergo an aptitude test on the branches of the profession evidenced by the respective certificate, diploma and/or academic degree, when the training he/she has received includes subjects substantially different from those covered by them in the receiving Party.

b) To prove a certain period of professional experience, when the difference between the duration of the training on which the application is based and the duration of the training required in the receiving Party is greater than one year. In this case, the period of professional experience required shall be a maximum:

i) twice the remaining period of study; or

ii) equal to the missing training period, when this period corresponds to a pre-professional internship or student social service.

3. When the aptitude test established in paragraph 2(a) is not passed or when the period of professional experience as established in paragraph 2(b) cannot be accredited, the respective certificate, degree and/or academic degree must be validated before the competent authorities, by carrying out the respective studies in the universities or non-university higher education centers in the receiving Party.

4. When a profession of the Party of origin does not exist in the receiving Party, the competent authority of the receiving Party may establish a sufficient affinity with the respective certificate, degree and/or academic degree offered by universities or non-university higher education centers authorized by the competent authority of the receiving Party. Otherwise, the applicant may follow the process of revalidation of the corresponding studies.

5. Certificates, diplomas and/or academic degrees obtained in the Party of origin shall be recognized for continuing studies in the receiving Party.

(5) The training, in addition to studies, may include pre-professional internships or student social service.

Article 14.5. Pre-professional Internships or Student Social Service

Without prejudice to the provisions of Article 14.4, when the receiving Party requires pre-professional internships or student social service as a condition for professional practice, such Party shall recognize that this requirement has been fulfilled when the period of pre-professional internships or student social service between the Party of origin and the receiving Party are similar.

Article 14.6. Study Abroad

Any national of a Party who has obtained in a non-Party country one or more academic certificates, titles and/or degrees may avail himself of the benefits of this Chapter if these have been recognized or validated by any of the Parties.

Article 14.7. Complementary Measures

1. The competent authority of the receiving Party which makes access to a profession subject to the presentation of evidence of good repute or morality, or which suspends or prohibits the practice of such profession in case of serious professional misconduct or criminal offense, shall accept as sufficient evidence for those applicants of the Party of origin who wish to practice such profession in its territory, the presentation of documents issued by competent authorities of the Party of origin showing that such requirements have been met.

2. Where the documents referred to in paragraph 1 cannot be issued by the competent authorities of the Party of origin, they shall be replaced by a sworn or affidavit under oath made by the person concerned before a competent judicial or administrative authority or, where appropriate, before a notary or before a qualified professional body of the Party of origin in accordance with its national legislation.

3. When the competent authority of the receiving Party requires for access to a profession the presentation of a document related to physical or psychological health, said authority shall accept that the applicants of the Party of origin present a certification issued by a competent authority of said Party, which are equivalent to the certifications of the receiving Party.

4. The competent authority of the receiving Party may require that no more than 120 days have elapsed between the date of issuance of the documents or certifications referred to in this Article and the time of their submission.

Article 14.8. Facilitation

1. The receiving Party shall accept, as evidence of compliance with the conditions set forth in Article 14.4, the documents issued by the competent authorities of the Party of origin, which the applicant shall submit in support of his application for recognition of the certificate, degree and/or academic degree in question.

2. The procedure for analyzing requests for recognition shall be completed as soon as possible and shall be the subject of a reasoned decision by the competent authority of the receiving Party no later than 90 days after the submission of the applicant's complete documentation.

Article 14.9. Mutual Recognition Committee

1. The Parties shall designate, within a period of 6 months following the entry into force of this Agreement, the competent authorities authorized to form the Committee, which shall have the following functions:

a) facilitate the execution of the commitments established in this Chapter;

b) review at least once a year the procedures for validating certificates, degrees and/or academic degrees in each of the Parties;

c) define mechanisms to promote the exchange of curricula between universities, institutes and colleges in each of the Parties; and

d) define mechanisms to promote the exchange of best practices in the development of education systems in each of the Parties.

2. The Committee shall take the necessary actions to facilitate information regarding the recognition of certificates, diplomas and/or academic degrees, and those related to the conditions and requirements necessary for professional practice. To carry out this task, it may resort to existing information networks and, if necessary, to the appropriate professional associations or organizations. It shall also take the necessary initiatives to ensure the development and coordination of the process of gathering the relevant information.

Chapter XV. SETTLEMENT OF DISPUTES

Section A. Dispute Resolution

Article 15.1. Cooperation

The Parties shall at all times endeavor to reach agreement on the interpretation and application of this Agreement and shall make every effort, through cooperation, consultation or other means, to reach a mutually satisfactory resolution of any matter that might affect its operation.

Article 15.2. Scope of Application

Except as otherwise provided in this Agreement, the dispute settlement provisions of this Chapter shall apply to the prevention or settlement of disputes between the Parties concerning the interpretation or application of this Agreement, or where a Party considers that:

a) an existing or proposed measure of another Party is or may be inconsistent with the obligations of this Agreement;

b) the other Party has failed in any way to comply with the obligations of this Agreement; or

c) the measure of the other Party would cause nullification or impairment within the meaning of the Annex to Article 15.2.

Article 15.3. Choice of Forum

1. Any dispute arising under this Agreement or under _ the WTO Agreement may be resolved in either forum at the option of the complaining Party.

2. Once the complaining Party has requested the establishment of a Panel under Article 15.6, or a panel under Article 6 of the Understanding on Rules and Procedures Governing the Settlement of Disputes of the WTO, the forum selected shall be exclusive of the other.

Article 15.4. Consultations

1. A Party may request in writing to the other Party consultations with respect to any existing or proposed measure, or any other matter that it considers may affect the application of this Agreement. If a Party requests consultations, the consulted Party shall respond within 10 days of receipt of such request and shall enter into consultations in good faith. In the case of perishable goods, the time limit for responding to the request for consultations shall be 5 days following its receipt.

2. The consulting Party shall deliver the request to the consulted Party and shall explain the reasons for its request, including identification of the measure in force or proposed measure or other matter that it considers could affect the application of this Agreement, as well as an indication of the legal basis for the complaint.

3. The Parties shall make every effort to reach a mutually satisfactory solution. During the consultations, each Party shall:

a) provide sufficient information to permit a full review of the manner in which the existing or proposed measure, or any other matter, may affect the operation and implementation of this Agreement; and

b) shall treat confidential information exchanged in consultations in the same manner as that accorded by the Party that provided the information.

4. Consultations may be held in person or by any technological means available to the Parties. If in person, consultations shall be held in the capital of the consulted Party, unless otherwise agreed by both Parties.

5. In consultations under this Article, the consulting Party may request the consulted Party to make available to it personnel of its governmental agencies or other regulatory bodies having knowledge of the subject matter of the consultations.

6. The consultation period shall not exceed 30 days following the receipt of the request for consultations, unless both Parties decide to modify such period. For perishable goods, the consultation period shall not exceed 15 days following the receipt of the request for consultations, unless both Parties decide to modify such period.

7. If the Party consulted does not respond to the request for consultations or if consultations are not held within the time limits provided for in this Article, the consulting Party may directly request the intervention of the Commission or the establishment of a Panel.

8. Direct consultations and negotiations shall be without prejudice to the rights of the Parties in other fora.

Article 15.5. Intervention of the Administrative Commission

1. If the Parties fail to resolve the matter within the time limit established in Article 15.4, the Party that requested the consultations may request in writing a meeting of the Commission.

2. The consulting Party may also request in writing that the Commission be convened when consultations have been held under Chapters VII (Sanitary and Phytosanitary Measures) and VIII (Technical Barriers to Trade), provided that such consultations have been conducted in accordance with the provisions of Article 15.4.

3. The consulting Party shall notify the other Party of the request, and shall explain the reasons for the request, including identification of the measure in force or proposed measure or other matter at issue, and an indication of the legal basis for the complaint.

4. Unless the Parties decide on a different time limit, the Commission shall meet within 10 days of the delivery of the request and shall endeavor to resolve the dispute as soon as possible. In order to assist the Parties in reaching a mutually satisfactory resolution of the dispute, the Commission may:

a) convene technical advisors or create working groups onthe subject that it deems necessary;

b) use of good offices, conciliation or mediation or other dispute resolution procedures; or

c) formulate recommendations.

5. Unless it decides otherwise, the Commission shall join 2 or more proceedings before it under this Article relating to the same measure or matter. The Commission may join 2 or more proceedings concerning other matters before it under this Article, when it considers it appropriate to examine them jointly.

6. Either Party may request the establishment of a Panel if the Commission fails to resolve the dispute:

a) within 30 days following the meeting referred to in paragraph 4;

b) within 20 days following the meeting referred to in paragraph 4, in the case of perishable products;

c) within 30 days after the Commission has met to deal with the most recent matter submitted to it, when several proceedings have been joined in accordance with paragraph 5; or

d) in any other period agreed upon by the Parties.

Article 15.6. Request for the Establishment of the Panel

1. After the expiration of the time limit for consultations, or if applicable for the meeting of the Commission, either Party may request in writing the establishment of a Panel, identifying the measure or other matter at issue and stating the reasons on which its request is based and the legal basis of the complaint.

2. On the date of receipt of the request, the Panel shall be deemed to be established.

3. Unless the Parties agree otherwise, the Panel shall be composed and perform its functions in accordance with the provisions of this Chapter and the Model Rules of Procedure.

4. The Panel may not be established to review a draft measure.

Article 15.7. List of Panelists

1. No later than 6 months after the entry into force of this Agreement, each Party shall establish and maintain an indicative

list of up to 5 domestic individuals who are qualified and willing to serve as panelists in disputes under this Chapter. These lists shall be referred to as the "List of Panelists from Mexico" and the "List of Panelists from Peru". The lists and any amendments thereto shall be immediately communicated to the other Party.

2. No later than 6 months after the entry into force of this Agreement, the Parties shall establish by mutual agreement and maintain an indicative list of 5 individuals who are not nationals of the Parties and who are qualified and willing to serve as panelists. This roster shall be referred to as the "Third Country Panelist Roster". The members of the roster shall be appointed by consensus for 3-year terms and shall be automatically eligible for reappointment unless otherwise agreed by the Parties.

3. The Parties, by mutual agreement, may replace or include panelists in the "List of Third Country Panelists".

4. The Parties may use the tentative lists even if they have not been completed with the number of members established in paragraphs 1 and 2.

Article 15.8. Qualifications of Panel Members

1. All Panel members shall:

a) have specialized knowledge or experience in law, international trade, other matters covered by this Agreement or in the settlement of disputes arising under international trade agreements;

b) be selected strictly on the basis of their objectivity, impartiality, reliability and sound judgment;

c) be independent, not be related to, and not receive instructions from, any of the Parties; and

d) comply with the Code of Conduct approved by the Commission.

2. Individuals who have intervened in the consultations or in the meeting of the Commission in a dispute may not be members of the Panel established to resolve the same dispute.

Article 15.9. Selection of Panel Members

1. The Panel shall be composed of 3 members. The Parties shall apply the following procedures in the selection of the Panel members:

a) within 15 days after the delivery of the request for the establishment of the Panel, each Party shall designate its panelist. If one of the Parties fails to designate a panelist within the period provided above, the Secretary General of LAIA, at the request of any of the Parties, shall designate a panelist within 10 days following such request;

b) the Parties shall designate the third panelist, who shall be the Chairperson of the Panel, within 15 days after the designation or selection of the second panelist. If the Parties fail to reach an agreement on the designation of the Chairperson within the period provided above, the Secretary General of ALADI, at the request of any of the Parties, shall designate the Chairperson within 10 days following such request;

c) the selection made 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 paragraphs 1 and 2 of Article 15.7, as appropriate, or, failing that, shall select them from the indicative list provided for in the Understanding on Rules and Procedures Governing the Settlement of Disputes of the WTO; and

d) each Party to the dispute should endeavor to select panelists who have relevant experience in the subject matter of the dispute.

2. If a Party considers that a panelist is in breach of the Code of Conduct, the Parties to the dispute shall consult and if they agree, the panelist shall be removed and a new panelist shall be appointed in accordance with this Article.

Article 15.10. Rules of Procedure

1. Within 6 months following the entry into force of this Agreement, the Commission shall adopt the Model Rules of Procedure that shall guarantee:

a) the right to at least one hearing before the Panel;

b) the opportunity for each Party to submit opening and rebuttal written submissions; and

c) that all written submissions and communications with the Panel, the hearings before the Panel, the deliberations and the Preliminary Report shall be confidential.

2. Unless otherwise agreed by the Parties, the proceedings before the Panel shall be conducted in accordance with the Model Rules of Procedure.

3. The Commission may amend the Model Rules of Procedure in accordance with the powers set forth in Article 17.2 (Functions of the Administrative Commission).

4. Unless otherwise agreed by the Parties, within 20 days from the date of delivery of the request for the establishment of the Panel, the terms of reference of the Panel shall be:

"Examine, in light of the applicable provisions of the Agreement, the matter submitted in the request for the establishment of the Panel and issue findings, determinations and recommendations as provided in Articles 15.12 and 15.13."

5. If the complaining Party considers that a matter has caused nullification or impairment of benefits, the terms of reference shall so state.

6. Where a Party requests that the Panel make findings on the extent of the adverse trade effects caused by the measure adopted by the other Party, the terms of reference shall so state.

Article 15.11. Powers of the Panel

1. At the request of a Party, or on its own initiative, the Panel may seek such information and technical advice from persons or technical groups as it deems appropriate.

2. The technical or advisory group shall be selected by the Panel from among independent advisors or experts highly qualified in scientific or technical matters, in accordance with the Model Rules of Procedure.

3. Before the Panel requests the advice referred to in paragraph 1, it shall notify the Parties of its intention to request such advice, setting an appropriate time limit for the Parties to make such observations as they deem appropriate.

4. The Panel shall notify the Parties of any information or advice referred to in paragraph 1, setting a time limit for the Parties to comment.

5. If the Panel takes into account the information or advice requested under paragraph 1 in preparing its report, it shall also take into account all observations and comments made by the Parties in this regard.

Article 15.12. Preliminary Report

1. The Panel shall base its Preliminary Report on the relevant provisions of this Agreement, the arguments and submissions made by the Parties and any information it has received pursuant to Article 15.11.

2. Unless otherwise agreed by the Parties, within 90 days of the appointment of the last panelist, and in the case of perishable goods within 45 days, the Panel shall submit to the Parties a Preliminary Report containing:

a) findings of fact, including any arising from a request pursuant to paragraph 6 of Article 15.10;

b) a determination as to whether the measure in question is or may be inconsistent with the obligations under this Agreement, or is cause for nullification or impairment within the meaning of the Annex to Article 15.2, or any other determination requested in the terms of reference; and

c) its recommendations, if any, for the resolution of the dispute.

3. The panelists may formulate individual votes on questions on which there is no unanimous decision.

4. The Parties may make comments or request clarifications in writing to the Panel on the Preliminary Report within 15 days of its submission.

5. In this case and after examining the written observations, the Panel may, on its own motion or at the request of any Party:

a) conduct any due diligence it deems appropriate; and

b) reconsider or correct its Preliminary Report.

Article 15.13. Final Report

1. Unless the Parties agree otherwise, the Panel shall base its Final Report on the relevant provisions of this Agreement, the submissions and arguments of the Parties, any information submitted to it pursuant to Article 15.11, and the observations submitted by the Parties pursuant to Article 15.12.

2. If either Party so requests, the Panel may make recommendations to implement its decision.

3. Unless otherwise agreed by the Parties, within 120 days after the selection of the last member of the Panel, and 80 days in the case of perishable goods, the Panel shall submit to the Parties a Final Report and, if applicable, the individual votes on the issues on which there has not been a unanimous decision. Such report shall contain:

a) findings of fact and conclusions of law;

b) its determination as to whether a Party is in breach of its obligations under this Agreement, or has caused nullification or impairment within the meaning of the Annex to Article 15.2 or any other determination requested in the terms of reference;

c) its recommendations for the implementation of its decision, if requested by either Party; and

d) if requested, its findings regarding the extent of the adverse trade effects caused by the measure imposed by the Party that failed to comply with its obligations under this Agreement, or by the measure that has caused nullification or impairment within the meaning of the Annex to Article 15.2.

4. The Final Report shall be adopted by consensus or, failing that, by the majority of the members of the Panel. The Final Report may be subject to corrections or clarifications of form, in accordance with paragraph 6 of this Article.

5. No Panel may disclose the identity of panelists who voted with the majority or minority.

6. The Parties may request in writing to the Panel only formal corrections or clarifications to the Final Report within 10 days of the submission of the Final Report. The Panel shall respond to such request within 20 days after its presentation, sending, when appropriate, the clarifications and the corrected version of the report that will constitute the Final Report.

7. The Final Report of the Panel shall be published within 15 days of its communication to the Parties, unless both Parties decide otherwise and subject to the protection of confidential information.

Article 15.14. Compliance with the Final Report

1. Upon notification of the Final Report of the Panel pursuant to paragraph 3 of Article 15.13, the Parties may agree on a settlement of the dispute, which shall normally conform to the findings and recommendations, if any, of the Panel.

2. If in its Final Report the Panel determines that a Party's measure is inconsistent with its obligations under this Agreement, or has caused nullification or impairment within the meaning of the Annex to Article 15.2, the remedy shall be to repeal, modify or refrain from implementing the measure found to be inconsistent or to have caused nullification or impairment in accordance with the provisions of this Agreement, unless the Parties agree otherwise.

Article 15.15. Non-compliance - Suspension of Benefits

1. If the Panel has made a determination under paragraph 2 of Article 15.14, and the Party complained against has failed to comply, or the Parties are unable to agree on a solution under paragraph 1 of Article 15.14, the Parties may enter into negotiations with a view to establishing mutually acceptable compensation.

2. The complaining Party may suspend the application of benefits of equivalent effect to the Party complained against, if after 30 days from the notification of the Final Report of the Panel, the Parties:

a) do not agree to compensation; or

b) have agreed to a solution under Article 15.14(1) and the complaining Party considers that the Party complained against has not complied with the terms of such agreement.

3. The complaining Party shall notify the Party complained against and the Commission in writing of its decision, specifying the sector and level of benefits to be suspended.

4. The suspension of benefits shall last until the Party complained against complies with the Final Report of the Panel or

until the Parties reach a mutually satisfactory agreement on the dispute, as the case may be.

5. In considering the benefits to be suspended pursuant to paragraph 2, the complaining Party:

a) first seek to suspend benefits within the same sector or sectors that are affected by the measure, or by any other matter that the Panel has found to be inconsistent with the obligations under this Agreement, or that has caused nullification or impairment within the meaning of the Annex to Article 15.2; and

b) may suspend benefits in other sectors when it considers that it is unfeasible or inefficient to suspend benefits in the same sector or sectors.

6. At the written request of either Party, and after notice to the other Party, a Panel shall be established to determine whether the level of benefits suspended by the complaining Party pursuant to paragraph 2 is manifestly excessive.

7. The proceeding before the Panel constituted pursuant to paragraph 6 shall be conducted in accordance with the Model Rules of Procedure. The Panel shall render its findings within 60 days of the composition of the Panel, or within such other period as the Parties may agree.

Article 15.16. Compliance Review

1. Notwithstanding the provisions of paragraph 2 of Article 15.15, the Party complained against may refer the matter to the Panel, upon written notice to the other Party, if there is disagreement with the other Party regarding compliance:

a) of the Panel's recommendations and determinations; or

b) of the agreement referred to in paragraph 1 of Article 15.14.

2. The proceeding before the Panel constituted for the purposes of this Article shall be conducted in accordance with the Model Rules of Procedure. The Panel shall render its findings within 60 days of the composition of the Panel or within such other period as the Parties may agree.

3. If the Panel concludes that the Party complained against has eliminated the nonconformity, has complied with the Panel's recommendations or has complied with the agreement referred to in paragraph 1(b), the complaining Party shall promptly remove the suspension of benefits it has adopted.

Section B. Internal Procedures

Article 15.17. Proceedings Before Internal Judicial and Administrative Authorities

1. When a question of interpretation or application of this Agreement arises in an internal judicial or administrative proceeding of a Party, or when a court or administrative body requests the opinion of a Party, that Party shall notify the other Party. The Commission shall endeavor, as soon as possible, to agree on an appropriate response.

2. The Party in whose territory the court or administrative body is located shall submit to the latter any interpretation agreed upon by the Commission.

3. When the Commission is unable to reach an agreement, either Party may submit its own opinion to the tribunal or administrative body.

Annex to Article 15.2 . Nullification and impairment

A Party 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, it considers that the benefits that it could reasonably have expected to receive from the application of the following Chapters are nullified or impaired:

1. Chapter III Market Access.

2. Chapter IV Rules of Origin and Origin-Related Procedures.

3. Chapter VII Sanitary and Phytosanitary Measures.

4. Chapter VIII Technical Barriers to Trade.

5. Chapter X Cross-border Trade In Services.

Chapter XVI. TRANSPARENCY

Article 16.1. Definition

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

administrative ruling of general application: an administrative ruling or interpretation that applies to all persons and facts generally within its scope and that establishes a rule of conduct, but does not include:

a) a determination or ruling made in an administrative proceeding that applies to particular persons, goods or services of the other Party, ina specific case; or

b) a resolution deciding on a particular act or practice.

Article 16.2. Point of Contact

1. Each Party shall designate a unit or office as a point of contact to facilitate communication between the Parties on any matter covered by this Agreement.

2. When requested by a Party, the contact point of the other Party shall indicate the official responsible for the matter and provide such support as may be required to facilitate communication with the requesting 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 made available for the information of the Parties and any interested party.

2. To the extent practicable, each Party shall publish in advance any measure it proposes to adopt that relates to any matter connected with this Agreement, and shall provide the other Party with a reasonable opportunity to request information and comment on the proposed measures.

Article 16.4. Notification and Provision of Information

1. Each Party shall, to the extent possible, notify the other Party of any measure in force that the Party considers may substantially affect or affect the interests of that other Party under the terms of this Agreement.

2. Each Party shall, upon request of the other Party, provide information and promptly respond to requests for information from that other Party on any measure in force relating to this Agreement, whether or not that other Party has previously been notified of that measure.

3. The notification or provision of information referred to in this Article shall be made without prejudice to whether or not the measure is compatible with this Agreement.

4. Where a Party provides information of a confidential nature to the other Party pursuant to this Agreement, the other Party shall maintain the confidentiality of such information.

Article 16.5. Administrative Procedures

In order to administer in a consistent, impartial, and reasonable manner all measures of general application affecting matters covered by this Agreement, each Party shall ensure that, in its administrative procedures applying the measures referred to in Article 16.3 with respect to persons, goods, or services:

a) whenever possible, persons of the other Party who are directly affected by a proceeding shall, in accordance with domestic provisions, be given reasonable notice of the commencement of the proceeding, including a description of its nature, a statement of the legal basis under which the proceeding is initiated and a general description of all issues in dispute;

b) where time, the nature of the proceeding and the public interest permit, persons of the other Party are afforded a reasonable opportunity to present facts and arguments in support of their claims prior to any final administrative action; and

c) comply with the national legislation of that Party.

Article 16.6. Review and Challenge

1. Each Party shall establish or maintain courts or tribunals or procedures of a judicial or administrative nature for the purpose of the prompt review and, where warranted, correction of final administrative actions relating to matters covered by this Agreement. Such tribunals shall be impartial and not connected with the administrative enforcement agency or authority, and shall have no substantial interest in the outcome of the matter.

2. Each Party shall ensure that, before such courts or in such proceedings, persons have the right to:

a) a reasonable opportunity to support or defend their respective positions; and

b) a decision based on the evidence and submissions or, in cases where required by its national legislation, on the record compiled by the administrative authority.

3. Each Party shall ensure that, subject to the means of challenge or subsequent review available under its national law, such rulings are implemented by the agencies or authorities.

Chapter XVII. ADMINISTRATION OF THE AGREEMENT

Article 17.1. Administrative Commission

1. In order to achieve the best functioning of this Agreement, the Parties establish a Commission composed of the Secretary of Economy or his successor, on the part of Mexico, and the Minister of Foreign Trade and Tourism or his successor, on the part of Peru, or the representatives designated by them.

2. The Commission shall establish and modify its rules and procedures, and its decisions shall be adopted by mutual agreement.

3. The Commission shall meet at least once a year, unless the Parties agree otherwise. The meetings of the Commission shall be chaired successively by each Party, and may be held in person, or by teleconference, videoconference or any other technological means.

Article 17.2. Functions of the Administrative Commission

The Commission shall have the following functions:

a) to ensure compliance with and the correct application of the provisions of this Agreement;

b) consider y adopt the decisions necessary for the implementation and fulfillment of this Agreement, in particular on:

i) the improvement of market access conditions, in accordance with paragraph 4 of Article 3.4 (Elimination of Customs Tariffs);

ii) the updating of the rules of origin set out in the Annex to Article 4.2 (Specific Rules of Origin), in accordance with paragraph 1 of Article 4.38 (Committee on Rules of Origin and Origin-Related Procedures);

iii) the incorporation of new appellations of origin for protection under paragraph 3 of Article 5.2 (Recognition and Protection of Appellations of Origin);

iv) the recommendations submitted by the Committee on Sanitary and Phytosanitary Measures, provided for in Article 7.10 (Committee on Sanitary and Phytosanitary Measures) and by the Committee on Technical Barriers to Trade, provided for in 8.10 (Committee on Technical Barriers to Trade);

v) the recommendations submitted by the Committee on Entry and Temporary Stay, provided for in Article 13.6 (Committee on Entry and Temporary Stay of Business Persons); and

vi) other provisions of the Agreement that grant it specific powers, other than those mentioned above;

c) recommend to the Parties, as the case may be, amendments to this Agreement;

d) Establish mechanisms that contribute to the active participation of representatives of the business sectors;

e) resolve any disputes that may arise with respect to the interpretation or application of this Agreement, in accordance with Chapter XV (Dispute Settlement);

f) determine the amount of remuneration and expenses to be paid to Panel members in dispute settlement proceedings;

g) oversee the work of all committees and working or similar groups established pursuant to this Agreement; and

h) such other duties as may arise from this Agreement or as may be entrusted to it by the Parties.

Article 17.3. Powers of the Administrative Committee

The Commission may:

a) establish committees and working groups to facilitate the fulfillment of its functions;

b) issue interpretations of the provisions of this Agreement;

c) seek advice from non-governmental individuals or groups; and

d) carry out any other activity that contributes to the better implementation of this Agreement.

Article 17.4. Agreement Coordinators

1. The Coordinators of each Party shall be:

a) in the case of Mexico, the Undersecretary of Foreign Trade of the Ministry of Economy or his successor or his designated representative; and

b) in the case of Peru, the Vice Minister of Foreign Trade of the Ministry of Foreign Trade and Tourism or his successor, or his designated representative.

2. The Agreement Coordinators will give appropriate follow-up to the decisions of the Commission and will work together in the preparations for the Commission meetings.

Chapter XVIII. EXCEPTIONS

Article 18.1. General Exceptions

1. Article XX of GATT 1994 and its interpretative notes, for purposes of Chapter Ill (Market Access), Chapter IV (Rules of Origin and Origin-Related Procedures), Chapter VII (Sanitary and Phytosanitary Measures), Chapter VIII (Technical Barriers to Trade), are incorporated into and form an integral part of this Agreement, except to the extent that any of its provisions apply to trade in services or investment.

2. Article XIV of the GATS, including footnotesâ , is incorporated into and made an integral part of this Agreement for purposes of Chapter X (Cross-Border Trade in Services), except to the extent that any of its provisions apply to trade in goods.

Article 18.2. National Security

The provisions of this Agreement shall not be construed to mean:

a) oblige a Party to provide or give access to information the disclosure of which it considers contrary to its essential security interests;

b) prevent a Party from taking any measure it considers necessary to protect its essential security interests:

i) relating to trade in armaments, munitions and war materiel and to trade and transactions in goods, materials, services and technology carried out for the direct or indirect purpose of supplying a military institution or other defense establishment;

ii) relating to fissile or fusionable materials, or to those used for their manufacture;

iii) adopted in time of war or in case of serious international tension; or

iv) concerning the implementation of national policies or international agreements on the non-proliferation of nuclear weapons or other nuclear explosive devices; or

c) prevent any Party from taking action in accordance with its obligations under the Charter of the United Nations, as amended, for the maintenance of international peace and security.

(1) Subparagraphs (d) and (e) of Article XIV of the GATS are incorporated mutatis mutandis into this Agreement, without prejudice to the provisions of Article 18.4.

Article 18.3. Exceptions to Disclosure of Information

The provisions of this Agreement shall not be construed to require a Party to furnish or give access to information the disclosure of which would impede compliance with or be contrary to its Constitution or laws, with respect to the protection of the privacy of individuals, financial affairs, taxation and bank accounts of individual customers of financial institutions, or be contrary to the public interest.

Article 18.4. Taxation

1. Except as provided in this Article, nothing in this Agreement shall apply to taxation measures.

2. Nothing in this Agreement shall affect the rights and obligations of either Party arising under any tax treaty. In the event of any inconsistency between this Agreement and any such agreement, the agreement shall prevail to the extent of the inconsistency.

3. Notwithstanding the provisions of paragraph 2:

a) Article 3.3 (National Treatment), and such other provisions in this Agreement as are necessary to give effect to that Article, shall apply to taxation measures to the same extent as Article III of GATT 1994; and

b) Article 3.9 (Export Taxes) shall apply to tax measures.

4. Articles 11.12 (Expropriation and Compensation) and 12.18 (Expropriation and Compensation) shall apply to taxation measures. However, no investor may invoke those Articles as a basis for a claim under Article 11.20 (Submission of a Claim to Arbitration) where it has been determined under this paragraph that the measure does not constitute an expropriation. The investor shall, at the time of making the notification referred to in Article 11.19 (Notification and Consultations), submit the matter to the competent authorities specified in the Annex to Article 18.4, for that authority to determine whether the measure does not constitute an expropriation. If the competent authorities do not agree to examine the matier or if, having agreed to examine the matter, they 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 pursuant to Article 11.20 (Submission of a Claim to Arbitration).

Article 18.5. Balance of Payments

1. lf a Party experiences serious difficulties in its balance of payments, including the state of its monetary reserves, or in its external financial position or faces the imminent threat thereof, it may adopt or maintain restrictive measures or measures based on prices (2) with respect to trade in goods and services, and with respect to payments and capital movements, including those related to direct investment.

2. The Party that maintains or has adopted any of the measures provided for in paragraph 1 of this Article or any modification thereof shall, where possible, submit a timetable for their elimination. It shall also notify the other Party without delay:

a) what the serious external balance of payments or financial difficulties or threat thereof, as the case may be, consist of;

b) the economic and foreign trade situation of the Party;

c) the alternative measures available to correct the problem; and

d) the economic policies it adopts to address the problems mentioned in paragraph 1, as well as the direct relationship between such policies and the solution of such problems.

3. The measure adopted or maintained by the Party, at all times:

a) avoid unnecessary damage to the economic, commercial or financial interests of the other Parties;

b) shall not impose greater burdens than those necessary to deal with the difficulties that cause the measure to be adopted or maintained;

c) will be temporary and will be progressively released to the extent that serious balance of payments or external financial difficulties or threats thereof improve;

d) shall be applied in accordance with the more favorable of the national treatment and most favored nation principles; and

e) shall be consistent with the conditions set forth in the WTO Agreement and the Articles of Agreement of the International Monetary Fund and other internationally accepted criteria.

(2) For purposes of this Agreement, price-based measures are those provided for in the Understanding on the Balance of Payments Provisions of the General Agreement on Tariffs and Trade 1994.

Annex to Article 18.4 . Competent Authority

For the purposes of Article 18.4, the competent authority shall be:

a) in the case of Mexico, the Ministry of Finance and Public Credit or its successor; and

b) in the case of Peru, the General Directorate of International Economic Affairs, Competition and Private Investment of the Ministry of Economy and Finance or its successor.

Chapter XIX. FINAL PROVISIONS

Article 19.1. Annexes, Appendices and Footnotes

The annexes, appendices and footnotes to this Agreement constitute an integral part of this Agreement.

Article 19.2. Entry Into Force

This Agreement shall enter into force 30 days after the exchange of written communications, through diplomatic channels, attesting that the Parties have completed the legal formalities necessary for the entry into force of this instrument, unless the Parties agree on a different period of time.

Article 19.3. Amendment of the Agreement

1. The Parties may agree, at the request of either Party and at any time, on amendments to this Agreement for its better functioning and implementation.

2. Amendments made to this Agreement as provided in this Article shall enter into force once both Parties have complied with the internal legal procedures for their approval, and shall form an integral part of this Agreement.

Article 19.4. Future Negotiations

One year after the entry into force of this Agreement, the Parties will begin negotiations on a Chapter on government procurement and a Chapter on trade facilitation and customs cooperation.

Article 19.5. Accession

1. In compliance with the provisions of the 1980 Treaty of Montevideo, this Agreement is open to accession, through prior negotiation, by the other member countries of ALADI.

2. The accession shall be formalized once its terms have been negotiated between the Parties and the acceding country, through the execution of an Additional Protocol to this Agreement, which shall enter into force 30 days after being deposited with the General Secretariat of ALADI.

Article 19.6. Complaint

1. Either Party may denounce this Agreement. The denunciation shall be notified in writing to the other Party, as well as to the General Secretariat of LAIA, and shall take effect 180 days after being notified to the other Party, notwithstanding that the Parties may agree on a different term.

2. In the case of the accession of a country or group of countries as established in Article 19.4, notwithstanding the denunciation of the Agreement by a Party, the Agreement shall remain in force for the other Parties.

3. The investment provisions shall continue in force for a period of 10 years from the date of termination of this Agreement, with respect to investments made only during its term, and without prejudice to the subsequent application of the general rules of international law.

Article 19.7. Termination of ECA No. 8

This Agreement supersedes Economic Complementation Agreement No. 8, its annexes, appendices and protocols that have been signed under it.

Article 19.8. Transitional Provision

Notwithstanding the provisions of Article 19.7, the preferential tariff treatment granted by ACE No. 8 shall remain in force for 30 days following the entry into force of this Agreement, for importers who request and use the certificates of origin issued under ACE No. 8, provided that they were issued prior to the entry into force of this Agreement and are in force.

Article 19.9. Reserves

This Agreement may not be subject to reservations or interpretative declarations at the time of its ratification or approval according to the corresponding legal procedures of each Party.

Signed in the city of Lima, Peru, on April 6, 2011, in two original copies in Spanish language, both being equally authentic.

FOR THE REPUBLIC OF PERU

Eduardo Ferreyros Küppers

Minister of Foreign Trade and Tourism

FOR THE UNITED MEXICAN STATES

Bruno Francisco Ferrari Garcia de Alba

Secretary of Economy

Annex I . Non-conforming measures

Annex I . Interpretative notes

1. A Party's Schedule indicates, in accordance with paragraph 1 of Articles 10.8 (Nonconforming Measures) and 11.9 (Nonconforming Measures), the reservations taken by a Party with respect to existing measures that are inconsistent with the obligations established by:

a) Article 10.4 or 11.3 (National Treatment);

b) Article 10.5 or 11.4 (Most favored nation treatment);

c) Article 10.7 (Local Presence);

d) Article 11.7 (Performance requirements); or

e) Article 11.8 (Senior executives and boards of directors).

2. Each reserve contains the following elements:

a) Sector refers to the general sector in which a reserve is taken;

b) Sub-sector refers to the specific sector in which a reserve is taken;

c) Industrial Classification refers, where applicable, to the activity covered by the reservation, in accordance with national industrial classification codes;

d) Reserved Obligations specifies the obligation or obligations referred to in paragraph 1 on which a reservation is taken;

e) Level of government indicates the level of government that maintains the measures on which a reservation is taken;

f) Measures identifies existing laws, regulations or other measures, as qualified, where indicated, by the Description element, for which the reservation is taken. A measure referred to in the Measures element:

i) means the measure as amended, continued or renewed, as of the date of entry into force of this Agreement; and

ii) includes any measure subordinate to, adopted or maintained under the authority of, and consistent with, such measure; and

g) Description sets out the liberalization commitments, where made, upon entry into force of this Agreement and, with respect to the obligations referred to in paragraph 1, the remaining non-conforming aspects of the existing measures on which the reservation is taken.

3. In interpreting a reservation, all elements of the reservation shall be considered. A reservation shall be interpreted in the light of the relevant provisions of the Chapter against which the reservation is taken. To the extent that:

a) the Measures element is qualified by a liberalization commitment in the Description element, the Measures element, as qualified, shall prevail over all other elements; and

b) the Measures element is not so qualified, the Measures element shall prevail over all other elements, unless any discrepancy between the Measures element and the other elements, considered as a whole, is so substantial and significant that it would be unreasonable to conclude that the Measures element should prevail; in which case, the elements shall prevail to the extent of that discrepancy.

4. Where a Party maintains a measure requiring a service supplier to be a national, permanent resident, or resident of that Party as a condition for the supply of a service in its territory, a reservation on a measure with respect to Article 10.4 (National Treatment), 10.5 (Most-Favored-Nation Treatment), 10.7 (Local Presence) shall operate as a reservation with respect to Article 11.3 (National Treatment), 11.4 (Most-Favored-Nation Treatment), 11.7 (Performance Requirements), with respect to such measure.

5. For purposes of determining the percentage of foreign investment in economic activities subject to t h e maximum percentages of foreign equity participation, as indicated in Mexico's Schedule, indirect foreign investment carried out in such activities through Mexican enterprises with majority Mexican capital will not be taken into account, provided that such enterprises are not controlled by the foreign investment.

6. For the purposes of Mexico's Schedule, the following definitions shall apply:

international cargo: goods that have their origin or destination outside the territory of a Party;

foreigner exclusion clause: the express provision contained in the bylaws of a company, which establishes that foreigners will not be allowed, directly or indirectly, to be partners or shareholders of the company;

CMAP: the digits of the Mexican Classification of Activities and Products, as established in the Instituto Nacional de Estadística, Geografía e Informática, Clasificación Mexicana de Productos, 1994; and

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.

7. With respect to the telecommunications sector, Peru will not be prevented from requiring service suppliers to establish themselves in Peru as a condition for the granting of a concession for the installation, operation and exploitation of public telecommunications services.

Annex I . Schedule of Mexico

1. Sector: All sectors

Subsector:

Industrial Classification:

Reserved Obligations: National treatment (Article 11.3)

Level of Government: Federal

Measures: Political Constitution of the United Mexican States, Article 27

Foreign Investment Law, Title II, Chapters I and II

Regulations of the Foreign Investment Law and the National Foreign Investment Registry, 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- kilometer strip along the borders and 50 kilometers along the beaches (the Restricted Zone).

Mexican companies without a foreign exclusion clause may acquire direct ownership of real estate used for non-residential activities located in the Restricted Zone. The notice of such acquisition must be submitted to the Ministry of Foreign Affairs (SRE) within sixty business days following the date on which the acquisition is made.

Mexican companies without a foreign exclusion clause may not acquire direct ownership of real estate for residential purposes located in the Restricted Zone.

Pursuant to the procedure described below, Mexican companies without a foreign exclusion clause may acquire rights for the use and enjoyment of real estate located in the Restricted Zone that is intended for residential purposes. Such procedure will also apply when foreign nationals or foreign companies intend to acquire rights for the use and enjoyment of real estate located in the Restricted Zone, regardless of the use for which the real estate is intended.

Permission from the SRE is required for credit institutions to acquire, as trustees, rights over real estate located in the Restricted Zone, when the purpose of the trust is to allow the use and exploitation of such property, without granting real rights over them, and the beneficiaries are Mexican companies without a foreigner exclusion clause, or the foreigners or foreign companies referred to above.

The use and exploitation of the real estate located in the Restricted Zone shall be understood as the rights to the use or enjoyment thereof, including, as the case may be, the obtaining of fruits, products and, in general, any yield resulting from the operation and lucrative exploitation t h r o u g h third parties or credit institutions in their capacity as trustees.

The duration of the trusts referred to in this reserve shall be for a maximum period of 50 years, which may be extended at the request of the interested party.

The SRE may verify at any time compliance with the conditions under which the permits referred to in this reservation are granted, as well as the presentation and veracity of the aforementioned notifications.

The SRE will decide on the permits, considering the economic and social benefit that the performance of these operations implies for the Nation.

Foreign nationals or foreign companies who intend to acquire real estate outside the Restricted Zone, must previously file with the SRE a document in which they agree to consider themselves Mexican nationals for such purposes and waive the right to invoke the protection of their governments with respect to such property.

2. Sector: All Sectors

Subsector:

Industrial Classification:

Reserved Obligations: National treatment (Article 11.3)

Level of Government: Federal

Measures: Foreign Investment Law, Title VI, Chapter III.

Description: Investment

The National Foreign Investment Commission (CNIE), in order to evaluate the applications submitted for its consideration (acquisitions or establishment of investments in the restricted activities in accordance with the provisions of this Schedule, shall comply with the following criteria:

a) the impact on employment and worker training;

b) technological contribution;

c) compliance with the environmental provisions contained in the ecological ordinances governing the matter; and

d) In general, the contribution to increasing competitiveness of Mexico's productive plant. the

In deciding on the merits of an application, the CNIE may only impose performance requirements that do not distort international trade and are not prohibited by Article 11.7 (Performance Requirements).

3. Sector: All sectors

Subsector:

Industrial classification:

Reserved obligations: National Treatment (Article 11. 3)

Level of Government: Federal

Measures: Foreign Investment Law, Title I, Chapter III

As qualified by the element Description

Description: Investment

A favorable resolution of the National Foreign Investment Commission (CNIE) is required for investors of the other Party or their investments to participate, directly or indirectly, in a proportion greater than 49 percent of the capital stock of Mexican companies within an unrestricted sector, only when the total value of the assets of the Mexican companies, at the time of submitting the acquisition request, exceeds the applicable threshold.

The applicable threshold for the review of an acquisition of a Mexican company will be the amount so determined by the CNIE. In any case, the threshold shall not be less than US$150 million.

Each year, the threshold shall be adjusted according to the nominal growth rate of Mexico's Gross Domestic Product, as published by the National Institute of Statistics, Geography and Informatics (INEGI).

4. Sector: All Sectors

Subsector:

Industrial Classification:

Reserved Obligations: National Treatment (Article 11.3) Senior Executives and Boards of Directors (Article 11.8). 8)

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 I

Federal Labor Law, Title I

Foreign Investment Law, Title I, Chapter III

Description: Investment

No more than 10 percent 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 percent of the participation in a Mexican cooperative production society.

Foreign nationals may not hold management or general management positions in cooperative societies.

A production cooperative society is an enterprise whose members unite their personal labor, whether physical or intellectual, for the purpose of producing goods or services.

5. Sector: All Sectors

Subsector:

Industrial Classification:

Reserved Obligations: National Treatment (Article 11.3)

Level of Government: Federal

Measures: Federal Law for the Promotion of Microindustry and Artisanal Activity, Chapters I, II, III and IV

Description: Investment

Only Mexican nationals may apply for a certificate to qualify as a microindustrial enterprise. The Federal Law for the Promotion of Microindustry and Artisanal Activity defines a "microindustrial enterprise" 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 Timber Activities

Subsector: Agriculture, Livestock or Forestry

Industrial Classification: CMAP 1111 AgricultureCMAP 1112 Livestock and Hunting (limited to livestock) CMAP 1200 Forestry and Tree Cutting

Reserved Obligations: National Treatment (Article 11. 3)

Level of Government: Federal

Measures: Political Constitution of the United Mexican States, Article 27

Agrarian Law, Title V

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 (series "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 a 49 percent interest in the series "T" shares.

7. Sector: Retail Trade

Subsector: Non-food Trade in Specialized Stores

Industry Classification: CMAP 623087 Retail Trade in Firearms, Cartridges and Ammunition CMAP 612024 Wholesale Trade Not Elsewhere Classified (limited to firearms, cartridges and ammunition)

Obligations Reserved: National Treatment (Article 11. 3)

Level of Government: Federal

Measures: 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 a 49 percent interest 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 manufacture of explosive mixtures for such activities.

8. Sector: Communications

Subsector: Entertainment Services (Open Radio and Television Broadcasting)

Industry Classification: CMAP 941104 Private Production and Transmission of Radio Programs (limited to production and transmission of open radio programs) CMAP 941105 Private Production, Transmission and Repetition of Television Programs, Private Services (limited to transmission and repetition of open television programs)

Obligations Reserved: National Treatment (Articles 10. 4 and 11.3) Local Presence (Article 10. 7)

Level of Government: Federal

Measures: Political Constitution of the United Mexican States, Articles 28 and 32

Law of General Communication Channels, Book I, Chapter II

Federal Telecommunications Law, Chapter III, Section III

Federal Radio and Television Law, Title III, Chapter I

Regulation of the Federal Radio and Television Law, regarding Concessions, Permits and Content of Radio and Television Broadcasts

Foreign Investment Law, Title I, Chapter II

Description: Cross-Border Trade in Services and Investment

Concession granted by the Ministry of Communications and Transportation (SCT) is required to provide open radio and television broadcasting services.

Only Mexican nationals and Mexican companies with a foreigner exclusion clause may provide services or make investments in the activities mentioned in the preceding paragraph.

9. Sector: Communications

Subsector: Entertainment Services (Open radio and television broadcasting, and public telecommunications networks for the provision of restricted television and audio services)

Industrial Classification: CMAP 941104 Private Production and Broadcasting of Radio Programs (limited to production and broadcasting of open radio and restricted audio programs) CMAP 941105 Production, Broadcasting and Repetition of Television Programs, Private Services (limited to production, broadcasting and repetition of open television and restricted television programs)

Obligations Reserved: National Treatment (Article 10. 4) Performance requirements (Article 11. 7)

Level of Government: Federal

Measures: Federal Law of Radio and Television, Title IV, Chapter II

Regulations of the Federal Law of Radio and Television, in Matters of Concessions, Permits and Content of Radio and Television BroadcastsRegulations of the Television and Audio Restricted Service

Description: Cross-Border Trade of Services and Investment

In order to protect copyrights, the concessionaire 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 as long as the application is accompanied by documentation proving the copyright(s) for the rebroadcast or distribution of such programs.

10. Sector: Communications

Subsector: Entertainment Services (limited to open radio and television broadcasting, and public telecommunications networks for the provision of restricted television services)

Industrial Classification: CMAP 941104 Private Production and Broadcasting of Radio Programs (limited to production and repetition of open radio programs) CMAP 941105 Production, Broadcasting and Repetition of Television Programs, Private Services (limited to production, broadcasting and repetition of open television and restricted television programs)

Obligations Reserved: National Treatment (Article 10. 4) Performance requirements (Article 11. 7)

Level of Government: Federal

Measures: Federal Law of Radio and Television, Title IV, Chapters III and Regulations of the Federal Law of Radio and Television, in the Matter of Concessions, Permits and Content of Radio and Television Broadcasts

Regulations of the Television and Audio Restricted 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 radio and television programs and restricted television, except when the Ministry of the Interior (SEGOB) authorizes the use of another language. The majority of the time of daily broadcast programming using personal performance must be covered by Mexican nationals. In Mexico, radio or television announcers and entertainers who are not Mexican nationals must obtain authorization from the SEGOB to perform such activities.

11. Sector: Communications

Subsector: Entertainment Services (Public Telecommunications Networks for the provision of restricted television and audio services)

Industrial Classification: CMAP 941104 Private Production and Transmission of Radio Programs (limited to the production and transmission of restricted audio programs over public telecommunications networks) CMAP 941105 Production, Transmission and Repetition of Television Programs, Private Services (limited to the production and transmission of restricted television programs over public telecommunications networks)

Obligations Reserved: National Treatment (Articles 10. 4 and 11.3) Local presence (Article 10. 7)

Level of government: Federal

Measures: Political Constitution of the United Mexican States, Articles 28 and 32

Law of General Communication Roads, Book I, Chapter IILaw of Nationality, Chapters I, II and IV

Federal Law of Radio and Television, Title III, Chapters I, II and II

Federal Telecommunications Law, Chapter II

Foreign Investment Law, Title I, Chapter II

Regulation of Satellite Communications

Regulation of the Television and Audio-Restricted Service

Regulation of the Federal Law of Radio and Television, in Matters of Concessions, Permits and Content of Radio and Television Transmissions

Description: Cross-Border Trade in Services and Investment

A concession granted by the Ministry of Communications and Transportation (SCT) is required to install, operate, or exploit a Public Telecommunications Network for the provision of restricted television and audio services. Such concession may be granted only to Mexican nationals or Mexican companies. Investors of the other Party or their investments may only acquire, directly or indirectly, up to 49 percent of the participation in companies established or to be established in the

territory of Mexico that own or operate Public Telecommunications Networks for the provision of restricted television and audio services.

12. Sector: Communications

Subsector: Public Telecommunications Services and Networks (marketing companies)

Industry Classification: CMAP 720006 Other Telecommunications Services (limited to marketing companies)

Obligations Reserved: National Treatment (Articles 10. 4 and 11.3) Most-favored-nation treatment (Article 10.5) Local presence (Article 10. 7)

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 II

Regulations on Public Telephony Service, Chapters I, II and IV

International Telecommunications Regulations, Rules 1, 2, 3, 4, 5 and 6

Regulations for the Commercialization of Long Distance and International Long Distance Telecommunications Services, Chapters I, II, II, III

Description: Cross-Border Trade in Services and Investment

Permission granted by the Ministry of Communications and Transportation (SCT) 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 permission.The establishment and operation of commercialization companies are invariably subject to the regulatory provisions in force. The SCT will not grant permits for the establishment of a commercialization company until the corresponding regulations are issued.

A telecommunications service commercialization company is defined 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 SCT, public telecommunications network concessionaires may not participate, directly or indirectly, in the capital of a telecommunications commercialization company. International port authorizations may only be requested by companies that have a public telecommunications network concession granted by the SCT.

13. Sector: Communications

Subsector: Public Telecommunications Services and Networks

Industry Classification: CMAP 502003 Telecommunications Installation CMAP 720003 Telephone Services (includes cellular telephone services) CMAP 720004 Telephone Booth Services CMAP 720006 Other Telecommunications Services

Reserved Obligations: National Treatment (Articles 10.4 and 11.3) Most-Favored-Nation Treatment (Article 10.5) Local Presence (Article 10. 7)

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 II

Regulations on Satellite Communications, Title II, Sections I, II and III, and Title II

Public Telephony Service Regulations, Chapters I, II and IV

Television and Audio Restricted Service Regulations, Chapters I and V

Local Service Rules, Rule 8

Long Distance Service Rules, Chapters III, IV and VI

International Telecommunications Rules, Rules 1, 2, 3, 4, 5 and 6

Description: Cross-Border Trade in Services and Investment

Concession granted by the Secretariat of Communications and Transportation (SCT) is required to:

(a) use, take advantage of or exploit a band of frequencies in the national territory, except for the spectrum of free use and that of official use;

b) install, operate or exploit public telecommunications networks;

c) occupy geostationary orbital positions and satellite orbits assigned to the country, and exploit their respective frequency bands; and

d) exploit the rights of emission and reception of signals of frequency bands associated with foreign satellite systems that cover and may provide services in the national territory.

Only Mexican nationals and companies incorporated under Mexican law may obtain such concessions. 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. International port authorizations may only be requested by companies that have a public telecommunications network concession granted by the SCT. International port is defined as the exchange that is part of the public telecommunications network of a long distance concessionaire, to which a transmission medium 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 SCT, in which case they will adopt the character of a public telecommunications network. Public telecommunications networks do not include the users' telecommunications equipment, nor the telecommunications networks located beyond the network termination point. The investors of the other Party or their investments may only participate, directly or indirectly, up to 49 percent in such concessionary companies. In the case of cellular telephone services, a favorable resolution of the National Commission on Foreign Investment (CNIE) is required for the investors of the other Party or their investments to participate, directly or indirectly, in a percentage greater than 49 percent.

14.Sector: Communications

Subsector: Transportation and Telecommunications

Industry Classification: CMAP 7200 Communications (including telecommunications and postal services) CMAP 71 Transportation

Reserved Obligations: National Treatment (Article 11. 3)

Level of Government: Federal

Measures: Ports Law, Chapter IV

Regulatory Law of Railroad Service, Chapter II, Section II

Civil Aviation Law, Chapter III, Section II

Airports Law, Chapter IV

Federal Roads, Bridges and Federal Motor Transport Law, Title I, Chapter II

Federal Telecommunications Law, Chapter III, Section III

Federal Radio and Television Law, Title III, Chapters I and II

General Communications Roads 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:

Industrial Classification: CMAP 501322 Construction for the Conduction of Petroleum and Petroleum Products (limited to specialized contractors only) CMAP 503008 Drilling of Oil and Gas Wells (limited to specialized contractors only)

Reserved Obligations: National Treatment (Article 11. 3)

Level of Government: Federal

Measures: Political Constitution of the United Mexican States, Article 27

Regulatory Law of Article 27 of the Constitution in the Oil Industry, Articles 2, 3, 4 and 6

Foreign Investment Law, Title I, Chapter II

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 percent of the participation in companies established or to be established in the territory of Mexico involved in contracts other than risk-sharing contracts, related to exploration and drilling of oil and gas wells and the construction of means for the transportation of oil and its derivatives. (See also List of Mexico, Annex V)

16. Sector: Transportation

Subsector: Land Transportation and Water Transportation

Industry Classification: CMAP 501421 Marine and Waterway Works

CMAP 501422 Construction of Road and Land Transportation Works

Reserved Obligations: Local Presence (Article 10.7) National Treatment (Article 11.1). 3)

Level of Government: Federal

Measures: Political Constitution of the United Mexican States, Article 32

Law of Roads, Bridges and Federal Motor Transport, Title I, Chapter II

Law of Ports, Chapter IV

Law of Maritime Navigation and Commerce, Title I, Chapter II

Description: Cross Border Trade of Services and Investment

Concession granted by the Secretariat of Communications and Transportation (SCT) is required to build and operate, or only operate, works in seas or rivers or roads for land transportation. Such concession may only be granted to Mexican nationals and Mexican companies.

17.Sector: Energy

Subsector: Petroleum Products

Industrial Classification: CMAP 626000 Retail Trade of Gasoline and Diesel (includes lubricants, oils, and additives for sale in gas stations)

Obligations Reserved: National Treatment (Article 11.3). 3)

Level of Government: Federal

Measures: Foreign Investment Law, Title I, Chapter I

Regulatory Law of Article 27 of the Constitution in the Oil Industry

Regulation 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

Industry Classification: CMAP 623050 Retail Trade of Liquid Fuel Gas

Reserved Obligations: National Treatment (Article 11. 3)

Level of Government: Federal

Measures: Foreign Investment Law, Title I, Chapter II

Regulatory Law of Article 27 of the Constitution in the Petroleum Industry

Regulation of the Regulatory Law of Article 27 of the Constitution in the Petroleum Industry, Chapters I, VII, IX and XI

Liquefied Petroleum Gas Regulation, Chapters I, III, V and XI

Description: Investment

Only Mexican nationals and Mexican companies with foreigners exclusion clause may distribute liquefied petroleum gas.

19. Sector: Energy

Subsector: Petroleum Products (supply of fuel and lubricants for aircraft, ships and railroad equipment)

Industry Classification:

Reserved Obligations: National Treatment (Article 11. 3)

Level of Government: Federal

Measures: Foreign Investment Law, Title I, Chapter III

Description: Investment

Investors of the other Party or their investors may only participate, directly or indirectly, in up to 49 percent of the capital of a Mexican enterprise that supplies fuels and lubricants for aircraft, ships and railway equipment.

20.Sector: Energy

Subsector:

Industry Classification: CMAP 623090 Retail Trade of Other Articles and Products Not Elsewhere Classified (limited to distribution, transportation and storage of natural gas)

Reserved Obligations: Local presence (Article 10.7)

Level of Government: Federal

Measures:Regulatory Law of Article 27 of the Constitution in the Oil Industry

Regulation of the Regulatory Law of Article 27 of the Constitution in the Oil Industry, Chapters I, VII, IX and XI

Regulation of Natural Gas, Chapters I, III, IV and V

Description: Cross-Border Trade in Services

Permit granted by the Comisión Reguladora de Energía is required to provide natural gas distribution, transportation and storage services. Only social sector enterprises and commercial companies may obtain such a permit.

21. Sector: Printing, Publishing and Related Industries

Subsector: Publication of Newspapers

Industry Classification: CMAP 342001 Publishing of Newspapers and Magazines (limited to newspapers)

Obligations Reserved: National Treatment (Article 11. 3)

Level of Government: Federal

Measures: Foreign Investment Law, Title I, Chapter IIAs qualified by the element Description

Description: Investment

Investors of the other Party or their investors may only acquire, directly or indirectly, up to a 49 percent interest 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 purposes of this reservation, a newspaper is considered to be one that is published at least five days a week.

22. Sector: Manufacture of GoodsSubsector: Explosives, Fireworks, Firearms and Cartridges

Industrial Classification: CMAP 352236 Manufacture of Explosives and Fireworks CMAP 382208 Manufacture of Firearms and Cartridges

Reserved Obligations: National Treatment (Article 11. 3)

Level of Government: Federal

Measures: Foreign Investment Law, Title I, Chapter III

Description: Investment

Investors of the other Party or their investors may only acquire, directly or indirectly, up to a 49 percent interest 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: Fishing-related services

Industrial Classification: CMAP 1300 Fishing

Reserved Obligations: National Treatment (Article 10. 4) Most-favored-nation treatment (Article 10.5) Local presence (Article 10. 7)

Level of Government: Federal

Measures: Political Constitution of the United Mexican States, Article 32

Fisheries Law, Chapters I and II

Law of Maritime Navigation and Commerce, Title II, Chapter I

Regulations of the Fisheries Law, Title II, Chapters I, III, IV, V and VI; Title III, Chapter III

Description: Cross-Border Trade in Services

Concession or permit granted by the Secretariat of Agriculture, Livestock, Rural Development, Fisheries and Food (SAGARPA) is required to carry out fishing activities in waters under Mexican jurisdiction. Only Mexican nationals and Mexican companies using Mexican flag vessels may obtain such concessions or permits. Permits may be issued exceptionally to persons operating vessels under the flag of a foreign country that provide the equivalent to Mexican flag vessels to carry out fishing activities in the exclusive economic zone. Only Mexican nationals and Mexican companies may obtain authorization from the SAGARPA to fish on the high seas in Mexican flag vessels, set gear, collect larvae, postlarvae, eggs, seeds or fry from the natural environment, for aquaculture production purposes or for research and introduction of live species within the waters under Mexican jurisdiction and for didactic fishing in accordance with the programs of the fishing education institutions.

24. Sector: Fisheries

Subsector: Fisheries

Industry Classification: CMAP 13001 Deep Sea Fisheries CMAP 130012 Coastal Fisheries CMAP 130013 Freshwater Fisheries

Reserved Obligations: National Treatment (Article 11.3) Most-Favored-Nation Treatment (Article 11.2). 4)

Level of Government: Federal

Measures: Fisheries Law, Chapters I, II and IV

Maritime Navigation and Commerce Law, Title II Chapter II

Federal Law of the Sea, Title I, Chapters I and II

National Waters Law, Title I, and Title IV, Chapter II

Foreign Investment Law, Title I, Chapter II

Regulations of the Fisheries Law, Chapters I, II, III, V, VI, IX and XV

Description: Investment

Investors of the other Party or their investors may only acquire, directly or indirectly, up to 49 percent of the participation in an enterprise established or to be established in the territory of Mexico, which carries out fishing in freshwater, coastal and in the exclusive economic zone, not including aquaculture. A favorable resolution of the National Foreign Investment Commission (CNIE) is required for investors of the other Party or their investments to acquire, directly or indirectly, more than a 49 percent interest in an enterprise established or to be established in the territory of Mexico that engages in deep-sea fishing.

25. Sector: Educational Services

Subsector: Private Schools

Level of Government: Federal

Measures: Foreign Investment Law, Title I, Chapter III As qualified by item Description.

Description: Investment

A favorable resolution of the National Foreign Investment Commission (CNIE) is required for investors of the other Party or their investments to participate, directly or indirectly, in a proportion greater than 49 percent of the capital stock of Mexican companies within an unrestricted sector, only when the total value of the assets of the Mexican companies, at the time of submitting the acquisition request, exceeds the applicable threshold.

26. Sector: Professional, Technical and Specialized Services

Subsector: Medical Services

Industry Classification: CMAP 9231 Medical, Dental and Veterinary Services Provided by the Private Sector (limited to medical and dental services)

Obligations Reserved: National Treatment (Article 10. 4)

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 in Services

Only Mexican nationals with a license to practice as physicians in the territory of Mexico may be contracted to provide medical services to the personnel of Mexican companies.

27. Sector: Professional, Technical and Specialized Services

Subsector: Specialized Personnel

Industrial Classification: CMAP 951012 Customs Brokerage and Representation Services

Reserved Obligations: National Treatment (Articles 10.4 and 11. 3)

Level of Government: Federal

Measures: Customs Law, Title II, Chapters I and III, and Title VII, Chapter II

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 formalities 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)

Industry Classification: Reserved Obligations: National Treatment (Articles 10.4 and 11.3) Local Presence (Article 10. 7)

Level of Government: Federal

Measures: Federal Public Brokerage Law, Articles 7, 8, 12 and 15

Regulations of the Federal Public Brokerage Law, Chapter I, and Chapter II, Sections I and III

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

Industry Classification: CMAP 951002 Legal Services (includes foreign legal consultants)

Reserved Obligations: National Treatment (Articles 10.4 and 11.3) Most-Favored-Nation Treatment (Articles 10.5 and 11. 4)

Level of Government: Federal

Measures: Regulatory Law of Article 5 of the Constitution regarding the Practice of Professions in the Federal District, Chapter III, Section III, and Chapter V

Foreign Investment Law, Title I, Chapter III

Description: Cross Border Trade in 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 percent of the participation in an enterprise established or to be established in the territory of Mexico that provides legal services. When there is no treaty on the matter, the professional practice of foreigners will be subject to reciprocity in the place of residence of the applicant and the fulfillment of the other requirements established by 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.I-M-F-39 Lawyers authorized to practice in the other Party may practice and consult on Mexican law, provided that they meet 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

Industry Classification: CMAP 9510 Provision of Professional, Technical and Specialized Services (limited to professional services)

Obligations Reserved: National Treatment (Article 10.4) Most-Favored-Nation Treatment (Article 10.5) Local Presence (Article 10. 7) Level of Government: Federal

Measures: Regulatory Law of Article 5 of the Constitution regarding the Practice of Professions in the Federal District, Chapter III, Section III, and Chapter V

Regulation of the Law of Article 5 of the Constitution regarding the Practice of Professions in the Federal District, Chapter III

General Population Law, Chapter III

Description: 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, Relative to 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 the reciprocity in the place of residence of the applicant and to the fulfillment of the other requirements established by Mexican laws and regulations. Domicile shall be understood as the place used to hear and receive notifications and documents.

31. Sector: Religious Services

Subsector:

Industrial Classification: CMAP 929001 Services of Religious Organizations

Reserved Obligations: Local presence (Article 10.7) Senior executives and boards of directors (Article 11.8)

Level of Government: Federal

Measures: Law of Religious Associations and Public Worship, Title II, Chapters I and II

Description: Cross-Border Trade in Services

Religious associations must be incorporated associations in accordance with the Law of Religious Associations and Public Worship.Religious associations must register with the Ministry of the Interior (SEGOB). To be registered, religious associations must be established in Mexico.Investment Representatives of religious associations must be Mexican nationals.

32. Sector: Transportation

Subsector: Air Transportation

Industrial Classification: CMAP 384205 Manufacture, Assembly and Repair of Aircraft (limited to aircraft repair)

Obligations Reserved: Local Presence (Article 10.7)

Level of Government: Federal

Measures: Civil Aviation Law, Chapter III, Section II

Description: Cross-Border Trade in Services

Permit granted by the Secretariat of Communications and Transportation (SCT) is required to establish and operate aeronautical workshops and personnel training and instruction centers.

33. Sector: Transportation

Subsector: Air Transportation

Industry Classification: CMAP 973301 Air Navigation Services CMAP 973302 Airport and Heliport Management Services

Reserved Obligations: National Treatment (Articles 10.4 and 11.3) Local Presence (Article 10. 7)

Level of Government: Federal

Measures: Political Constitution of the United Mexican States, Article 32

Law of General Roads of Communication, Book I, Chapters I, II and II

Law of Foreign Investment, Title I, Chapter II

Law of Civil Aviation, Chapters I and IV

Law of Airports, Chapter IIRegulations of the Law of Airports, Title II, Chapters I, II and III

Description: Cross-Border Trade in Services and Investment

Concession granted by the Ministry of Communications and Transportation (SCT) is required to build and operate, or only operate, airports and heliports. Only Mexican corporations may obtain such concession. A favorable resolution of the National Foreign Investment Commission (CNIE) is required for investors of the other Party or their investments to acquire, directly or indirectly, more than 49 percent of the participation 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 shall consider that national and technological development is promoted and the sovereign integrity of the nation is safeguarded.

34. Sector: Transportation

Subsector: Air Transportation

Industrial Classification: CMAP 713001 Regular Air Transportation in Aircraft with National Registration CMAP 713002 Non Regular Air Transportation (Aerotaxis)

Reserved Obligations: National Treatment (Article 11.3) Senior Management and Boards of Directors (Article 11.8)

Level of Government: Federal

Measures: Civil Aviation Law, Chapters IX and X

Regulation of the Civil Aviation Law, Title II, Chapter II

Foreign Investment Law, Title I, Chapter II

As qualified by the element Description

Description: Investment

Investors of the other Party or their investments may only acquire, directly or indirectly, up to 25 percent of the voting shares of an enterprise established or to be established in the territory of Mexico that provides commercial air services in aircraft with Mexican registration. 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 percent of the voting shares are owned or controlled by Mexican nationals, and in which the president and at least two-thirds of the senior management positions are Mexican nationals, may register an aircraft in Mexico.

35. Sector: Transportation

Subsector: Specialized Air Services

Industrial Classification:

Reserved Obligations: Local Presence (Article 10.7) National Treatment (Article 11. 3) Senior executives and boards of directors (Article 11. 8)

Level of Government: Federal

Measures: General Roads of Communication Law, Book I, Chapter II

Foreign Investment Law, Title I, Chapter IICivil Aviation Law, Chapters I, II, IV and IX

As qualified by 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 percent 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 percent of the voting shares are owned or controlled by Mexican nationals, and in which the president and at least two-thirds of the senior management positions are Mexican nationals, may register aircraft in Mexico. A permit granted by the

Ministry of Communications and Transportation (SCT) is required to provide all specialized air services in the territory of Mexico. Such permission will only be granted when the person interested in offering such services has a domicile in the territory of Mexico.

36. Sector: Transportation

Subsector: Water Transportation

Industry Classification: CMAP 973203 Maritime, Lake and River Port Administration

Reserved Obligations: National Treatment (Article 11.3)

Level of Government: Federal

Measures: Ports Act, Chapters IV and V.

Regulations of the Port 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 percent of the equity interest i n 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 commercial company, through a concession for the use, exploitation and exploitation of the goods and the rendering of the respective services.

37. Sector: Transportation

Subsector: Water Transportation

Industrial Classification: CMAP 384201 Manufacture and Repair of Boats

Reserved Obligations: National Treatment (Article 10.4) Local Presence (Article 10.7)

Level of Government: Federal

Measures: Political Constitution of the United Mexican States, Article 32.

General Roads and Highways Law, Book I, Chapters I, II and III.

Maritime Navigation and Commerce Act, Title I, Chapter II Port Law, Chapter IV

Description: Cross Border Trade in Services

A concession granted by the Ministry of Communications and Transportation (SCT) is required to establish and operate, or only operate, a shipyard. Only Mexican nationals and Mexican companies may obtain such a concession.

38. Sector: Transportation

Subsector: Water Transportation

Industrial Classification: CMAP 973201 Loading and Unloading Services, Related to Water Transportation (includes operation and maintenance of docks; coastal loading and unloading of vessels; handling of marine cargo; operation and maintenance of wharves; cleaning of vessels; stevedoring; transfer of cargo between vessels and trucks, trains, pipelines and docks; port terminal operations)

Reserved Obligations: National Treatment (Articles 10.4 and 11.3) Local Presence (Article 10.7)

Level of Government: Federal

Measures: Political Constitution of the United Mexican States, Article 32.

Maritime Navigation and Commerce Law, Title I, Chapter II, and Title II, Chapters IV and V.

Port Law, Chapters II, IV and VI

General Roads and Highways 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 element 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 percent of the shares of the other Party.

percent of the participation in a company established or to be established in the territory of Mexico that provides port services to vessels f o r their inland navigation operations, such as towing, mooring of lines and launching.

A concession granted by the Ministry of Communications and Transportation (SCT) is required to build and operate, or only operate, marine terminals, including docks, cranes and related activities. Only Mexican nationals and Mexican companies may obtain such concession.

A permit granted by the SCT is required to provide warehousing and stevedoring services. Only Mexican nationals and Mexican companies may obtain such permit.

39. Sector: Transportation

Subsector: Water Transportation

Industry Classification: CMAP 973203 Maritime, Lake and River Port Administration (limited to port pilotage services)

Obligations Reserved: National Treatment (Article 11.3)

Level of Government: Federal

Measures: Maritime Navigation and Commerce Act, Title III, 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 a maximum of 49 percent in Mexican companies engaged in providing port pilotage services to vessels for inland navigation operations.

40. Sector: Transportation

Subsector: Water Transportation

Industrial Classification: CMAP 712011 Deep Sea Shipping Service CMAP 712012 Cabotage Maritime Transportation Service CMAP 712013 Offshore and Coastal Towing Service CMAP 712021Service from Transportation River and Dams CMAP 712022 Port Transportation Services

Reserved Obligations: National Treatment (Articles 10.4 and 11.3) Most-favored-nation treatment (Articles 10.5 and 11.4)

Level of Government: Federal

Measures: Maritime Navigation and Commerce Act, Title III, Chapter I.

Foreign Investment Law, Title I, Chapter III Federal Law of Economic Competition, Chapter IV

Description: Cross Border Trade in Services and Investment

The operation or exploitation of vessels in deep-sea navigation, including transportation and international maritime towing, is open to shipowners and vessels of all countries, when there is reciprocity under the terms of international treaties. The Ministry of Communications and Transportation (SCT), prior opinion of the Federal Competition Commission (CFC), 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 inland navigation vessels is reserved to Mexican shipowners with Mexican vessels. When

there are no suitable and available Mexican vessels, or the public interest so requires, the SCT may grant to Mexican shipowners, temporary navigation permits to operate and exploit with foreign vessels, or in case there are no interested Mexican shipowners, it may grant these permits to foreign shipping companies.

The operation and exploitation of vessels in coastal navigation may be carried out by Mexican or foreign shipowners, with Mexican or foreign vessels. In the case of foreign shipping companies or vessels, a permit will be required from the SCT, after verifying the existence of reciprocity and equivalence conditions with the country where the vessel i s registered and with the country where the shipping company has its registered office and its real and effective place of business.

The operation and exploitation in inland navigation and cabotage of tourist cruise ships, as well as dredges and naval artifacts for the construction, conservation and operation of ports, may be carried out by Mexican or foreign shipowners, with Mexican or foreign vessels or naval artifacts.

The SCT, with the prior opinion of the CFC, may resolve that, totally or partially, certain cabotage traffic may only be carried out by Mexican shipowners with Mexican vessels or vessels reputed as such, when the principles of competition are not respected and the national economy is affected.

Investors of the other Party or their investments may only participate, directly or indirectly, up to a maximum of 49 percent in the capital of a Mexican shipping company established or to be established in the territory of Mexico, engaged in the commercial operation of vessels for inland navigation and cabotage, except for tourist cruises and the operation of dredges and naval artifacts for the construction, conservation and operation of ports.

A favorable resolution of the National Foreign Investment Commission is required for the investors of the other Party or their investments to participate, directly or indirectly, in a percentage greater than 49 percent in the companies established or to be established in the territory of Mexico dedicated to the exploitation of vessels in deep-sea traffic.

41. Subsector: Pipelines Other Than Those Carrying Energy

Industrial Classification:

Reserved Obligations: National Treatment (Article 10.4) Local Presence (Article 10.7)

Level of Government: Federal

Measures: Political Constitution of the United Mexican States, Article 32

General Roads and Highways Law, Book I, Chapters I, II and III.

National Water Law, Title I, Sole Chapter, and Title IV, Chapter II.

Description: Cross Border Trade in Services

A concession granted by the Ministry of Communications and Transportation (SCT) is required to build and operate, or only operate, pipelines that transport goods other than energy or basic petrochemical products. Only Mexican nationals and Mexican companies may obtain such concession.

42. Sector: Transportation

Sub-sector: Specialized Personnel

Industrial Classification: CMAP 951023 Other Professional, Technical and Specialized Services not mentioned above (limited to captains; pilots; skippers; machinists; mechanics; airfield commanders; port captains; harbor pilots; personnel manning any vessel or aircraft flying a Mexican flag or merchant flag or insignia)

Reserved Obligations: National treatment (Article 10.4)

Level of Government: Federal

Measures: Political Constitution of the United Mexican States, Article 32.

Description: Cross Border Trade in Services

Only Mexicans by birth may be:

a) captains, pilots, skippers, machinists, mechanics and crew of vessels or aircraft flying the Mexican flag; and

b) port captains, port pilots and airfield commanders.

43. Sector: Transportation

Subsector: Rail Transportation

Industry Classification: CMAP 711101 Rail Transportation Services

Reserved Obligations: National treatment (Articles 10.4 and 11.3) Local presence (Article 10.7)

Level of Government: Federal

Measures: Foreign Investment Law, Title I, Chapter III.

Railroad Service Regulatory Law, Chapter I and Chapter II, Section III.

Rail 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 (CNIE) is required for investors of the other Party or their investments to participate, directly or indirectly, in a percentage greater than 49 percent in 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 provision of public railroad transportation services.

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.

A concession granted by the Ministry of Communications and Transportation (SCT) is required to build, operate and exploit railroad transportation services and provide public railroad transportation services. Only Mexican companies may obtain such concession.

A permit granted by the SCT is required to provide auxiliary services; construct accesses, crossings and marginal facilities on the right-of-way of the tracks.

The following are permitted: the installation of billboards and advertising signs on the right-of-way; and the construction and operation of bridges over railroad tracks. Only Mexican nationals and Mexican companies may obtain such permits.

44. Sector: Transportation

Subsector: Land Transportation

Industrial Classification: CMAP 973101 Administration Service for Passenger Trucking Stations and Auxiliary Services (limited to truck terminals and bus and truck stations).

Reserved Obligations: National Treatment (Article 10.4) Local Presence (Article 10.7) Most-Favored-Nation Treatment (Article 11.4)

Level of Government: Federal

Measures: Federal Roads, Bridges and Motor Carriers Law, Title I, Chapter III.

Regulations for the Use of the Right-of-Way of Federal Highways and Surrounding Areas, Chapters II and IV.

Federal Motor Carrier and Auxiliary Services Regulations, Chapter I.

Description: Cross Border Trade in Services 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 permit.

45. Sector: Transportation

Subsector: Ground Transportation

Industrial Classification: CMAP 973102 Servicio de Administración de Caminos, Puentes y Servicios Auxiliares (Roads, Bridges and Auxiliary Services Administration Service

Reserved Obligations: National Treatment (Article 10.4) Local Presence (Article 10.7)

Level of Government: Federal

Measures: Political Constitution of the United Mexican States, Article 32.

Law of Roads, Bridges Chapter III. and Federal Trucking, Title I,

Description: Cross Border Trade in Services

A concession granted by the Ministry of Communications and Transportation (SCT) is required to provide road and bridge administration services and auxiliary services. Only Mexican nationals and Mexican companies may obtain such concession.

46.Sector: Transportation

Subsector: Land Transportation

Industrial Classification: CMAP 711201Construction Materials Motor Transport Service CMAP 711202 Moving Motor Transport Service CMAP 711203 Other Specialized Freight Motor Transport ServicesCMAP 711204 General Freight Motor Transport Service CMAP 711311 Foreign Passenger Bus Transportation Service CMAP 711318 School and Tourist Transportation Service (limited to tourist transportation services) CMAP 720002 Courier Services

Reserved Obligations: National Treatment (Articles 10.4 and 11.3) Most favored nation treatment (Article 10.5) Local presence (Article 10.7)

Level of Government: Federal

Measures: Foreign Investment Law, Title I, Chapter II.

Law of Roads, Bridges and Federal Transportation, Title I, Chapter I and III.

Federal Motor Carrier and Auxiliary Services Regulations, 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 interest in the capital of companies established or to be established in the territory of Mexico that provide domestic cargo transportation

in the territory of Mexico, except for parcel and courier services.

A permit issued by the Ministry of Communications and Transportation (SCT) is required to provide passenger transportation services, tourist transportation services or cargo transportation services to or from the territory of Mexico. Only Mexican nationals and Mexican companies may obtain such permit.

A permit issued by the SCT is required to provide intercity passenger transportation services, tourist transportation services or international cargo transportation services between points within the territory of Mexico. Only Mexican nationals and Mexican companies may obtain such permit.

Only Mexican nationals and Mexican companies with a foreigner exclusion clause, using equipment registered in Mexico that has been built in Mexico or legally imported, and with drivers who are Mexican nationals, may provide domestic cargo services between points in the territory of Mexico.

A permit issued by the SCT is required to provide parcel and courier services. Only Mexican nationals and Mexican companies may obtain such permit.

47.Sector: Transportation

Subsector: Rail Transportation Services

Industrial Classification: CMAP 711101Rail Transport Service (limited to railway crew)

Reserved Obligations: National treatment (Article 10.4)

Level of Government: Federal

Measures: Federal Labor Law, Title VI, Chapter V.

Description: Cross Border Trade in Services

Railroad crew members must be Mexican nationals.

48.Sector: Transportation

Subsector: Land Transportation

Industrial Classification: CMAP 711312 Urban and Suburban Passenger Bus Transportation Service CMAP 711315 Automobile Transportation Service for Ruleteo CMAP 711316 Fixed-Route Motor Car Transportation ServiceCMAP 711317 On-Site Automobile Transportation Service CMAP 711318 School and Tourist Transportation Service (limited to school transportation service)

Reserved Obligations: National Treatment (Articles 10.4 and 11.3)

Level of Government: Federal

Measures: Foreign Investment Law, Title I, Chapter II.

General Roads and Highways Law, Book I, Chapters I and II.

Law of Roads, Bridges and Federal Trucking, Title I, Chapter III.

Federal Motor Carrier and Auxiliary Services Regulations, Chapter I.

Description: Cross Border Trade in 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, cab, roulette and other collective transportation services.

49. Sector: Communications

Subsector: Entertainment Services (Cinemas)

Industrial Classification: CMAP 941103 Private Film Showings

Reserved Obligations: National Treatment (Articles 10.4 and 11.3) Most-favored-nation treatment (Articles 10.5 and 11.4) Performance requirements (Article 11.7)

Level of Government: Federal

Measures: Federal Film Law, Chapter III

Regulations of the Federal Cinematography Law, Chapter V.

Description: Cross Border Trade in Services and Investment

Exhibitors shall reserve ten percent of the total exhibition time for the projection of national films.

Annex I. Schedule of Peru

1. Sector: All Sectors

Subsector:

Reserved Obligations: National treatment (Article 11.3)

Industrial Classification:

Level of Government: National

Measures: Political Constitution of Peru (1993), Article 71.

Legislative Decree No. 757, Official Gazette "El Peruano" of November 13, 1991, Framework Law for the Growth of Private Investment, Article 13.

Description: Investment

Within fifty kilometers of the frontiers, foreigners may not acquire or possess by any title whatsoever, mines, lands, forests, waters, fuels or energy sources, directly or indirectly, individually or in partnership, under penalty of forfeiting, for the

benefit of the State, the right thus acquired. An exception is made in the case of public necessity expressly declared by supreme decree approved by the Council of Ministers, in accordance with the law.

For each case of acquisition or possession in the aforementioned area, the investor must submit the corresponding request to the competent Ministry in accordance with the legal regulations in force.

2. Sector: Fisheries and Fisheries-Related Services

Subsector:

Industrial Classification:

Obligations Reserved: National treatment (Article 10.4)

Level of Government: National

Measures: Supreme Decree No. 012-2001-PE, Official Gazette "El Peruano" of March 14, 2001, Regulations of the General Fisheries Law, Articles 67, 68, 69 and 70.

Description: Cross Border Trade in Services

The owners of foreign-flagged fishing vessels, prior to the start of their operations, shall submit a joint and several, irrevocable, unconditional and automatic performance bond, valid for no more than 30 calendar days after the date of completion of the fishing permit, issued in favor of and to the satisfaction of the Ministry of Production, by a banking, financial or insurance institution, duly recognized by the Superintendence of Banking and Insurance. Said letter shall be issued for a value equivalent to 25 percent of the amount due for payment of fishing rights.

Owners of foreign-flagged fishing vessels, other than those of larger scale, operating in Peruvian jurisdictional waters are required to have the Satellite Tracking System on their vessels, unless a Ministerial Resolution exempts owners of highly migratory fisheries from this obligation.

Foreign-flagged fishing vessels with a fishing permit must carry on board a scientific technical observer designated by the Instituto del Mar del Perú (IMARPE). The shipowners, in addition to providing accommodation on board for said representative, must pay an allowance per day of boarding, which will be deposited in a special account to be administered by IMARPE.

Owners of foreign-flagged fishing vessels operating in Peruvian jurisdictional waters must hire a minimum of 30 percent Peruvian crew members, subject to applicable national legislation.

3. Sector: Broadcasting Services

Subsector: Industrial Classification:

Reserved Obligations: Local Presence (Article 10.7) National Treatment (Article 11.3)

Level of Government: National

Measures: Law No. 28278, Official Gazette "El Peruano" of July 16, 2004, Law on Radio and Television, Article 24.

Description: Cross Border Trade in Services and Investment

Only natural persons of Peruvian nationality or legal entities incorporated under Peruvian law and domiciled in Peru may be holders of authorizations and licenses for broadcasting services.

The participation of foreigners in such legal entities may not exceed 40 percent of the total participations or shares of the capital stock, and they must also be owners or have participation or shares in broadcasting companies in their countries of origin.

The foreigner, neither directly nor through a sole proprietorship, may be the holder of an authorization or license.

4. Sector: Audiovisual Services

Subsector:

Industrial Classification:

Reserved Obligations: National treatment (Article 10.4) Performance requirements (Article 11.7)

Level of Government: National

Measures: Law No. 28278, Official Gazette "El Peruano" of July 16, 2004, Radio and Television Law, Eighth Complementary and Final Provision.

Description: Cross Border Trade in Services and Investment

The owners of broadcasting services (open signal) must establish a minimum national production of 30 percent of their programming, between 5:00 a.m. and midnight, on a weekly average.

5. Sector: Broadcasting Services

Subsector:

Industrial Classification:

Reserved Obligations: National Treatment (Articles 10.4 and 11.3) Most-favored-nation treatment (Articles 10.5 and 11.4)

Level of Government: National

Measures: Supreme Decree No. 005-2005-MTC, Official Gazette "El Peruano" of February 15, 2005, Regulation of the Radio and Television Law, Article 20.

Description: Cross Border Trade in Services and Investment

If a foreigner is, directly or indirectly, a shareholder, partner or associate of a juridical person, such juridical person may not hold authorizations to provide the broadcasting service within the localities bordering the country of origin of such foreigner, except in the case of public necessity authorized by the Council of Ministers.

This restriction is not applicable to legal entities with foreign participation that have two or more authorizations in force, provided that they are in the same frequency band.

6. Sector: All Sectors

Subsector:

Industrial Classification:

Reserved Obligations: National Treatment (Article 10.4) Senior executives and boards of directors (Article 11.8)

Level of Government: National

Measures: Legislative Decree No. 689, Official Gazette "El Peruano" of November 5, 1991, Law for the Hiring of Foreign Workers, Articles 1, 3, 4, 5 (as amended by Law No. 26196) and 6.

Description: Cross Border Trade in Services and Investment

Employers, whatever their activity or nationality, shall give preference to hiring national workers.

Foreign natural persons providing services and employed by companies providing services may render services in Peru through an employment contract that must be entered into in writing and for a specific term, for a maximum period of 3 years, which may be extended successively for equal periods, and must also include the commitment to train national personnel in the same occupation.

Foreign natural persons may not represent more than 20 percent of the total number of servants, employees and workers of a company, and their remunerations may not exceed 30 percent of the total payroll. These percentages shall not apply in the following cases when:

• the foreign service provider is a spouse, ascendant, descendant or sibling of a Peruvian;

• personnel of foreign companies engaged in international land, air or water transportation services with foreign flag and registration;

• foreign personnel working in multinational service companies or multinational banks, subject to legal regulations issued for specific cases;

• in the case of a foreign investor, provided that its investment has permanently a minimum amount of 5 tax units during

the term of its contract;

• in the case of artists, sportsmen or those service providers who perform in public shows in Peruvian territory, up to a maximum of 3 months per year;

• the person is a foreigner with an immigrant visa;

• the employee is a foreigner with whose country of origin there is a labor reciprocity or dual nationality agreement;

• in the case of foreign personnel who, by virtue of bilateral or multilateral agreements entered into by the Peruvian Government, render their services in the country.

Employers may request exemptions from the limiting percentages related to the number of foreign workers and the percentage that their remunerations represent in the total amount of the company's payroll, when:

• professional or specialized technical personnel are involved;

• it concerns management and/or managerial personnel of a new business activity or business reconversion;

• teachers hired for higher education, or for basic or secondary education in private foreign schools, or for language teaching in private national schools, or in specialized language teaching centers;

• they are personnel of public sector companies or private companies under contract with public sector agencies, institutions or companies;

• in any other case established by Supreme Decree, following the criteria of specialization, qualification or experience.

7. Sector: Professional Services

Subsector: Legal Services (Notarial Services)

Reserved Obligations: National Treatment (Articles 10.4 and 11.3)

Level of Government: National

Measures: Legislative Decree No. 1049, Official Gazette "El Peruano" of June 26, 2008, Legislative Decree on Notaries, Article 10.

As qualified by the element Description

Description: Cross Border Trade in Services and Investment

Only Peruvian nationals by birth may provide notarial services.

Therefore, no foreign national may be a notary or own a notary's office in the Republic of Peru.

8. Sector: Professional Services

Subsector: Architectural Services

Reserved Obligations: National Treatment (Articles 10.4 and 11.3)

Level of Government: National

Measures: Law No. 14085, Official Gazette "El Peruano" of June 30, 1962, Law of Creation of the College of Architects of Peru.

Law No. 16053, Official Gazette "El Peruano" of February 14, 1966, Law of Professional Practice, Authorizes the Associations of Architects and Engineers of Peru to supervise the professionals of Engineering and Architecture of the Republic, Article 1.

Agreement of the National Council of Architects, approved in Session No. 04-2009 of December 15, 2009.

Description: Cross Border Trade in Services and Investment

To practice as an architect in Peru, a person must register with the Colegio de Arquitectos and pay a registration fee. There may be a difference in the amount of the registration fee between Peruvians and foreigners. The proportion of this difference cannot exceed 5 times. For the sake of transparency, the current fees are:

a) Peruvian university graduates 775 nuevos soles;

b) Peruvians graduates at foreign universities 1,240 nuevos soles;

c) foreigners graduates at Peruvian universities 1,240 nuevos soles; and

d) foreigners graduates at foreign universities 3,100 nuevos soles.

Likewise, for temporary registration, non-resident foreign architects require a contract of association with a resident Peruvian architect.

9.Sector: Professional Services

Subsector: Audit Services

Industrial Classification:

Reserved Obligations: National treatment (Articles 10.4 and 11.3) Local presence (Article 10.7)

Level of Government: National

Measures: Regulation Internal Regulations of the College of Public Accountants of Lima, Articles 145 and 146.

Description: Cross Border Trade in Services and Investment

The auditing companies must be constituted solely and exclusively by licensed public accountants residing in the country and duly qualified by the "Colegio de Contadores Públicos de Lima" (Association of Public Accountants of Lima). No partner may be a member of another auditing firm in Peru.

10. Sector: Security Services

Subsector:

Industrial Classification:

Reserved Obligations: National treatment (Article 10.4) Senior executives and boards of directors (Article 11.8)

Level of Government: National

Measures: Supreme Decree No. 005-94-IN, Official Gazette "El Peruano" of May 12, 1994, Regulation of Private Security Services, Articles 81 and 83.

Description: Cross Border Trade in Services and Investment

Persons hired as security guards must be Peruvian by birth.

Senior executives of security services companies must be Peruvians by birth and residents in the country.

11. Sector: Recreational, cultural and sporting services

Subsector: National artistic audiovisual production services

Industrial Classification:

Reserved Obligations: National treatment (Article 10.4)

Level of Government: National

Measures: Law No. 28131, Official Gazette "El Peruano" of December 18, 2003, Law of the Artist, Performer and Executor, Articles 23 and 25.

Description: Cross Border Trade in Services

All national artistic audiovisual productions must be made up of at least 80 percent national artists.

All national artistic performances presented directly to the public must be made up of at least 80 percent national artists.

National artists must receive no less than 60 percent of the total artist payroll.

The same percentages established in the preceding paragraphs apply to the technical worker linked to the artistic activity.

12. Sector: Recreational, cultural and sporting services.

Subsector: Circus entertainment services

Industrial Classification:

Reserved Obligations: National treatment (Article 10.4)

Level of Government: National

Measures: Law No. 28131, Official Gazette "El Peruano" of December 18, 2003, Law of the Artist, Performer and Executor, Article 26.

Description: Cross Border Trade in Services

Every foreign circus show shall enter the country with its original cast, for a maximum period of 90 days, which may be extended for the same period. In the latter case, at least 30 percent of national artists and 15 percent of national technicians shall be incorporated to the artistic cast. These same percentages must be reflected in the wage and salary lists.

13. Sector: Commercial Advertising Services

Subsector: Industrial Classification:

Reserved Obligations: National treatment (Article 10.4)

Level of Government: National

Measures: Law No. 28131, Official Gazette "El Peruano" of December 18, 2003, Law of the Artist, Performer and Executor, Articles 25 and 27.2.

Description: Cross Border Trade in Services

Commercial advertising in Peru must include at least 80 percent of national artists.

National artists must receive no less than 60 percent of the total artist payroll.

The same percentages established in the preceding paragraphs apply to technical workers engaged in commercial advertising.

14. Sector: Entertainment and recreation services

Subsector: Bullfighting events

Industrial Classification:

Reserved Obligations: National treatment (Article 10.4)

Level of Government: National

Measures: Law No. 28131, Official Gazette "El Peruano" of December 18, 2003, Law of the Artist, Performer and Executor, Article 28.

Description: Cross Border Trade in Services

At least one national matador must participate in every bullfighting fair. At least one national bullfighter must participate in all bullfighting fairs.

15. Sector: Broadcasting Services

Subsector:

Industrial Classification:

Reserved Obligations: National treatment (Article 10.4) Performance requirements (Article 11.7)

Level of Government: National

Measures: Law No. 28131, Official Gazette "El Peruano" of December 18, 2003, Law of the Artist, Performer and Executor, Articles 25 and 45.

As qualified by the element Description

Description: Cross Border Trade in Services and Investment

Open signal broadcasting companies must allocate no less than 10 percent of their daily programming to the broadcasting of folklore, national music and series or programs produced in Peru related to Peruvian history, literature, culture or national reality, made with contracted artists in the following percentages:

• A minimum of 80 percent national artists;

• National artists shall receive no less than 60 percent of the total artist salary and wage schedule;

• The same percentages established in the preceding paragraphs apply to the technical worker linked to the artistic activity.

16. Sector: Bonded Warehouse Services

Subsector:

Industrial Classification:

Reserved Obligations: Local presence (Article 10.7)

Level of government: National

Measures: Supreme Decree No. 08-95-EF, Official Gazette "El Peruano" of February 5, 1995, Customs Warehouse Regulations, Article 7.

Description: Cross Border Trade in Services

Only natural or legal persons domiciled in Peru may request authorization to operate bonded warehouses.

17. Sector: Telecommunications

Subsector:

Industrial Classification:

Reserved Obligations: National treatment (Article 10.4)

Level of government: National

Measures: Supreme Decree No. 020-2007-MTC, Official Gazette "El Peruano" of July 4, 2007, Texto Único Ordenado del Reglamento General de la Ley de Telecomunicaciones, Article 258.

Description: Cross Border Trade in Services

Call-back is prohibited, understood as the offering of telephone services for the making of attempted telephone calls originating in the country, with the purpose of obtaining a return call with an invitation to dial tone, coming from a basic telecommunications network located outside the national territory.

18. Sector: Transportation

Subsector: Air Transportation

Industrial Classification:

Reserved Obligations: National Treatment (Articles 10.4 and 11.3) Local presence (Article 10.7) Senior executives and boards of directors (Article 11.8)

Level of Government: National

Measures: Law No. 27261, Official Gazette "El Peruano" of May 10, 2000, Civil Aeronautics Law, Articles 75 and 79.

Supreme Decree N° 050-2001-MTC, Official Gazette "El Peruano" of December 26, 2001, Regulation of the Civil Aeronautics Law, Articles 147, 159, 160 and VI Complementary Provision.

Description: Cross Border Trade in Services and Investment

National Commercial Aviation is reserved to Peruvian individuals and legal entities. The term National Commercial Aviation

includes specialized air services.

For the purposes of this entry, a Peruvian legal entity is considered to be one that complies with:

a) be incorporated under Peruvian law, indicate in its corporate purpose the commercial aviation activity to which it will be dedicated and have its domicile in Peru, for which it must develop its main activities and install its administration in Peru;

b) at least half plus one of the directors, managers and persons in charge of the control and management of the company must be of Peruvian nationality or have permanent domicile or habitual residence in Peru; and,

c) at least 51 percent of the company's capital stock must be Peruvian-owned, and be under the real and effective control of shareholders or partners of Peruvian nationality with permanent domicile in Peru. (This limitation shall not apply to companies incorporated u n d e r Law No. 24882, which may maintain the percentages of ownership within the margins established therein). Six months after the company's operating permit to provide commercial air transportation services has been granted, the percentage of capital stock owned by foreigners may be up to 70 percent.

In operations carried out by national operators, the personnel performing aeronautical functions on board must be Peruvian. The General Directorate of Civil Aeronautics may, for technical reasons, authorize these functions to foreign personnel for a period not exceeding 6 months from the date of authorization, extendable for proven lack of such trained personnel.

The General Directorate of Civil Aeronautics, after verifying the lack of Peruvian aeronautical personnel, may authorize the hiring of non-resident foreign personnel for the technical management of the aircraft and for the training of Peruvian aeronautical personnel for a term of up to 6 months, extendable according to the proven lack o f Peruvian personnel.

19. Sector: Transportation

Subsector: Water Transportation

Industrial Classification:

Reserved Obligations: National treatment (Articles 10.4 and 11.3) Local presence (Article 10.7) Senior executives and boards of directors (Article 11.8)

Level of Government: National

Measures: Law No. 28583, Law for the Reactivation and Promotion of the National Merchant Marine, Official Gazette "El Peruano" of July 22, 2005, Articles 4.1, 6.1, 7.1, 7.2, 7.4 and.13.6.

Law No. 29475, Law that amends Law No. 28583, Law for the Reactivation and Promotion of the National Merchant Marine, Official Gazette "El Peruano" of December 17, 2009, Article 13.6 and Tenth Transitory and Final Provision.

Supreme Decree No. 028 DE/MGP, Official Gazette "El Peruano" of May 25, 2001, Regulation of Law No. 26620, Article I-010106, paragraph a).

Description: Cross Border Trade in Services and Investment

1. National Shipping Company or National Shipping Company means the natural person of Peruvian nationality or legal entity incorporated in Peru, with main domicile, real and effective headquarters in the country, which is engaged in the service of water transportation in national traffic or cabotage and/or international traffic and is owner or lessee under the modalities of financial lease or bareboat lease, with mandatory purchase option, of at least one Peruvian flag merchant vessel and has obtained the corresponding Operating Permit from the General Directorate of Aquatic Transportation.

2. At least 51 percent of the capital stock of the legal entity, subscribed and paid, must be owned by Peruvian citizens.

3. The Chairman of the Board of Directors, the majority of the Directors and the Chief Executive Officer must be Peruvian nationals and reside in Peru.

4. The captain and crew of the vessels of national shipping companies shall be of Peruvian nationality in their entirety, authorized by the General Directorate of Coast Guard and Coast Guard. In exceptional cases and upon verification of the unavailability of Peruvian personnel duly qualified and experienced in the type of vessel in question, the hiring of services of foreign nationality may be authorized up to a maximum of fifteen percent 15 percent of the total crew of each vessel and for a limited period of time. This exception does not apply to the master of the vessel.

5. To obtain the license of Práctico you must be a Peruvian citizen.

6. Commercial water transportation in national traffic or cabotage is reserved exclusively to Peruvian flag merchant vessels owned by the National Shipping Company or National Shipping Company or under the modalities of financial leasing or bareboat leasing, with mandatory purchase option; except for the following exceptions:

a) The transportation of hydrocarbons in national waters is reserved up to 25 percent for vessels of the Peruvian Navy; and

b) For water transportation between Peruvian ports only and, in cases of non-existence of own or leased vessels under the above mentioned modalities, the chartering of foreign flag vessels will be allowed to be operated, only by National Shipping Companies or National Shipping Companies, for a period not exceeding 6 months.

20. Sector: Transportation

Subsector: Water Transportation

Industrial Classification:

Reserved Obligations: National treatment (Articles 10.4 and 11.3) Local presence (Article 10.7)

Level of Government: National

Measures: Supreme Decree No. 056-2000-MTC, Official Gazette "El Peruano" of December 31, 2000, Provide that maritime and related transportation services performed in bays and port areas must be provided by authorized natural and legal persons, with vessels and artifacts of national flag, Article 1.

Ministerial Resolution Nº 259-2003-MTC/02, Official Gazette "El Peruano" of April 4, 2003, Approving the Regulation of Water Transportation and Related Services Provided in Bay Traffic and Port Areas, Articles 5 and 7.

Description: Cross Border Trade in Services and Investment

The following Water Transportation and Related Services that are performed in bay traffic and port areas, must be rendered by natural persons domiciled in Peru and legal persons incorporated and domiciled in Peru, duly authorized, with vessels and naval artifacts under the Peruvian flag:

• Fuel supply services.

• Mooring and unmooring service.

• Diver Service.

• Ship provisioning service.

• Dredging Service.

• Pilotage service.

• Waste collection service.

• Towing service.

• Personal transportation service

21. Sector: Transportation

Subsector: Water Transportation

Industrial Classification:

Reserved Obligations: Local presence (Article 10.7)

Level of Government: National

Measures: Supreme Resolution No. 011-78-TC-DS, dated February 6, 1978, Regulation of Tourist Transportation Companies.

As qualified by the element Description

Description: Cross Border Trade in Services

Tourist water transportation must be carried out by natural persons domiciled in Peru or legal persons incorporated and

domiciled i n Peru.

22. Sector: Services Performed in Port Areas

Subsector: Industrial Classification:

Reserved Obligations: National Treatment (Article 10.4)

Level of Government: National

Measures: Law No. 27866, Official Gazette "El Peruano" of November 16, 2002, Port Labor Law, Articles 3 and 7.

Description: Cross Border Trade in Services

Only Peruvian citizens may register in the Port Workers Registry.

The port worker is the natural person who, under a relationship of subordination to the port employer, performs a specific service aimed at the execution of tasks inherent to port work, such as stevedore, targer, winchman, crane operator, gatekeeper, ship's side lifter and/or other specialties that, according to the particularities of each port, are established by the Regulations of this Law.

23. Sector: Transportation

Subsector: Land Transportation

Industrial Classification:

Obligations Concerned: Local Presence (Article 10.7)

Level of Government: National

Measures: Supreme Decree N° - 017-2009-MTC, Official Gazette "El Peruano" of April 22, 2009, National Transportation Administration Regulations, Article 33, as amended by Supreme Decree N° 006-2010-MTC of January 22, 2010.

Description: Cross Border Trade in Services

The provision of transportation services must provide safety and quality to the user. To this end, it is necessary to have an adequate physical infrastructure, which, as appropriate, includes: offices, land terminals for people or goods, route stations, r o u t e stops, all other infrastructure used for loading, unloading and storage of goods, maintenance workshops and any other infrastructure necessary for the provision of the service.

24. Sector: Transportation

Subsector: Ground transportation

Industrial Classification:

Reserved Obligations: National Treatment (Article 10.4)

Level of Government: National

Measures: The "Agreement on International Land Transportation", signed between the Governments of the Republic of Chile, the Republic of Argentina, the Republic of Bolivia, the Federative Republic of Brazil, the Republic of Paraguay, the Republic of Peru and the Oriental Republic of Uruguay - ATIT, signed in Montevideo, on January 1, 1990.

Description: Cross Border Trade in Services

Foreign vehicles, authorized by Peru in accordance with the ATIT, that carry out international road transportation, may not carry out local transportation (cabotage) in Peruvian territory.

25. Sector: Research and Development Services

Subsector: Archaeological Research Services

Industrial Classification:

Obligations Concerned: National Treatment (Article 10.4)

Level of Government: National

Measures: Supreme Resolution No. 004-2000-ED, Diario Oficial "El Peruano" of January 25, 2000, Reglamento de Investigaciones Arqueológicas, Article 30.

Description: Cross Border Trade in Services

Archaeological research projects directed by a foreign archaeologist must have an archaeologist with accredited experience of Peruvian nationality and registered in the National Register of Archaeologists as co-director or scientific sub-director of the project. The co- director or sub-director will necessarily participate in the integral execution of the project (field and cabinet work).

26. Sector: Energy-Related Services

Subsector:

Industrial Classification:

Obligations Concerned: National Treatment (Article 10.4)

Local presence (Article 10.7)

Level of Government: National

Measures: Law No. 26221, Official Gazette "El Peruano" of August 19, 1993, General Hydrocarbons Law, Article 15.

Description: Cross Border Trade in Services

In order to enter into exploration contracts, foreign companies must establish a branch or incorporate a company in accordance with the General Companies Law, establish domicile in the capital of the Republic of Peru and appoint an agent of Peruvian nationality. Foreign natural persons must be registered in the Public Registries and appoint an attorney-in-fact of Peruvian nationality, with domicile in the capital of the Republic of Peru.

Annex II. Future actions

Annex II. Interpretative Notes

1. Each Party's Schedule indicates, in accordance with paragraph 2 of Articles 10.8 (Nonconforming Measures) and 11.9 (Nonconforming Measures), the reservations taken by that Party with respect to specific sectors, subsectors, or activities for which it may maintain measures in force, or adopt new or more restrictive measures, that are inconsistent with the obligations established by:

a) Article 10.4 or 11.3 (National Treatment);

b) Article 10.5 or 11.4 (Most favored nation treatment);

c) Article 10.7 (Local Presence);

d) Article 11.7 (Performance requirements); or

e) Article 11.8 (Senior executives and boards of directors).

2. Each reserve contains the following elements:

a) Sector refers to the general sector in which the reserve has been taken;

b) Sub-sector refers to the specific sector in which a reserve is taken;

c) Industrial Classification refers, where applicable, to the activity covered by the reservation, in accordance with national industrial classification codes;

d) Reserved Obligations specifies the obligation mentioned in paragraph 1 on which the reservation is taken;

e) Description indicates the scope of the sector, subsectors or activities covered by the reserve; and

f) Measures in force refers, where relevant, to measures in force that apply to the sectors, subsectors or activities covered by the reserve.

3. In the interpretation of a reservation, all its elements will be considered. The Description element shall prevail over the other elements.

4. For the purposes of Mexico's Schedule, the CMAP shall be understood as the digits of the Mexican Classification of Activities and Products, established in the Mexican Classification of Activities and Products, 1994, of the National Institute of Statistics, Geography and Informatics (Instituto Nacional de Estadística, Geografía e Informática).

Annex II. Schedule of Mexico

1. Sector: All Sectors

Subsector:

Industrial Classification:

Obligations Reserved: National treatment (Article 10.4)

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: All sectors

Subsector:

Industrial classification:

Obligations Reserved: Local Presence (Article 10.7) National Treatment (Article 11.3)

Level of Government:

Description: Cross Border Trade in Services and Investment

Mexico reserves the right to adopt or maintain any measure relating to subsidies or grants provided by the Federal or State Governments, or by a State enterprise, including government-backed loans, guarantees and insurance.

Measures in force:

3. Sector: Minority Affairs

Subsector:

Industrial Classification:

Reserved Obligations: National Treatment (Article 10.4) Local Presence (Article 10.7)

Level of government: Federal

Description: Cross Border Trade in Services and Investment

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

4. Sector: Communications

Subsector: Telecommunications and postal services

Industrial Classification: CMAP 720001 Postal services (limited to first-class correspondence) CMAP 720005 Telegraph services (includes telegraph services)

Level of Government: Federal

Description: Cross Border Trade in Services

Only the Mexican State may provide postal, telegraphic and radiotelegraphic services.

Existing Measures: Political Constitution of the United Mexican States, Article 28

Law of the Mexican Postal Service, Title I, Chapter III

Federal Telecommunications Law, Chapter I

5. Sector: Communications

Subsector: Telecommunications services and networks

Industrial Classification: CMAP 720006Other telecommunication services (limited a the maritime telecommunication services)

Reserved Obligations: National Treatment (Articles 10.4 and 11.3) Most-Favored-Nation Treatment (Articles 10.5 and 11.4) Local Presence (Article 10.7)

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 maritime telecommunication services.

Measures in force:

6. Sector: Communications

Subsector: Telecommunications

Industrial Classification: CMAP 720006 Other telecommunication services (limited to mobile and fixed services for aeronautical services)

Reserved Obligations: National Treatment (Articles 10.4 and 11.3) Local Presence (Article 10.7)

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 air traffic control services, aeronautical meteorology, aeronautical telecommunications services, dispatch and flight control and other telecommunications services related to air navigation services.

Measures in force: Political Constitution of the United Mexican States, Article 32

Airport Law, Chapter II

General Communications Law Federal Telecommunications Law

Foreign Investment Law, Title I, Chapter II, Title I, Chapter II, Title II, Chapter II, Title II, Chapter II, Title II, Chapter II, Chapter II

Decree Creating the Decentralized Organization of "Services to Navigation in the Mexican Airspace" (SENEAM)

7. Sector: Energy

Subsector: Petroleum and other hydrocarbons Basic petrochemicals Electricity. Nuclear energy. Treatment of radioactive minerals

Industrial Classification:

Obligations Reserved: National treatment (Article 10.4) Most favored nation treatment (Article 10.5) Local presence (Article 10.7)

Level of Government: Federal

Description: Cross Border Trade in Services

Mexico reserves the right to adopt or maintain any measure relating to services associated with the subsectors mentioned in this reservation.

Measures in force: Political Constitution of the United Mexican States, Articles 27 and 28

Regulatory Law of Article 27 of the Constitution on Nuclear Matters

Law Regulating Article 27 of the Constitution in the Oil Industry and its Regulations

Law of Petróleos Mexicanos

Regulation of the Law of Petróleos Mexicanos Law of the Public Service of Electric Power

Regulations of the Electric Energy Public Service Law

8. Sector: Entertainment Services

Subsector: Recreational and Leisure Services

Industrial Classification: CMAP 949104 Other Private Recreational and Leisure Services of Recreation

Reserved Obligations: National Treatment (Articles 10.4 and 11.3) Most-Favored-Nation Treatment (Articles 10.5 and 11.4) Local Presence (Article 10.7) Senior executives and boards of directors (Article 11.8)

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.

Measures in force:

9. Sector: Social Services

Subsector:

Industrial Classification:

Reserved Obligations: National Treatment (Articles 10.4 and 11.3) Most-Favored-Nation Treatment (Articles 10.5 and 11.4) Local presence (Article 10.7) Performance requirements (Article 11.7) Senior executives and boards of directors (Article 11.8)

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 States of Mexico

Annex II. Schedule of Peru

1. Sector: All Sectors

Subsector:

Industrial Classification:

Obligations Reserved: Most-Favored-Nation Treatment (Articles 10.5 and 11.4)

Description: Trade Cross Border Trade from Services and Investment

Peru reserves the right to adopt or maintain any measure that grants different treatment to countries under any bilateral or multilateral international treaty in force or signed prior to the date of entry into force of this Agreement.

Peru reserves the right to adopt or maintain any measure that accords different treatment to countries under any international treaty in force or entered into after the date of entry into force of this Agreement with respect to:

a) aviation;

b) fishing;

c) affairs salvage. aquatic issues (1), including

Measures in force:

(1) For greater certainty, aquatic matters include transportation on lakes and rivers.

2. Sector: Affairs Related with Indigenous, Peasant and Native Communities, and Minorities

Subsector:

Industrial Classification:

Obligations Reserved: National Treatment (Articles 10.4 and 11.3) Most-favored-nation treatment (Articles 10.5 and 11.4) Local presence (Article 10.7) Performance requirements (Article 11.7) Senior executives and boards of directors (Article 11.8)

Description: Trade Cross Border Trade from Services and Investment

Peru reserves the right to adopt or maintain any measure that grants rights or preferences to socially and economically disadvantaged minorities and their ethnic groups. For purposes of this reservation, "ethnic groups" means indigenous, native and peasant communities.

Measures in force:

3. Sector: Fisheries and Fisheries-Related Services

Subsector:

Industrial Classification:

Obligations Reserved: National Treatment (Articles 10.4 and 11.3) Most-favored-nation treatment (Articles 10.5 and 11.4) Performance requirements (Article 11.7)

Description: Cross-Border Trade in Services and Investment

Peru reserves the right to adopt or maintain any measure related to artisanal fishing.

Measures in force:

4. Sector: Cultural Industries

Subsector:

Industrial Classification:

Obligations Reserved: Most-Favored-Nation Treatment (Articles 10.5 and 11.4)

Description: Cross-Border Trade in Services and Investment

For the purposes of this entry, the term "Cultural Industries" means:

a) publication, distribution or sale of printed or electronic books, magazines, periodicals or newspapers, but does not include the isolated activity of printing or typesetting of any of the foregoing;

b) production, distribution, sale or exhibition of film or video recordings;

c) production, distribution, sale or exhibition of audio or video recordings of music;

d) production and presentation of performing arts;

e) production and exhibition of visual arts;

f) production, distribution or sale of printed or machine-readable music;

g) design, production, distribution and sale of handicrafts; or

h) radio broadcasting for the general public, as well as all activities related to radio, television and cable transmission, satellite programming services and transmission networks.

Peru reserves the right to adopt or maintain any measure granting preferential treatment to persons (natural and legal) from other countries under any existing or future bilateral or multilateral international treaty with respect to cultural industries, including audiovisual cooperation agreements.

For greater certainty, Articles 11.3 and 11.4, and Chapter X (Cross-Border Trade in Services) do not apply to government support programs for the promotion of cultural activities.

Performing arts means live shows or performances such as theater, dance or music.

Measures in force:

5. Sector: Crafts

Subsector:

Industrial Classification:

Reserved Obligations: National treatment (Article 10.4) Performance requirements (Article 11.7)

Description: Cross-Border Trade in Services and Investment

Peru reserves the right to adopt or maintain any measure with respect to the design, distribution, retail sale or exhibition of handicrafts that are identified as Peruvian handicrafts.

Performance requirements shall in all cases be consistent with the WTO Agreement on Trade- Related Investment Measures.

Measures in force:

6. Sector: Audiovisual Industry

Subsector:

Industrial Classification:

Reserved Obligations: National treatment (Article 10.4) Performance requirements (Article 11.7)

Description: Cross-Border Trade in Services and Investment

Peru reserves the right to adopt or maintain any measure that establishes a specific percentage (up to 20 percent) of the total number of cinematographic works exhibited annually in cinemas or exhibition halls in Peru for Peruvian cinematographic works. The criteria to be considered by Peru for the establishment of such percentage include: national film production, existing exhibition infrastructure in the country and audience attendance.

Measures in force:

7. Sector: Jewelry Design

Subsector: Performing Arts Visual Arts Music Industry Publishing Industry

Industrial Classification:

Obligations Reserved: National treatment (Article 10.4) Performance requirements (Article 11.7)

Description: Trade Cross Border Trade from Services and Investment

Peru reserves the right to adopt or maintain any measure conditioning the receipt or continued receipt of government support for the development and production of jewelry design, performing arts, visual arts, music and publishing on the achievement of a certain level or percentage of domestic creative content.

Measures in force:

8. Sector: Audiovisual Industry. Publishing Industry. Music Industry

Subsector:

Industrial Classification:

Obligations Reserved: National Treatment (Articles 10.4 and 11.3) Most-favored-nation treatment (Articles 10.5 and 11.4)

Description: Trade Cross Border Trade from Services and Investment

Peru reserves the right to adopt or maintain any measure that grants to a natural or juridical person of Mexico the same treatment granted to a Peruvian natural or juridical person in the audiovisual, publishing and music sector by Mexico.

Measures in force:

9. Sector: Social Services

Subsector:

Industrial Classification:

Obligations Reserved: National Treatment (Articles 10.4 and 11.3) Most-favored-nation treatment (Articles 10.5 and 11.4) Local presence (Article 10.7) Performance requirements (Article 11.7) Senior executives and boards of directors (Article 11.8)

Description: Trade Cross Border Trade from Services and Investment

Peru reserves the right to adopt or maintain any measure with respect to the enforcement of laws and the provision of social rehabilitation services as well as the following services, insofar as they are social services that are established or maintained in the public interest: income insurance and security, social security services, social welfare, public education, public training, health and child care.

Measures in force:

10. Sector: Public Drinking Water Service

Subsector:

Industry Classification:

Obligations Reserved: Local Presence (Article 10.7)

Description: Cross-Border Trade in Services

Peru reserves the right to adopt or maintain any measure in relation to public drinking water service.

Measures in force:

11. Sector: Public Sewerage Service

Subsector:

Industry Classification:

Obligations Reserved: Local Presence (Article 10.7)

Description: Cross-Border Trade in Services

Peru reserves the right to adopt or maintain any measure related to the public sewerage service.

Measures in force:

12. Sector: Education

Subsector:

Industrial Classification:

Reserved Obligations: National Treatment (Article 10.4) Most favored nation treatment (Article 10.5) Local presence (Article

10.7)

Description:

Measures in force:

Cross Border Trade in Services

Peru reserves the right to adopt or maintain any measure with respect to natural persons who provide educational services, including teachers and auxiliary personnel who provide educational services in the stages of basic education and higher education, including technical-productive education, and other persons who provide services related to education, including promoters of educational institutions at any level or stage of the educational system.

13. Sector: Transportation

Subsector: Road Transportation Services

Industrial Classification:

Reserved Obligations: National Treatment (Article 10.4)

Description: Cross Border Trade in Services

Peru reserves the right to adopt or maintain any measure authorizing only Peruvian natural or juridical persons to provide land transportation services of goods or persons within the territory of the Republic of Peru (cabotage). For these purposes, the companies must use the Peruvian vehicle fleet.

Measures in force:

14. Sector: Transportation

Subsector: Road Transportation Services

Industrial Classification:

Reserved Obligations: National Treatment (Articles 10.4 and 11.3) Most-Favored-Nation Treatment (Article 10.5) Local presence (Article 10.7)

Description: Cross Border Trade in Services and Investment

Peru reserves the right to adopt or maintain any measure related to international land transportation operations of cargo or passengers in border areas.

In addition, Peru reserves the right to adopt or maintain the following limitations on the supply of international land transportation services from Peru:

1. the service provider must be a Peruvian natural or legal person;

2. have a real and effective domicile in Peru; and

3. in the case of a legal entity, be legally incorporated in Peru and have more than 50 percent of its capital stock and effective control in the hands of Peruvian nationals.

Measures in force:

15. Sector: All sectors

Subsector:

Industrial Classification:

Reserved Obligations: National treatment (Article 10.4) Most-Favored-Nation Treatment (Article 10.5) Local presence (Article 10.7)

Description: Cross Border Trade in Services

Peru reserves the right to adopt or maintain any measure with respect to government grants or donations, including government-supported loans, guarantees and insurance.

Measures in force:

Annex IV. Measures in force:

Exceptions to most-favored-nation treatment

Mexico's Schedule

1. Mexico exempts the application of Article 11.4 (Most-Favored-Nation Treatment) to treatment granted under all international agreements in force prior to January 1, 1994.

2. With respect to those international agreements in force or signed after January 1, 1994, Mexico exempts the application of Article 11.4 (Most-Favored- Nation Treatment) to the treatment granted u n d e r those agreements with respect to:

a) aviation

b) fishing; or

c) maritime affairs, including salvage.

3. Article 11.4 (Most-Favored-Nation Treatment) does not apply to any present or future international cooperation programs to promote economic development, such as those governed by the Energy Cooperation Program for Central American and Caribbean Countries (San José Agreement) and the various OECD Export Credit instruments.

Annex V. Activities reserved to the State List of Mexico

Section 1. Activities Reserved to the Mexican State

Mexico reserves the right to perform exclusively and refuse to authorize the establishment of investments in the following activities, except as set forth in its Annex I list:

1. Oil, Other Hydrocarbons and Basic Petrochemicals

a) Description of activities

i) 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; and

ii) 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

iii) Foreign trade, up to and including the first-hand sale of the following goods: crude oil; artificial gas, energy goods and basic petrochemicals obtained from the refining or processing of crude oil.

b) Measures:

- Political Constitution of the United Mexican States, Articles 25, 27 and 28

- Regulatory Law of Article 27 of the Constitution in the Oil Sector

- Law of Petróleos Mexicanos

- Foreign Investment Law

2. Electricity

a) Description of activities: the provision of public electricity services in Mexico, including the generation, transmission, transformation, distribution and sale of electricity.

b) Measures:

- Political Constitution of the United Mexican States, Articles 25, 27 and 28

- Electric Energy Public Service Law

- Foreign Investment Law

3. Nuclear Energy and Radioactive Minerals Processing

a) Description of activities: exploration, exploitation and processing of radioactive minerals, t h e nuclear fuel cycle, nuclear power generation, transport and storage of nuclear waste, use and reprocessing of nuclear fuel and regulation of its applications for other purposes, as well as the production of heavy water.

b) Measures:

- Political Constitution of the United Mexican States, Articles 25, 27 and 28

- Regulatory Law of Article 27 of the Constitution on Nuclear Matters

- Foreign Investment Law

4. Telegraph Service Measurements:

- Political Constitution of the United Mexican States, Articles 25 and 28

- Law of General Roads of Communication

- Foreign Investment Law

5. Radiotelegraphy Services Measurements:

- Political Constitution of the United Mexican States, Articles 25 and 28

- Law of General Roads of Communication

- Foreign Investment Law

6. Postal Service

a) Description of activities: operation, administration and organization of first class correspondence.

b) Measures:

- Political Constitution of the United Mexican States, Articles 25 and 28

- Mexican Postal Service Law

- Foreign Investment Law

7. Banknote Issuance and Minting of Measured Coins:

- Political Constitution of the United Mexican States, Articles 25 and 28

- Banco de México Law

- Mexican Mint Law

- Monetary Law of the United Mexican States

- Foreign Investment Law

8. Control, Inspection and Surveillance of Maritime and Land Ports Measures:

- Maritime Navigation and Commerce Law

- Port Law

- Law of General Roads of Communication

- Foreign Investment Law

9. Control, Inspection and Surveillance of Airports and Heliports Measures:

- Law of General Roads of Communication

- Airport Law

- Foreign Investment Law

The measures referred to are included for transparency purposes and include any measures subordinated to, adopted or maintained under the authority of, and compatible with, such measures.

Section 2. Deregulation of Activities Reserved to the Mexican State

1. The activities set forth in Section 1 are reserved to the Mexican State and private equity investment is prohibited under Mexican law. If Mexico permits the participation of private investment in such activities through service contracts, concessions, loans or any other type of contractual acts, such participation may not be construed as affecting the reservation of the State in such activities.

2. If Mexican law is amended to permit private capital investment in the activities listed in Section 1, Mexico may impose restrictions on the participation of foreign investment notwithstanding Article 11.3 (National Treatment) and must indicate them in Annex I (Nonconforming Measures). Mexico may also impose exceptions to Article 11.3 (National Treatment) with respect to the participation of foreign investment in the case of sale of assets or equity participation of an enterprise involved in the activities set forth in Section 1 shall be indicated in such Annex.

Section 3. Activities Previously Reserved to the Mexican State

In those activities that were reserved to the Mexican State as of January 1, 1992, and that ceased to be reserved to the Mexican State as of January 1, 1994, Mexico may restrict in favor of enterprises with a majority participation of Mexican nationals, as defined in the Mexican Constitution, the initial sale of assets or the State's own participation. For a period not to exceed 3 years from the initial sale, Mexico may restrict transfers of such assets or equity interest in favor of other enterprises with a majority ownership of Mexican nationals, as defined in the Mexican Constitution. Upon expiration of such period, the national treatment objections contained in Article 11.3 (National Treatment) shall apply. This provision is subject to Article 11.9 (Nonconforming Measures).