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

PREAMBLE

The United Mexican States, the Republic of El Salvador, the Republic of Guatemala and the Republic of Honduras,

DECIDED TO:

STRENGTHEN the bonds of friendship and the spirit of cooperation existing between their peoples;

ACCELERATE and promote the revitalization of the American integration schemes;

ATTAIN a better balance in their trade relations;

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

PROPRIATE a larger and more secure market for the goods produced and the reciprocal exchange of services in their territories;

RAISE the competitiveness of the services sector, in order to consolidate the competitiveness of the countries in the free trade zone;

REDUCE provisions in their reciprocal trade;

ESTABLISH a legal framework with clear and mutually beneficial rules for the promotion and protection of investments, as well as to facilitate the commercial exchange of their goods and services;

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

DEVELOP the provisions of the Marrakesh Agreement Establishing the World Trade Organization (WTO Agreement), as well as other bilateral and multilateral integration and cooperation instruments;

STRENGTHEN the competitiveness of its companies in world markets;

PROTECT intellectual property rights;

CREATE employment opportunities and improve living standards in their respective territories;

PROMOTE economic development in a manner consistent with environmental protection and conservation, as well as sustainable development;

PRESERVE its ability to safeguard the public welfare; and

ENCOURAGE the dynamic participation of the various economic agents, particularly the private sector, in efforts to deepen their economic relations;

CELEBRATE THIS FREE TRADE AGREEMENT

Chapter I. INITIAL PROVISIONS

Article 1-01. 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 1-02. Objectives

1. The objectives of this treaty, specifically developed through its principles and rules, are the following:

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

b) to promote conditions of free competition within the free trade area;

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

d) eliminate barriers to the movement of capital and business persons between the territories of the Parties;

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

f) to protect and enforce, in an adequate and effective manner, intellectual property rights in the territories of the Parties;

g) to establish guidelines for further cooperation between the Parties aimed at extending and enhancing the benefits of this treaty; and

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

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

Article 1-03. Relationship with other Treaties and International Agreements

1. The Parties confirm the rights and obligations in force between them under the WTO Agreement and other treaties and 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 treaty, the latter shall prevail to the extent of the incompatibility.

Article 1-04. Scope of Application

The provisions of this treaty apply between Mexico and El Salvador, Guatemala and Honduras. This treaty does not apply between El Salvador, Guatemala and Honduras.

Article 1-05. Compliance with the Treaty.

Each Party shall ensure, in accordance with its constitutional norms, compliance with the provisions of this treaty in its territory, at the federal or central, state or departmental and municipal levels, except as otherwise provided in this treaty.

Article 1-06. Succession of Treaties.

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

Article 1-07. Annexes.

The Annexes to this treaty constitute an integral part phereof.

Chapter II. GENERAL DEFINITIONS

Article 2-01. Definitions of General Application

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

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

GATS: the General Agreement on Trade in Services, which is part of the WTO Agreement; WTO Agreement: the Marrakesh Agreement Establishing the World Trade Organization, dated April 15, 1994;

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 in accordance with Article III:2 of the GATT 1994, with respect to like goods, direct competitors or substitutes of the Party, or with respect to goods from which the imported good has been manufactured or produced in whole or in part;

b) any countervailing duty;

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

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

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

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

originating good or originating material: a good or material that qualifies as originating in accordance with the provisions of Chapter VI;

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

Commission: the Administrative Commission established in accordance with Article 18-01;

countervailing duty: "countervailing duty" as defined in Chapter IX;

days: calendar days;

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

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

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

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

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

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

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

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

Party: any State with respect to which this treaty has entered into force;

Exporting Party: the Party from whose territory a good or service is exported;

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

heading: a Harmonized System tariff classification code at the four-digit level;

person: a natural or natural person, or a company;

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

Tariff Relief Program: the one established in paragraph 5 of Article 3 -04 and in paragraph 1 of Article 4 - 04;

Secretariat: the Secretariat established in accordance with Article 18-02;

SAC: the Central American Tariff System used by the member countries of the General Treaty for Central American Economic Integration, based on the Harmonized Commodity Description and Coding System;

Harmonized System: the Harmonized Commodity Description and Coding System in force, including its general rules and its section, chapter and subheading legal notes, as adopted by the Parties in their respective legislation;

subheading: a Harmonized System tariff classification code at the six-digit level;

territory: for each Party, as defined in Annex 2 -01.

Annex 2-01. Country- Specific Definitions

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

territory:

a) or 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 beds 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 with its domestic law; and

b) o to El Salvador, Guatemala and Honduras: the land, maritime and air space of each Party, as well as their exclusive economic zones and continental shelves, over which they exercise sovereign rights and jurisdiction, in accordance with their legislation and international law.

Chapter III. NATIONAL TREATMENT AND MARKET ACCESS FOR GOODS

Article 3-01. Definitions

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

industrial goods: a good that is not considered as agricultural, according to the definition in Chapter IV;

consumed:

a) actually consumed; or

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

material: "material" as defined in Chapter VI;

samples with no commercial value:

a) raw materials and goods whose dimensions, quantities, weight, volume or presentation are such as to indicate beyond doubt that they are not usable for anything other than demonstration or proof;

b) objects of common materials fixed on cards, supports or clearly presented as samples according to the uses of the trade;

c) raw materials and goods, as well as leftovers in these raw materials or goods, which have been rendered unusable for anything other than demonstration, by laceration, perforation, affixing of indelible marks or any other effective means to prevent any possibility of being marketed; and

d) goods not susceptible of being conditioned in the form of samples with no commercial value, according to the provisions of paragraphs a) to c), consisting of:

i) non-consumable goods, of a unit value of not more than 10 United States dollars, which are composed of unique specimens of each series or quality; and

ii) consumable goods of a unit value of not more than 10 United States dollars, even if composed in whole or in part of specimens of the same type or quality, provided that the quantity and manner of presentation of such samples preclude any possibility of commercialization.

Article 3-02. Scope of Application.

Except as otherwise provided in this treaty, this chapter applies to trade in goods between the Parties.

Article 3-03. National Treatment

1. Each Party shall accord national treatment to goods of another Party in accordance with Article III 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 provisions of paragraph 1 mean, with respect to a state, department or municipality, treatment no less favorable than the most favorable treatment accorded by that state, department or municipality to any like goods, direct competitors or substitutes, as the case may be, of the Party of which they are members.

3. Paragraphs 1 and 2 do not apply to the measures listed in annexes 3-03 and 3-09.

Article 3-04. Tariff Relief

1. Except as otherwise provided in this Agreement, no Party may increase any existing customs duties, or adopt any new customs duties, on originating goods subject to the Tariff Relief Program.(1) (2)

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

3. Once a year after the entry into force of this treaty, the Parties shall examine, through the Committee, the possibility of incorporating into the Tariff Relief Program the goods excluded from the same. The agreements by means of which these goods are incorporated into the Tariff Relief Program shall be adopted by the Parties in accordance with their legal procedures.

4. Paragraph 1 is not intended to prevent a Party from creating a new tariff split, provided that the customs duty applicable to the originating goods concerned is not higher than that applicable to the tariff item being split.

5. Except as otherwise provided in this Agreement, each Party shall eliminate its customs duties on originating goods in accordance with Annex 3 -04(5). (3)

6. At the request of either Party, consultations shall be held to examine the possibility of accelerating the elimination of customs duties provided for in the Tariff Dismantling Program.

7. Once approved by the Parties, in accordance with their legal procedures, the agreement adopted pursuant to paragraph 6 with respect to the accelerated elimination of the customs duty on an originating good shall prevail over any applicable customs duty or allowance category under the Tariff Relief Program for that good.

8. The Parties agree to fix the customs duties on the industrial goods contained in the Tariff Relief Program in terms of ad-valorem taxes.

(1) Paragraph 1 is not intended to prevent either Party from increasing its customs duties on the importation of goods that are not subject to the Tariff Relief Program.

(2) Paragraph 1 does not prohibit a Party from increasing a customs duty on imports to a level not greater than that provided for in paragraph 1. Tariff Relief Program, when previously such import tariff had been unilaterally reduced to a level lower than that established in the Tariff

Relief Program.

(3) Paragraphs 1 and 3 are not intended to prevent either Party from increasing a customs import tariff where such an increase is authorized by any dispute settlement provision of the WTO Agreement.

Article 3-05. Duty Drawback Programs on Exported Goods, Duty Deferral Programs and Duty Exemption Programs Applied to Exported Goods.

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

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

Article 3-06. Temporary Importation of Goods.

1. Each Party shall authorize the temporary importation without payment of customs duty of the goods listed below that are imported from the territory of another Party into its territory, regardless of their origin, and that like, directly competitive or substitute goods are available in the territory of that Party:

a) professional equipment necessary for the exercise of the activity, trade or profession of a business person;

b) press equipment or equipment for on-air transmission of radio or television signals and cinematographic equipment;

c) goods for sporting purposes or for exhibition or demonstration, including components, auxiliary apparatus and accessories; and

d) commercial samples and advertising films.

2. Except as otherwise provided in this treaty, the Parties may subject the temporary importation, without payment of customs duty, of a good of the type referred to in subparagraphs (a), (b) or (c) of paragraph 1 to any of the following conditions, without additional conditions being adopted, when: a) the good is imported by a national or resident of another Party;

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

c) the good is not sold, leased or assigned in any other way while it remains in its territory under the temporary import regime;

d) the good is accompanied by a bond or guarantee not exceeding 110% of the charges that would be due, if any, for entry or final importation, or other form of security, refundable upon re-exportation of the good, except that no bond or guarantee may be required for customs duties on an originating good;

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

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

g) the good is imported in quantities no greater than is reasonable in accordance with its intended use and in accordance with the customs legislation of each Party;

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

i) the good complies with the applicable sanitary and phytosanitary measures and standardization measures, in accordance with the provisions of Chapters V and XV, respectively.

3. Except as otherwise provided in this treaty, the Parties may subject the temporary importation, without payment of customs duty plus other charges levied on importation, of a good of the type referred to in subparagraph (d) of paragraph 1, to any of the following conditions, provided that no additional conditions may be adopted when:

a) the good is imported only for the purpose of lifting orders for goods or services to be supplied from the territory of another Party or from a non-Party;

b) the property is not sold, leased or otherwise disposed of, and is used only for demonstration or exhibition while it remains in its territory;

c) the good is accompanied by a bond or guarantee not exceeding 110% of the charges that would otherwise be due for entry or final importation, or other form of security, refundable at the time of exportation of the good, except that no bond or guarantee may be required for customs duties on an originating good;

d) the good is capable of identification by any reasonable means established by the customs legislation of each Party;

e) the good is re-exported within a period of time that reasonably corresponds to the purpose of the temporary importation, in accordance with the time limits established by the customs legislation of each Party;

f) the good is imported in quantities no greater than is reasonable in accordance with its intended use and in accordance with the customs legislation of each Party;

g) the good does not undergo any transformation or modification during the authorized import period, except for wear and tear due to normal use of the good; and

h) the good complies with the applicable sanitary and phytosanitary measures and standardization measures, in accordance with the provisions of Chapters V and XV, respectively.

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

Article 3-07. Importation Free of Customs Duty for Samples of No Commercial Value

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

Article 3-08. Customs Valuation

1. Upon entry into force of this treaty, the customs value of an imported good shall be determined in accordance with the principles of the Customs Valuation Code.

2. Pursuant to Article 13 of the Customs Valuation Code, if in the course of determining the customs value of imported goods it becomes necessary to delay the final determination of that value, the importer may remove the goods from customs if, when required to do so, he provides a deposit or other form of security as provided for in the legislation of the Party. Such form of security shall cover the payment of the taxes to which the goods would ultimately be subject.

3. Each Party shall establish the appropriate documentation to demonstrate that the customs value is correct, which shall not be greater than that which may reasonably be required to comply with Article VII of the GATT 1994.

4. When a Party uses or applies estimated prices, it shall establish mechanisms for exemption from the application of the provisions of paragraphs 2 and 3. 5. Before a Party adopts or modifies the estimated price referred to in this Article, it shall communicate to the other Parties the description of the good, its tariff item and the estimated price it intends to establish.

6. The Parties shall consult with each other to ensure that the foregoing does not hinder trade.

7. The Parties understand that the estimated price referred to in paragraph 4 shall serve only as a reference for valuation purposes, and may not be considered as a base price for the determination of internal taxes of each Party or for the application of customs duties or tariffs.

Article 3-09. Import and Export Restrictions.

1. Except as otherwise provided in this Agreement, no Party may adopt or maintain any prohibition or restriction on the importation of any good of another Party or on the exportation or sale for export of any good destined for the territory of another Party, except as provided in Article XI of the GATT 1994, including its interpretative notes. For this purpose, Article XI of the GATT 1994 and its interpretative notes are incorporated into and made an integral part of this Agreement.

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

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

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

b) prices or minimum values;

c) voluntary export restraints when they do not result from an agreement consistent with the Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994, which is part of the WTO Agreement;

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

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

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

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

a) limit or prohibit the importation of the goods of the non-Party from the territory of another Party; or

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

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

6. Paragraphs 1 to 4 do not apply to the measures set forth in Annex 3 -03 and 3-09.

Article 3-10. Registration of Importers

If, as a result of the application and administration of an importers registry, a Party considers that the access of a good of that Party to the territory of the Party applying the measure is hindered or prevented, both Parties shall consult with a view to reaching a mutually satisfactory solution.

Article 3-11. Customs Measures.

Each Party shall ensure that the application, administration and publication of customs measures is in accordance with the provisions of this Agreement, its legislation and the WTO Agreement.

Article 3-12. Establishment of Specific Customs.

1. When a Party contemplates the establishment of limitations on the customs clearance of certain types of goods to specific customs offices, it shall consult with the other Parties to prevent such limitations from affecting its interests under this treaty.

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

Article 3-13. Customs Processing Fees

No Party shall increase or establish any customs duties for the service rendered by customs and shall eliminate such duties on originating goods upon the entry into force of this Agreement.

Article 3-14. Export Taxes

1. Except as provided in this Article and Annex 3-14, no Party shall adopt or maintain any tax, customs duty or charge on the

export of any good destined for consumption in the territory of another Party, unless such tax, duty or charge is adopted or maintained on such good when destined for domestic consumption.

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

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

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

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

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

iil) not run counter to the non-discrimination provisions of this treaty; and

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

3. The Parties may hold consultations regarding the application of the provisions of this article, aimed at the application of measures that seek to avoid undesirable effects in the implementation of a domestic food aid program.

Article 3-15. Country of Origin Marking

Annex 3-15 applies to measures related to country of origin marking.

Article 3-16. Distinctive Products

With respect to distinctive products, the Parties shall be subject to the provisions of Annex 3-16.

Article 3-17. Publication and Notification

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

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

Article 3-18. Committee on Trade In Goods

1. The Parties establish the Committee on Trade in Goods, composed of a representative and an alternate designated by each Party. The representatives appointed by the Parties shall be officials responsible for handling matters related to this Chapter.

2. The Committee shall be established upon entry into force of the treaty and, at the request of any Party, shall hold its first meeting no later than 60 days after its establishment. The Committee shall meet ordinarily once a year, and extraordinarily at the request of any Party.

3. Except in the case of extraordinary meetings, for ordinary meetings the Committee shall be chaired successively by each Party, with the Party exercising the chairmanship calling the meeting at least 30 days in advance and proposing the agenda of the topics to be discussed. It shall also act as rapporteur.

4. When a Party considers that another Party is contravening the provisions of this Chapter, including the adoption of measures prohibited by paragraph 3 of Article 3 -09, it may request in writing an extraordinary meeting of the Committee, which shall be notified to the other Parties. The request shall contain the specific measure and the provision that the Party considers to be in violation of the treaty. The extraordinary meeting may be held when attended by at least representatives

of the requesting Party and the requested Party and shall take place in the country to which the request for consultations was made. The results of the extraordinary meeting shall be without prejudice to, and shall not affect the rights of, any Party that did not participate in such meeting.

5. Unless the Parties agree otherwise, the extraordinary meeting may be considered consultations pursuant to Article 19-05. Likewise, in the event that a Party does not respond within five days from the date on which the request for the extraordinary meeting was received, does not initiate or does not intend to hold the extraordinary meeting within a period of no more than 15 days, or other mutually agreed period, from the date of receipt of the request, such Party may request the meeting of the Commission, in accordance with article 19-06.

Article 3-19. Temporary Flexibility Levels

Notwithstanding the provisions of Article 3-04, preferential tariff treatment shall be granted in accordance with Annex 3-19.

Chapter IV. AGRICULTURAL SECTOR

Article 4-01. Definitions

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

MFN Tariff: the Most Favored Nation tariff;

Agricultural good: a good classified in any of the following Chapters, Headings or Subheadings of the Harmonized System: (Descriptions are provided for reference purposes only.)

Chapter, heading or subheading - Description

Chapters 01 to 24 (except fish and fish products)

Subheading 2905.43 mannitol.

Subheading 2905.44 sorbitol.

Heading 33.01 essential oils.

Headings 35.01 to 35.05 albuminoidal substances, modified starch products, starch products.

subheading 3809.10 dressings and finishing products.

subheading 3824.60 sorbitol n.e.c.

headings 41.01 to 41.03 hides and skins.

heading 43.01 raw furskins.

headings 50.01 to 50.03 raw silk and silk waste.

headings 51.01 to 51.03 wool and fur.

headings 52.01 to 52.03 raw cotton, cotton waste and cotton waste, carded or combed. combed cotton.

heading 53.01 raw flax.

heading 53.02 raw hemp;

quota: the specific volume as quota of imports of a good in a given period, which determines the application of different tariff rates, with the lowest rate (quota tariff) being used until that volume is reached and the highest tariff rate on the over-quota thereafter;

fish and fish products: fish, crustaceans, mollusks or any other aquatic invertebrates, marine mammals and their derivatives, classified in any of the following chapters, headings or subheadings of the Harmonized System: (Descriptions are provided for reference purposes).

Chapter, heading or subheading - Description

chapter 03 fish and crustaceans, mollusks and other aquatic invertebrates.

heading 05.07 ivory, tortoise shell, marine mammals, horns, antlers, hooves, hoofs, claws, nails, antlers, horns, antlers, horns, antlers,

hooves, hoofs, nails, claws and beaks, and products thereof.

heading 05.08 coral and similar products.

heading 05.09 natural sponges of animal origin.

heading 05.11 products of fish or crustaceans, mollusks or any other marine invertebrate; animals of fish or crustaceans, mollusks or other invertebrate marine invertebrates; dead animals of Chapter 03.

heading 15.04 fats, oils and their fractions, of fish or marine mammals.

heading 16.03 extracts and juices other than of meat.

heading 16.04 Prepared or preserved fish.

heading 16.05 Prepared or preserved crustaceans, mollusks or other marine invertebrates.

subheading 2301.20 flours, meals, pellets of fish;

export subsidies: those subsidies or grants which are contingent upon export performance, including those listed in subheading 2301.20.

including those listed in Article 9 of the Agreement on Agriculture, which is part of the WTO Agreement on Agriculture, which is part of the WTO Agreement;

tariff rate for imports under quota: the customs duty payable within the volume negotiated as a quota; and

volume negotiated as quota; and

tariff rate for out-of-quota imports: the tariff rate applied to quantities in excess of the specified quantity.

quantities in excess of the quantity specified in a quota tariff.

Article 4-02. Scope of Application

1. This Chapter applies to measures adopted or maintained by any Party relating to trade in agricultural goods.

2. In case of incompatibility between the provisions of this chapter and any other provision of this treaty, the provisions of this chapter shall prevail to the extent of the incompatibility.

Article 4-03. International Obligations

A Party, before adopting a measure under an intergovernmental agreement on goods pursuant to Article XX(h) of the GATT 1994 that may affect trade in an agricultural good between the Parties, shall consult through the Committee on Agricultural Trade, established under Article 4-10, with another Party to avoid nullifying or impairing a concession granted by that Party in its Schedule to the Tariff Break Schedule.

Article 4-04. Access to Markets

1. Notwithstanding the provisions of Article 4-02 and except as otherwise provided in this Agreement, the Parties shall progressively eliminate their customs duties on originating agricultural goods in accordance with Annex 3 -04(5).

2. The Parties, at the request of any of them, shall hold consultations through the Committee to examine the possibility of accelerating the elimination of customs tariffs provided for in the Tariff Dismantling Program.

3. Once approved by the Parties, in accordance with their legal procedures, the agreement on the accelerated elimination of the customs duty on an originating good reached between the Parties shall prevail over any customs duty or relief category identified under the Tariff Relief Program for that good.

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

5. Once a year after the entry into force of this Agreement, the Parties shall examine, through the Committee, the possibility of incorporating into the Tariff Discharge Program the goods excluded from it. The agreements by means of which such goods are incorporated into the Tariff Relief Program shall be adopted by the Parties in accordance with their legal procedures.

Article 4-05. Non-Tariff Measures

Except as otherwise provided in this Agreement, no Party shall adopt or maintain prohibitions or restrictions on the importation and exportation of any agricultural good, or measures of the kind that Article 4.2 of the Agreement on Agriculture, which forms part of the WTO Agreement, are required to be converted into ordinary customs duties, such as minimum import prices or values, discretionary import licensing, quantitative restrictions on imports and similar border measures other than ordinary customs duties, in agricultural trade between the Parties.

Article 4-06. Internal Aid

1. The Parties recognize that domestic support measures can be important for their agricultural sectors, but that they can also distort trade and affect production. In this regard, the Parties shall apply domestic support as provided for in the multilateral agricultural negotiations within the framework of the WTO Agreement, and when a Party decides to support its agricultural producers, it shall endeavor to move towards domestic support measures that:

a) have minimal or no trade or production distorting effects; and b) are in full conformity with the provisions of Annex 2 of the Agreement on Agriculture, which is part of the WTO Agreement.

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

3. The application of any type of domestic support measures on an agricultural good, to the extent that they cause or threaten to cause injury to the production or trade of the other Party, may be subject to an investigation of unfair international trade practices and, if applicable, to the application of countervailing duties in accordance with Chapter IX.

Article 4-07. Domestic Food Aid

1. A Party that establishes a domestic food aid program, in accordance with paragraph 4 of Annex 2 of the Agreement on Agriculture, which is part of the WTO Agreement, shall ensure, through such instruments as it deems necessary, that the benefits of this program are received only by consumers of that Party.

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

3. If no agreement is reached, the Parties shall refer to article 4 -06, paragraph 3.

Article 4-08. Export Subsidies

Five years after the entry into force of this Agreement, no Party may maintain or adopt export subsidies on agricultural goods in its reciprocal trade.

Article 4-09. Special Agricultural Safeguard

The Parties, with respect to the special agricultural safeguard, shall be subject to the provisions of Annex 4-09.

Article 4-10. Agricultural Trade Committee

1. The Parties establish the Committee on Agricultural Trade, composed of representatives of each Party, in accordance with Annex 4-10. The term for the integration of the Committee shall not exceed 90 days from the entry into force of this treaty and shall be chaired by a representative of the country hosting the meeting.

2. The Committee may invite representatives of the private or academic sectors and officials of regional and subregional organizations to participate, depending on the topic to be discussed at the meeting.

3. The Committee shall meet ordinarily twice a year and extraordinarily as often as necessary at the request of a Party. The resolutions of the Committee shall be taken by consensus.

4. For ordinary meetings, the host Party shall call the other Parties 30 days in advance, and the latter shall acknowledge receipt thereof. For extraordinary meetings, the time of convocation shall depend on the urgency of the matter to be discussed.

5. The functions of the Committee include:

a) to oversee the compliance, application and correct interpretation of the provisions of this chapter;

b) serve as a forum for the Parties to consult and resolve issues related to this chapter in coordination with the other committees, subcommittees, working groups or any other body established in the treaty;

c) make pertinent recommendations to the Commission on matters within its competence;

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

e) conduct an annual evaluation of trade in agricultural goods between the Parties and submit a report to the Commission;

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.

Article 4-11. Sugar Trade.

The Parties agree to establish a Sugar Analysis Committee, in accordance with the Annex to this Agreement.

Chapter V. SANITARY AND PHYTOSANITARY MEASURES

Article 5-01. Definitions

1. For the purposes of this Chapter, the Parties shall apply as a reference the definitions and terms here established:

(a) the Agreement on the Application of Sanitary and Phytosanitary Measures, which is part of the WTO Agreement (Agreement on Sanitary and Phytosanitary Measures);

b) by the Office International des Epizooties (OIE);

(c) the International Plant Protection Convention; and

d) by the Codex Alimentarius Commission.

2. Additionally, for the purposes of this chapter, the Parties shall understand by:

food additive: any substance which by itself is not normally consumed as food, nor used as a basic ingredient in food, whether or not it has nutritional value, and the addition of which to food at the stage of production, manufacture, processing, preparation, treatment, packing, packaging, transport or storage results (or may reasonably be expected to result) directly or indirectly, by itself or by-products thereof, in a component of the food, or affects its characteristics. This definition does not include "contaminants" or substances added to the food to maintain or improve nutritional qualities;

food: any processed, semi-processed or raw substance intended for human consumption, including beverages, chewing gum and any other substances used in the manufacture, preparation or treatment of food, but does not include cosmetics, tobacco or substances used solely as drugs;

contaminant: any living substance or organism not intentionally added to food, which is present in such food as a result of the production (including operations carried out in agriculture, animal husbandry and veterinary medicine), manufacture, processing, preparation, treatment, packaging, packing, transport or storage of such food or as a result of environmental contamination. This term includes physical contaminants;

food safety: quality that ensures that food does not present any risk to human health;

approval procedure: any registration, certification, notification or other mandatory administrative procedure to approve the use of an additive or establish a tolerance for a contaminant for defined purposes or under agreed conditions in a food, beverage or feed prior to permitting its use or marketing when any of these contain the additive or contaminant;

control or inspection procedure: any procedure used, directly or indirectly, to determine compliance with a sanitary or phytosanitary measure, including sampling, testing, inspection, verification, monitoring, auditing, accreditation, or other

procedures involving physical examination of a good, the packaging of the good, or equipment or facilities directly related to the production, marketing, or use of a good, but does not mean an approval procedure;

pesticide: any substance intended to prevent, destroy, attract, attract, repel or control any pest, including unwanted species of plants or animals, during the production, storage, transport, distribution and processing of food, agricultural products or animal feed, or which may be administered to animals to control ectoparasites. The term includes substances intended for use as plant growth regulators, defoliants, desiccants, fruit density reduction agents or germination inhibitors, and substances applied to crops before or after harvest to protect the product against deterioration during storage and transport. The term does not normally include fertilizers, nutrients of plant or animal origin, food additives or animal drugs; and

pesticide residue: any specified substance present in food, agricultural commodities or animal feedstuffs as a result of the use of a pesticide. The term includes any derivatives of a pesticide, such as conversion products, metabolites and reaction products and impurities considered to be of toxicological significance.

Article 5-02. Scope of Application

1. This Chapter applies to all sanitary and phytosanitary measures that may directly or indirectly affect trade in goods between the Parties. 2. The framework of rules and disciplines governing the adoption and enforcement of such measures shall be consistent with the Agreement on Sanitary and Phytosanitary Measures. 3. The Parties shall consider as competent authorities those authorities legally responsible for ensuring compliance with the sanitary and phytosanitary requirements of this Chapter.

Article 5-03. Rights and Obligations

1. Each Party may establish, adopt, maintain or apply any sanitary or phytosanitary measure that regulates the protection of life, human or animal health and plant health, including food safety and the importation of any good from the territory of the Parties, when they do not comply with the applicable requirements, or do not satisfy the approval procedures defined in these measures.

2. Each Party may establish, adopt, maintain or apply sanitary and phytosanitary measures that represent a higher level of protection than that which would be achieved by those based on an international standard, guideline or recommendation, provided that there is scientific justification for doing so.

3. Each Party shall ensure that its sanitary or phytosanitary measures:

a) be based on scientific principles, taking into account, where appropriate, both the relevant factors and the different geographical and technological conditions;

b) are maintained only when there is a scientific basis to support them; and

c) are based on a risk assessment appropriate to the circumstances.

4. Each Party shall ensure that its sanitary or phytosanitary measures do not arbitrarily or unjustifiably discriminate between its goods and like goods of another Party, or between the goods of the latter and like goods of any other non-Party, where similar or identical sanitary or phytosanitary conditions exist.

5. The sanitary or phytosanitary measures of each Party shall not constitute a disguised restriction on trade, nor have the purpose or effect of creating unnecessary barriers to trade between the Parties. In this regard, they shall ensure that their measures are applied only to the extent necessary to achieve their appropriate level of protection, taking into account technical, economic and scientific feasibility.

6. Each Party shall have the right to set its appropriate levels to protect life, human or animal health and plant health, in accordance with the provisions of Article 5 -06.

7. Each Party shall ensure that any non-governmental body on which it relies for the development or application of a sanitary or phytosanitary measure acts in a manner consistent with this Chapter.

8. In order to expeditiously apply sanitary and phytosanitary measures in the territory of the Parties and thus facilitate trade flows, the general procedures for the adoption and application of such measures shall be governed by the provisions of Annex 5 -03.

Article 5-04. International Standards and Harmonization.

1. Each Party shall use, as a frame of reference, international standards, guidelines or recommendations, for the establishment of its sanitary and phytosanitary measures, except when these do not constitute an effective or adequate means to protect life, human or animal health and plant health, due to factors of a climatic, geographical, technological or infrastructural nature, or for scientifically justified reasons, or because the level of protection it considers adequate Is not obtained.

2. A Party's sanitary or phytosanitary measure that conforms to an international standard, guideline or recommendation shall be presumed to be consistent with paragraphs 1 to 5 of Article 5 -03.

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

4. In order to promote the development and periodic review of international standards, guidelines and recommendations, as well as to achieve a greater degree of harmonization, each Party shall participate, according to its possibilities, in the competent international standardizing organizations, in particular the Codex Alimentarius Commission, the Office International des Epizooties and the International Plant Protection Convention.

5. The Parties shall develop criteria and procedures for the harmonization of methods of sampling, diagnosis, inspection and certification of animals, plants, their products and by-products, as well as food safety.

Article 5-05. Equivalence

1. Without reducing the level of protection of life, human or animal health and plant health established in their legislation and in order to facilitate trade, the Parties shall recognize equivalence of their respective sanitary or phytosanitary measures, without prejudice to the rights conferred on them by this chapter and taking into account the guidelines and recommendations of the competent international standardization organizations.

2. The importing Party shall accept a sanitary or phytosanitary measure established, applied or maintained by the exporting Party as equivalent, even if it differs from one of its own, provided that the exporting Party objectively demonstrates with scientific information and risk assessment methods based on international standards agreed by them, that the measure achieves the appropriate level of protection required by the importing Party.

3. For the purpose of establishing equivalence between measures, access for inspections, tests and other applicable procedures shall be provided to the importing Party upon request.

4. Each Party shall accept the results of sanitary and phytosanitary control procedures carried out in the territory of another Party, provided that they satisfactorily ensure that the good complies with the sanitary or phytosanitary measures established or maintained in the territory of that Party.

5. Upon request, a Party shall enter into consultations with another Party with a view to recognizing the equivalence of specific sanitary or phytosanitary measures.

6. In developing a sanitary or phytosanitary measure, each Party shall consider the sanitary or phytosanitary measures in force in or proposed by the other Parties.

Article 5-06. Risk Assessment and Adequate Level of Sanitary and Phytosanitary Protection.

1. Each Party shall ensure that its sanitary and phytosanitary measures are based on an assessment, appropriate to the circumstances, of the risks to life, human or animal health and plant health, taking into account risk assessment techniques developed by the relevant standardizing organizations agreed upon by the Parties.

2. In conducting a risk assessment on a good, including food additives and physical, chemical and biological contaminants, each Party shall take into account the following factors:

a) scientific and technical information available;

b) the existence of pests and diseases to be taken into account, including the existence of pest and disease free or low prevalence areas recognized by the Parties;

c) epidemiology of diseases and pests at risk;

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

e) ecological and other environmental conditions to be considered;

f) relevant inspection, sampling and testing methods; and

g) the applicable quarantine measures and treatments that satisfy the importing country in terms of risk mitigation.

3. In addition to the provisions of paragraph 2, in establishing the appropriate level of protection, each Party shall take into account the risk associated with the introduction, establishment and spread of a pest or disease; and in assessing the risk shall also take into account, where appropriate, the following economic factors:

a) the loss of production or sales in the event of the entry, establishment or spread of a pest or disease;

b) the costs of controlling or eradicating the pest or disease in its territory; and

c) the cost-effectiveness of other possible methods of limiting risk.

4. In establishing its appropriate level of protection, each Party shall take into account the objective of minimizing negative effects on trade, and with a view to achieving consistency in such levels of protection, shall avoid making arbitrary or unjustifiable distinctions that may lead to discrimination or constitute a disguised restriction on trade between the Parties.

5. Without prejudice to paragraphs 2 and 3 and paragraph 3(c) of Article 5 -03, where a Party conducts a risk assessment and concludes that scientific knowledge or other available information is insufficient to complete the assessment, it may adopt a sanitary or phytosanitary measure on a provisional basis, based on the information available.

6. Once the exporting Party has submitted sufficient information to the importing Party to complete the risk assessment, both Parties shall agree on a deadline for the completion of the risk assessment and, where appropriate, immediately modify the provisional sanitary or phytosanitary measure.

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

Article 5-07. Recognition of Pest or Disease Free Areas and Areas of Low Pest or Disease Prevalence

1. Each Party shall ensure that its sanitary or phytosanitary measures are adapted to the sanitary or phytosanitary characteristics of the areas of origin and destination of the good, whether the whole territory of a Party, part of the territory of a Party or all or parts of the territories of several Parties.

2. In evaluating the sanitary or phytosanitary characteristics of an area, the Parties shall take into account, inter alia, the level of prevalence of specific diseases or pests, the existence of eradication or control programs, and criteria or guidelines developed by competent international organizations agreed upon by the Parties.

3. The Parties shall recognize the concepts of pest or disease free areas and areas of low pest or disease prevalence. The determination of such areas shall be based on factors such as geographical location, ecosystems, epidemiological surveillance and the effectiveness of sanitary or phytosanitary controls.

4. The Party that declares an area of its territory free of a specific pest or disease shall demonstrate with scientific information to another Party such condition and provide assurance that it will be maintained as such, based on the protection measures adopted by the authorities responsible for sanitary and phytosanitary services.

5. The Party interested in obtaining the recognition of a pest or disease free area shall make the request and provide the corresponding scientific and technical information to another Party.

6. The Party receiving the request for recognition referred to in paragraph 5 shall decide within a period agreed with the requesting Party, and may carry out verifications in the territory of the latter for inspection, tests and other procedures. In case of non-acceptance, it shall indicate in writing the technical basis for its decision.

7. The Parties shall establish agreements on specific requirements, compliance with which will allow a good produced in an area of low pest or disease prevalence to be imported if it achieves the required level of protection.

Article 5-08. Control, Inspection and Approval Procedures.

1. The Parties, in accordance with this Chapter, shall apply the provisions contained in Annex C of the Agreement on Sanitary and Phytosanitary Measures, as regards control, inspection and approval procedures, including systems for approving the use of additives or establishing tolerances for contaminants in foodstuffs, beverages or feedstuffs.

2. When the importing Party requires to carry out a control or inspection procedure at the production stage, the exporting Party shall, at the request of the importing Party, adopt measures to facilitate access to its territory and provide it with the necessary assistance for the execution of the control or inspection procedure.

3. To ensure the safety of food, beverages and feedstuffs, each Party may establish, in its approval procedures and in accordance with its current legislation, authorization requirements for the use of a food additive, or the establishment of a tolerance level for a contaminant therein, prior to granting access to its market. Where that Party so requires, it may adopt a relevant international standard, guideline or recommendation as a basis for granting access to these goods, pending a final determination.

Article 5-09. Transparency.

Each Party, when proposing the adoption or modification of a sanitary or phytosanitary measure to be applied in its territory, shall notify through its competent authorities:

a) adoptions and modifications of such measures and shall provide information on such measures, in accordance with the provisions of Annex B of the Agreement on Sanitary and Phytosanitary Measures, and shall make the pertinent adaptations;

b) additionally, it will notify:

i) changes or modifications to sanitary or phytosanitary measures that have a significant effect on trade between the Parties, at least 60 days prior to the entry into force of the new provision, to allow for comments from any Party or interested persons. Emergency situations shall be exempted from the above-mentioned time limit, in accordance with the provisions of Annex B of the Agreement on Sanitary and Phytosanitary Measures;

ii) changes occurring in the animal health field, such as the appearance of exotic and List A diseases of the Office International des Epizooties, within 24 hours of the diagnostic detection of the problem;

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

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

v) outbreaks of diseases in which the consumption of natural or processed imported foods is scientifically proven to be the cause; and

vi) the causes or reasons for which a good of the exporting Party is rejected, within seven days;

c) the Parties shall use as a channel of communication the notification and information centers established before the WTO Committee on Sanitary and Phytosanitary Measures; and

d) each Party shall ensure that there is an information center capable of responding to reasonable requests from any Party, and shall provide relevant documentation, in accordance with the principles set forth in Annex B, paragraph 3 of the Agreement on Sanitary and Phytosanitary Measures.

Article 5-10. Committee on Sanitary and Phytosanitary Measures.

1. The Parties establish the Committee on Sanitary and Phytosanitary Measures, composed of representatives of each Party with responsibilities in sanitary and phytosanitary matters. The deadline for its installation will be within 90 days from the entry into force of this treaty.

2. The Committee shall have the following functions:

a) except as provided for in article 18-01, to oversee compliance with and correct application of the provisions of this chapter;

b) facilitate agricultural trade between the Parties;

c) To promote the improvement of sanitary and phytosanitary conditions in the territory of the Parties;

d) facilitate consultations and issue expeditious recommendations on specific SPS matters;

e) serve as a forum for the Parties to consult and resolve issues related to this chapter and, when required, in coordination with the other committees, subcommittees, technical working groups or any other body established in the treaty;

f) establish technical working groups or subgroups in the areas of animal health, plant health and food safety, among others, and determine their mandates, objectives and functions in accordance with the provisions of Article 5 -11;

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

h) conduct an annual evaluation of the inventory of sanitary and phytosanitary measures between the Parties, and keep it updated;

i) to annually self-evaluate its performance for the purpose of adapting it to the needs of trade between the Parties;

j) to carry out technical consultations with the support of the relevant regional or subregional organizations;

k) establish and monitor the process of harmonization of sanitary and phytosanitary measures in coordination with the competent regional and subregional organizations;

I) to carry out the necessary actions for the training and specialization of technical personnel;

m) to promote technical cooperation and exchange, including cooperation in the development, application and enforcement of sanitary and phytosanitary measures;

n) submit recommendations on matters within its competence to the Commission;

o) report annually to the Commission on the implementation of this chapter; and

p) any other function in connection with this chapter.

3. The organizational structure, functions and general procedures of the Committee shall be as set forth in Annex 5-10.

Article 5-11. Technical Working Groups.

The functions of the technical working groups will be:

a) prepare the terms of reference and its work program within the scope of its competence and report its results to the Committee;

b) develop procedures to achieve a greater degree of harmonization and recognition of equivalencies;

c) agree on processes and methodologies for the use of equivalent risk assessment techniques, both in the areas of food safety and plant and animal health;

d) exchange information on laboratories for the necessary analysis of animals, plants, products and by-products entering the territory of one of the Parties;

e) identify and give priority to technical cooperation actions in matters of common interest, in order to achieve better control of existing pests and diseases and thus facilitate trade between the Parties;

f) coordinate actions to prevent the introduction of quarantine pests or diseases;

g) exchange information on sanitary and phytosanitary legislation and status, as well as pest and disease control methods, diagnostic techniques, handling and processing of agricultural products;

h) propose sanitary and phytosanitary programs and treatments to expedite procedures for trade between the Parties;

i) to promote reciprocal technical collaboration in the aspects of recognition, diagnosis and prevention measures of sanitary and phytosanitary risk;

j) propose to the Committee specific sanitary or phytosanitary protocols involving greater technical-operational detail; and

k) such other functions as may be proposed by the technical working groups and approved by the Committee.

Article 5-12. Technical Cooperation.

1. The Parties:

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

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

2. Expenses derived from technical assistance activities shall be subject to the availability of funds and priorities in the matter for each Party and the expenses derived from control or inspection and approval procedures shall be borne by the interested parties.

Article 5-13. Technical Consultations.

1. Nothing in this Chapter shall prevent a Party, when in doubt as to the application or interpretation of its contents, from initiating consultations with another Party.

2. Where a Party considers that a sanitary or phytosanitary measure of the other Party is interpreted or applied in a manner inconsistent with the provisions of this Chapter, it shall have the burden of proving the inconsistency.

3. When a Party requests consultations and so notifies the Committee, the Committee shall facilitate the consultations and may refer them to an ad-hoc working group or other forum for non-binding technical advice or recommendation.

4. When the Parties have resorted to consultations pursuant to this Article without satisfactory results, such consultations shall constitute the consultations provided for in Article 19-05.

Article 5-14. Settlement of Disputes.

1. Nothing in this Chapter shall prevent a Party, when in doubt as to the application or interpretation of any of its provisions, from initiating consultations with another Party in accordance with the provisions of Chapter XIX.

2. When the Parties have resorted to consultations pursuant to paragraphs 1 and 2 of Article 5-13, such consultations shall constitute those provided for in Article 19-05, if so agreed by the Parties.

Chapter Vi. RULES OF ORIGIN

Article 6-01. Definitions.

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

good: any merchandise, product, article or matter;

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

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

similar goods: goods which, although not the same in all respects, have similar characteristics and composition, enabling them to perform the same functions and to be commercially interchangeable. In determining whether goods are similar, factors to be considered include, among others, their quality, commercial prestige and the existence of a trademark; goods wholly obtained or produced entirely in the territory of one or more of the Parties:

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

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

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

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

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

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

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

h) waste (1) and residues derived from:

(1) Includes slag and ash.

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

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

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

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

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

indirect material: an asset used in the production, testing or inspection of an asset, but not physically incorporated into the asset; or an asset used in the maintenance of buildings or operation of equipment related to the production of an asset, including:

a) fuel and energy;

b) tools, dies and molds;

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

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

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

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

g) catalysts and solvents; or

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

intermediate materials: self-manufactured materials used in the production of a good, and designated in accordance with article 6 -07;

related person: a person who is related to another person, as follows:

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

b) are legally recognized as business associates;

c) are in the relationship of employer and employee;

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

e) one of them directly or indirectly controls the other;

f) both persons are directly or indirectly controlled by a third party;

g) together they directly or indirectly control a third person; or

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

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

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

producer: a person who grows, extracts, harvests, fishes, hunts, manufactures, processes or assembles a good;

used: employed or consumed in the production of goods;

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

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

Article 6-02. Instruments of Application and Interpretation

1. For purposes of this chapter:

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

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

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

2. For purposes of this chapter, when applying the Customs Valuation Code to determine the origin of a good: a) the principles of that code shall apply to domestic transactions, with such modifications as circumstances may require, as they would apply to international transactions; and b) the provisions of this chapter shall prevail over those of this code in those cases where they are incompatible.

Article 6-03. Originating Goods.

1. A good will be originating when:

a) is wholly obtained or produced entirely in the territory of one or more of the Parties, as defined in Article 6 -01;

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

c) is produced in the territory of one or more of the Parties from non-originating materials that meet a change in tariff classification and other requirements, as specified in Annex 6-03, and the good complies with the other applicable provisions of this Chapter;

d) is produced in the territory of one or more of the Parties from non-originating materials that meet a change in tariff classification and other requirements, and the good meets a regional value content requirement, as specified in Annex 6-03, and the other applicable provisions of this Chapter;

e) is produced in the territory of one or more of the Parties and meets a regional value content requirement, as specified in

Annex 6-03, and complies with the other applicable provisions of this Chapter; or

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

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

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

provided that the regional value content of the good, determined in accordance with article 6 -04, is not less than 50%, except as otherwise provided in annex 6-03, and the good complies with the other applicable provisions of this chapter.

2. For purposes of this Chapter, the production of a good from non-originating materials that meet a change in tariff classification and other requirements, as specified in Annex 6-03, shall be made entirely in the territory of one or more of the Parties, and any regional value content requirement for a good shall be satisfied entirely in the territory of one or more of the Parties.

Article 6. Value of Regional Content.

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

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

RVC = TV - VMN / TV x 100

Where:

RCV: Regional Content Value expressed as a percentage;

TV: Transaction value of a good adjusted on a F.O.B. basis, except as provided In Paragraph 3; and

VMN: Value of non-originating materials used by the producer in the production of the good as determined in accordance with the provisions of Article 6-05.

3. for Purposes of Paragraph 2, when the good is not exported directly by the producer of the good, the transaction value shall be adjusted to the point at which the buyer receives the good within the territory where the producer is located.

4. Each Party shall provide that in the event that there is no transaction value or that the transaction value of the good cannot be determined in accordance with paragraphs 5 and 6, the transaction value may be calculated in accordance with the principles of Articles 2 through 5 of the Customs Valuation Code. If the value cannot be determined in accordance with any of Articles 2 to 5 of the Customs Valuation Code, the producer or exporter may optionally choose to calculate the transaction value in accordance with the principles of Articles 6 or 7 of the Customs Valuation Code.

5. For the purposes of paragraph 4, there is no transaction value when the property is not the subject of a sale.

6. For purposes of paragraph 4, the transaction value of the property may not be determined when: a) there are any restrictions on the transfer or use of the property by the purchaser except for those that:

i) imposed or required by the law or authorities of the Party in which the purchaser of the good is located;

ii) limit the geographic territory where the property may be resold; or

iii) do not appreciably affect the value of the property;

b) the sale or price is dependent on some condition or consideration, the value of which cannot be determined in relation to the property;

c) directly or indirectly reverts to the seller any part of the proceeds of the resale or of any subsequent transfer or use of the good by the buyer, unless due adjustment can be made in accordance with the provisions of Article 8 of the Customs Valuation Code;

d) the buyer and seller are related persons and the relationship between them influences the price, except as provided in Article 1.2 of the Customs Valuation Code; or

e) the good is sold by the producer to a related person and the volume of sales, in units of quantity of identical or similar goods, sold to related persons, during a six-month period immediately preceding the month in which the producer sold that good, exceeds 85% of the producer's total sales of those goods during that period.

7. Except for goods covered by Article 6-15, a producer may average the regional value content of any or all of the goods falling within the same subheading that are produced in the same plant or in different plants within the territory of a Party, either on the basis of all the goods produced by the producer or only those goods that are exported to the other Party:

a) in its fiscal year or period; or

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

Article 6-05. Value of Materials

1. The value of a material:

a) is the transaction value of the material; or

b) in the event that there is no transaction value or the transaction value of the material cannot be determined in accordance with paragraphs 5 and 6 of Article 6-04, it shall be calculated in accordance with the principles of Articles 2 through 5 of the Customs Valuation Code. If the value cannot be determined in accordance with any of Articles 2 to 5 of the Customs Valuation Code, the producer or exporter may optionally choose to calculate the transaction value in accordance with the principles of Articles 6 or 7 of the Customs Valuation Code.

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

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

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

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

4. For purposes of calculating the regional value content in accordance with Article 6-04, the value of non-originating materials used by the producer in the production of a good shall not include the value of non-originating materials used by the producer in the production of the good:

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

b) the producer of the good in the production of a self-produced originating material that is designated by the producer as an intermediate material in accordance with Article 6-07.

Article 6-06. De Minimis.

1. A good shall be considered originating if the value of all non-originating materials used in the production of the good that do not comply with the corresponding change in tariff classification set out in Annex 6-03 does not exceed 7% of the transaction value of the good adjusted on the basis indicated in paragraph 2 or 3, as the case may be, of Article 6 -04.

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

3. A good that is subject to a regional value content requirement set out in Annex 6 -03 does not have to satisfy it if the value of all non-originating materials does not exceed 7% of the transaction value of the good adjusted on the basis indicated in paragraph 2 or 3, as the case may be, of Article 6-04.

4. Paragraph 1 does not apply to: a) goods covered by Chapters 50 to 63 of the Harmonized System; or 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 pursuant to this Article.

5. A good of Chapters 50 through 63 of the Harmonized System that is non-originating because the fibers and yarns used in the production of the material that determines the tariff classification of that good do not comply with the change in tariff classification provided for in Annex 6 - 03, shall nevertheless be considered as originating if the total weight of such fibers and yarns of that material does not exceed 7% of the total weight of that material.

Article 6-07. Intermediate Materials.

1. For purposes of calculating the regional value content in accordance with Article 6-04, the producer of a good may designate as intermediate material, any self-produced material used in the production of the good provided that such material complies with the provisions of Article 6 - 03.

2. Where an intermediate material is designated and is subject to a regional value content requirement, for purposes of calculating the regional value content of the intermediate material, the transaction value of the intermediate material referred to in Article 6-04 may be determined in accordance with the principles of Articles 2 through 5 of the Customs Valuation Code. If the value cannot be determined in accordance with any of Articles 2 to 5 of the Customs Valuation Code, the producer or exporter may optionally choose to calculate such value in accordance with the principles of Articles 6 or 7 of the Customs Valuation Code.

3. Notwithstanding paragraph 2, where an intermediate material is designated and Is subject to a regional value content requirement, for purposes of calculating the regional value content of the intermediate material, the transaction value of the intermediate material referred to in Article 6-04 may be:

a) the total cost incurred in respect of all goods produced by the producer of the good, which can be reasonably allocated to that intermediate material in accordance with Annex 6 -01; or

b) the amount of each cost that is part of the total cost incurred in respect of the intermediate material, which can be reasonably allocated to that intermediate material, in accordance with Schedule 6-01.

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

Article 6-08. Accumulation.

For purposes of establishing whether a good is originating, an exporter or producer may cumulate its production with that of one or more producers, in the territory of one or more of the Parties, of materials that are incorporated in the good, so that the production of the materials is considered to be carried out by that exporter or producer, provided that the provisions of Article 6-03 are complied with.

Article 6-09. Expendable Property 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 in inventory are used in its production, the origin of the materials may be determined by one of the inventory management methods set out in paragraph 3.

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

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

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

b) "UEPS" (last-in-first-out) is the method of inventory management whereby the origin of the number of units of the materials or consumables that were received last in inventory is considered to be the origin in equal number of units of the materials or consumables that first leave inventory; or

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

PMO = TMO / TMOYN x 100

where: PMO: average of original materials or consumables;

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

TMOYN: total sum of units of originating and non-originating materials or consumables that are part of the pre-departure inventory.

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

PMN = TMN / TMOYN x 100

where:

PMN: average of non-originating materials;

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

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

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

Article 6-10. Sets or Assortment

1. Sets or assortments of goods that are classified according to the provisions of General Rule 3 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 the goods in this chapter.

2. Notwithstanding the provisions of paragraph 1, a set of goods shall be considered as originating if the value of all the non-originating goods used in the formation of the set does not exceed 7% of the transaction value of the set adjusted on the basis indicated in paragraph 2 or 3, as the case may be, of Article 6 -04.

3. The provisions of this article shall prevail over the specific rules set forth in annex 6-03.

Article 6-11. Indirect Materials.

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

Article 6-12. Accessories, Spare or Replacement Parts and Tools.

1. Accessories, spare or replacement parts and tools delivered with the good as part of the usual accessories, spare or replacement parts and tools of the good, shall be disregarded in determining whether all non-originating materials used in the production of the good comply with the applicable change in tariff classification set out in Annex 6-03, provided that:

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

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

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, when calculating the regional value content of the good.

Article 6-13. Packaging and Packaging Materials for Retail Sale.

1. Where the good is subject to a change in tariff classification, containers and packaging materials in which a good is presented for retail sale, when classified with the good they contain, shall be disregarded in deciding whether all non-originating materials used in the production of the good comply with the corresponding change in tariff classification set out in Annex 6 -03.

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

Article 6-14. Containers and Packing Materials for Shipment.

1. Containers and packing materials for transporting the good shall be disregarded for purposes of establishing whether all non-originating materials used in the production of the good comply with the corresponding change in tariff classification set out in Annex 6 -03.

2. When the good is subject to the regional value content requirement, the value of the packaging materials for transportation of the good shall be considered as originating or non-originating, as the case may be, for calculating the regional value content of the good and the value of such material shall be the cost thereof reported in the accounting records of the producer of the good.

Article 6-15. Automotive Industry Goods.

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

chassis: the bottom plate of a motor vehicle;

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

a) motor vehicles of subheading 8702.10 or 8702.90, when they are motor vehicles designed for the transport of 16 persons or more, or of subheading 8701.20, 8704.10, 8704.22, 8704.23, 8704.32 or 8704.90, or of subheading 8701.20, 8704.10, 8704.22, 8704.23, 8704.32 or 8704.90, or of subheading 8701.20, 8704.32 or 8704.90, or of subheading 8701.20. heading 87.05 or 87.06;

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

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

d) motor vehicles falling under subheading 8703.21 to 8703.90;

model line: a group of motor vehicles having the same platform or the same model name; model name: the word or group of words, letter or letters, number or numbers or similar designation assigned to a motor vehicle by a marketing division of a motor vehicle assembler to:

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 nearby but not necessarily contiguous buildings, machinery, apparatus and appurtenances that are under the control of a producer and are used for the production of motor vehicles; platform: the primary assembly of a load-bearing structural assembly of a motor vehicle that determines the basic size of that vehicle and forms the structural base that supports the powertrain, and serves to join the motor vehicle in various types of frames, such as body mount, dimensional frame and unit body; and

motor vehicle: goods of heading 87.01, 87.02, 87.03, 87.04, 87.05 or 87.06.

2. To calculate the regional value content of a motor vehicle, the producer may average the calculation over its fiscal year or period, using any of the following categories, either taking as a basis all motor vehicles of that category, or only motor vehicles of that category that are exported to the territory of the other Party:

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

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

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

d) the same class of motor vehicles produced in the territory of a Party.

Article 6-16. Non-origin Conferring Transactions and Practices.

1. A good shall not be considered as originating solely because:

a) dilution in water;

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

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

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

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

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

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

2. The modification of the price of a good, which has the purpose of evading compliance with the provisions of this chapter, does not confer origin to the good.

3. The provisions of this article shall prevail over the specific rules set forth in Annex 6-03.

Article 6-17. Transshipment and Direct Shipment.

A good shall not be considered as originating, even if it has been produced in accordance with the requirements of Article 6-03 if, subsequent to such production, outside the territories of the Parties, the good:

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

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

Article 6-18. Determination of the Origin of Goods

When there are different rates of tariff reduction. The determination of the origin of goods with different tariff reduction rates shall be subject to the provisions of Annex 3 -04(5).

Article 6-19. Regional Input Integration Committee.

1. The parties establish the regional input integration committee (CIRI).

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

3. The CIRI shall operate for a term of 10 years from the entry into force of this treaty. This term may be extended by consensus between the parties.

Article 6-20. Functions of the CIRI

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

the production of a good.

2. For purposes of paragraph 1, producer means a producer of goods for export to the territory of another Party under preferential tariff treatment.

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

a) are those used by the producer in the production of a good classified under the Harmonized System listed in Annex 6 -20; and

b) its use is required by the rule of origin established in Annex 6 -03, for that good.

4. Annex 6-20 may be modified at any time by consensus among the Parties.

Article 6-21. Procedure

1. For the purposes of Article 6-20, the CIRI shall conduct an investigation procedure that it shall initiate at the request of a Party or the Commission. This procedure shall commence within five days of receipt of the request and the documentation supporting it.

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

Article 6-22. Deadlines, Opinion and Notification of CIRI.

1. CIRI will issue an opinion to the Commission within the following deadlines, counted from the date of initiation of the investigation procedure:

a) within 30 days in the event of an unjustified interruption in the supply of materials; or

b) within 60 days in all other cases.

2. CIRI will rule:

a) on the producer's inability to dispose of materials in the terms indicated in paragraph 1 of article 6-20; and

b) when the inability referred to in subparagraph a) is established, on the terms and conditions of the waiver required in the use of the materials referred to in paragraph 3 of Article 6-20, in order for a good to receive preferential tariff treatment.

3. CIRI shall send its opinion to the Commission within five days of its issuance.

Article 6-23. Resolution of the Commission.

1. If CIRI issues an opinion under the terms of Article 6-22, the Commission shall issue a resolution within a period of no more than 10 days from receipt of the opinion, unless it agrees to a different period.

2. When the incapacity referred to in paragraph 1 of Article 6 -20 is established, the resolution of the Commission shall establish a waiver, under the terms and conditions agreed by CIRI in its opinion, for the use of the materials referred to in paragraph 3 of Article 6-20, with such modifications as it deems appropriate.

3. If the Commission has not taken a decision within the time limit set forth in paragraph 1, the opinion of CIRI shall be deemed ratified and the case resolved.

4. The resolution referred to in paragraph 2 shall be valid for a maximum of one year from the date of its issuance, depending on the reasons for the shortage for which it was issued. At the request of the interested Party and within 90 days prior to its expiration, the Commission may extend, after review by CIRI, its resolution for an equal period of time if the causes that gave rise to it persist.

5. The resolution referred to in paragraph 4 may:

a) refuse to grant the waiver; or

b) grant a waiver in accordance with the provisions of paragraph 2.

6. Any Party may request, at any time during its term, the review of the Commission's resolution.

Article 6-24. Referral to the Commission

1. If the CIRI does not issue the opinion referred to in Article 6-22 within the time limits established therein, because there is no consensus on the case in question, the consultations referred to in Article 19-05 shall be deemed concluded and the case shall be referred to the Commission within five days following the expiration of that time limit.

2. If the Commission does not issue a resolution, the provisions of articles 19-07 to 19-12 and 19-14 to 19-16 shall apply, in accordance with the provisions of paragraphs 3 to 17 of this article.

3. For the purposes of paragraph 2, the time limit for the installation of the arbitral tribunal referred to in Article 19-09 shall be 20 days, counted from the day following the day on which the request for the installation of the arbitral tribunal was filed; and the time limit for the issuance of the final decision referred to in Article 19-14 shall be 40 days, counted from the day following the day on which the arbitral tribunal was installed.

4. For the purposes of paragraph 2, it shall be understood that the mission of the arbitral tribunal shall be to render a decision in terms of Article 6-22, paragraph 2, subparagraphs a) and b).

5. The final decision of the arbitral tribunal shall be binding on the Parties and, if it decides on the waiver referred to in paragraph 2(b) of Article 6-22, shall be valid for a maximum of one year. At the request of the Party concerned, within 90 days prior to its expiration and after review by the CIRI, the Commission may extend, depending on the cause of shortage for which the waiver was issued, the decision of the arbitral tribunal for an equal term, if the causes that gave rise to it persist.

6. The complaining Party may invoke the provisions of Article 19-16, paragraphs 1 to 3, if the arbitral tribunal rules in its favor and the Party complained against fails to comply with the final decision within the period of time fixed by the arbitral tribunal.

The Party complained against may invoke the provisions of paragraphs 4 and 5 of article 19-16.

Article 6-25. Operating Regulations.

The application and administration of the provisions of Articles 6-19 to 6-25 shall be developed in the Regulations to be adopted by the Commission.

Article 6-26. Rules of Origin Applicable to Flexibility Levels Temporary.

The rule of origin applicable to temporary flexibility levels shall be determined in accordance with Annex 6-26.

Chapter VII. CUSTOMS PROCEDURES FOR HANDLING THE ORIGIN OF GOODS

Article 7-01. Definitions

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

competent authority: the authority responsible for the application of the provisions of this chapter, as set forth in Annex 7 -01;

identical goods: goods that are alike in all respects, including their physical characteristics, quality and commercial prestige; where minor differences in appearance do not prevent goods that otherwise meet their definition from being considered identical; and that are not relevant to the determination of their origin under Chapter VI;

advance criterion: a resolution issued by the competent authority, in accordance with article 7-10;

exporter: a person located in the territory of a Party from which the good is exported who, under this Chapter, is required to keep in the territory of that Party the records referred to in paragraph 1(a) of Article 7- 06;

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

importer: a person located in the territory of a Party into which the good is imported who, under this Chapter, is required to keep in the territory of that Party the records referred to in paragraph 1(c) of Article 7- 06;

producer: a producer, according to article 6 -01, located in the territory of a Party, who according to this chapter, is obliged to keep in the territory of that Party, the records referred to in paragraph 1 (a) of article 7 - 06;

Determination of origin ruling: a ruling issued by the competent authority as a result of a verification that establishes whether a good qualifies as originating, in accordance with Chapter VI;

preferential tariff treatment: the application of the corresponding tariff rate or duty to an originating good, in accordance with the Tariff Relief Program agreed between the Parties; value: the value of a good or material for purposes of the application of Chapter VI; and

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

2. In addition to the definitions set forth in this article, the definitions set forth in Chapter VI shall be applicable.

Article 7-02. Declaration and Certification of Origin.

1. For the purposes of this Chapter, the Parties shall develop a single format for the certificate of origin and a single format for the declaration of origin, which shall enter into force in conjunction with this Agreement, and may be subsequently modified by agreement between the Parties.

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

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

4. Each Party shall provide that its exporters shall complete and sign a certificate of origin in respect of the export of a good for which an importer may claim preferential tariff treatment, except as provided in Article 7 -05.

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

a) its knowledge that the property qualifies as originating; or

b) the declaration of origin covering the good being exported. This must be completed and signed by the producer of the good and voluntarily provided to the exporter.

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

a) a single importation of one or more goods; or

b) several imports of identical goods to be made within a period specified by the exporter in the certificate of origin, which shall not exceed the period set forth in paragraph 7.

7. Each Party shall provide that the certificate of origin shall be accepted by the competent authority of the importing Party for a period of one year from the date of signature.

Article 7-03. Bligations with Respect to Imports.

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

a) declare in writing, in the import declaration provided for in its legislation, on the basis of a valid certificate of origin in the terms of paragraph 3 of Article 7 -02, that the good qualifies as originating;

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

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

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

files the aforementioned declaration before the competent authority has initiated the exercise of its verification powers.

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

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

a) a written statement that the good qualified as originating at the time of importation;

b) a copy of the certificate of origin; and

c) documentation related to the importation of the good, as required by the legislation of that Party.

Article 7-04. Obligations with Respect to Exports.

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

2. Each Party shall provide that its exporter or producer who has completed and signed a certificate or declaration of origin and has reason to believe that such certificate or declaration contains incorrect information shall promptly notify, in writing, all persons to whom the certificate or declaration has been given, and in accordance with its legislation, its competent authority, of any change that may affect the accuracy or validity of the certificate or declaration of origin, in which case he shall not be penalized for having submitted an incorrect certificate or declaration.

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

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

Article 7-05. Exceptions

Provided that it is not part of two or more imports made or planned for the purpose of evading compliance with the requirements of Articles 7 -02 and 7-03, the Parties shall not require the certificate of origin when:

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

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

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

Article 7-06. Accounting Records.

1. Each Party shall provide that:

a) its exporter or producer who completes and signs a certificate or declaration of origin retains, for at least five years after the date of signature of that certificate or declaration, all records and documents relating to the origin of the good, including those relating to:

i) the acquisition, costs, value and payment of the good that is exported from its territory;

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

iii) The costs and production value of the goad in the form in which it is exported from its territory;

b) for the purposes of the verification procedure established in Article 7-07, the exporter or producer shall provide the competent authority of the importing Party with the records and documents referred to in subparagraph a). When the records and documents are not in the possession of the exporter or producer, the exporter or producer may request the records and documents from the producer or supplier of the materials to be delivered through him to the competent authority carrying out the verification; and

c) an importer who obtained preferential tariff treatment for a good imported into its territory from the territory of another Party, retains, for at least five years from the date of importation, the certificate of origin and all other documentation relating to the importation required by the importing Party.

Article 7-07. Procedures to Verify Origin.

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

2. In order to determine whether a good imported into the territory of a Party from the territory of another Party under preferential tariff treatment qualifies as originating, the importing Party may, through its competent authority, verify the origin of the good by:

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

b) verification visits to an exporter or producer in the territory of another Party, for the purpose of examining the records and documents evidencing compliance with the rules of origin in accordance with Article 7-06, and inspecting the facilities used in the production of the good and, if applicable, those used in the production of the materials; or

c) other procedures agreed upon by the Parties. The verification process referred to in this paragraph shall be made known to the competent authority of the exporting Party.

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

a) certified mail with return receipt requested;

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

c) any other means agreed upon by the Parties.

In the event that the dispatches and notifications have been sent through the competent authority of the exporting Party, the latter shall send to the competent authority of the importing Party the acknowledgement of receipt or any other document evidencing receipt by the exporter or producer of such dispatches and notifications.

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

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

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

7. Each Party shall provide that when it has received the questionnaire referred to in paragraph 2(a), answered within the corresponding time limit, and considers that it requires further information to decide on the origin of the goods subject to verification, it may, through its competent authority, request additional information from the exporter or producer, through a subsequent questionnaire, in which case, the exporter or producer shall answer it and return it within a period not exceeding 30 days from the date of receipt thereof.

8. In the event that the exporter or producer does not respond in accordance with the information requested, or does not return any of the questionnaires within the corresponding term, the importing Party may deny preferential tariff treatment to the good or goods that would have been subject to the verification, by means of a written resolution addressed to the

exporter or producer, which shall include the findings of fact and the legal basis for the resolution.

9. Before carrying out a verification visit pursuant to paragraph 2(b), the importing Party shall be obliged, through its competent authority, to notify in writing its intention to carry out the visit. The notification shall be sent to the exporter or producer to be visited, to the competent authority of the Party in whose territory the visit is to take place and, if so requested by the latter, to the embassy of that Party in the territory of the importing Party. The competent authority of the importing Party shall request the written consent of the exporter or producer to be visited.

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

a) identification of the competent authority making the notification;

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

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

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

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

f) the legal basis for the verification visit.

11. Any modification to the information referred to in subparagraphs a), c) and e) of paragraph 10 shall be notified in writing to the exporter or producer and to the competent authority of the exporting Party prior to the verification visit. When the information referred to in subparagraphs b), d) and f) of paragraph 10 is modified, such modification shall comply with the terms established in paragraph 9.

12. If within 30 days from the date of receipt of the notification of the proposed verification visit pursuant to paragraph 9, the exporter or producer does not consent in writing to the verification visit, the importing Party may deny preferential tariff treatment to the good or goods that would have been the subject of the verification visit, by written resolution addressed to the exporter or producer, which resolution shall include the findings of fact and the legal basis for the resolution.

13. Each Party shall provide that, where its competent authority receives a notification pursuant to paragraph 9, within 15 days from the date of receipt of the notification, it shall have the authority to postpone the proposed verification visit for a period not exceeding 60 days from the date on which the notification was received, or for such longer period as the Parties may agree.

14. A Party may not deny preferential tariff treatment solely on the basis of the postponement of the verification visit pursuant to paragraph 13.

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

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

17. If the exporter or producer has determined the regional value content of a good or goods, based on the transaction value method set out in paragraph 2 of Article 6 -04, and the competent authority of the importing Party notifies him, during the course of a verification of origin, that the transaction value of the good or goods used Is not admissible in accordance with paragraphs 5 and 6 of Article 6-04, the exporter or producer may submit to that authority such additional information that deemed necessary to demonstrate the transaction value within 30 days of receipt of the notice.

18. If, after analyzing the information provided in accordance with paragraph 17, the competent authority of the importing Party does not accept the regional value content so determined, it may recalculate this value in accordance with the provisions of Articles 2 to 5 of the Customs Valuation Code. In the event that the value cannot be determined in accordance with said Articles, the competent authority of the importing Party shall ask the producer or exporter whether it wishes the value to be recalculated on the basis of Articles 6 or 7 of the Customs Valuation Code, in which case the producer or exporter shall expressly state in writing its acceptance to have the value so recalculated, within 60 days following the date on which the corresponding notification is made, or within such longer period as the competent authority itself may expressly determine; in the event of non-acceptance, the competent authority of the importing Party may deny preferential tariff treatment to the good or goods subject to the verification.

19. Each Party shall provide that:

a) in the event that the exporter or producer fails to provide the records and documents referred to in subparagraph b) of Article 7-06, in the course of the verification visit in the exporting Party, the competent authority of the importing Party may deny preferential tariff treatment to the good or goods subject to the verification, by means of a resolution addressed to the exporter or producer determining that preferential tariff treatment is denied with respect to such good or goods, which shall include findings of fact and the legal basis for the determination; or

b) when in the course of a verification of origin, carried out in accordance with the provisions of this article, it is not established that a material used in the production of a good is originating, such material shall be considered non-originating, for the determination of the origin of the good.

20. Each Party shall verify compliance with the regional value content requirements through its competent authority, in accordance with the generally accepted accounting principles applied in the territory of the Party from which the good has been exported.

21. When the competent authority of the importing Party determines, based on the information obtained as a result of a verification of origin, that a good or goods subject to the verification does not qualify as originating, such authority shall send to the producer or exporter, a duly grounded and motivated letter with the intention of denying preferential tariff treatment with respect to such good or goods, in which the facts or omissions known and that are cause for denial of preferential tariff treatment shall be stated, and shall grant a term of 30 days from the date of receipt of such letter, to provide the documents or records that disprove the facts or omissions stated in the letter.

22. When the competent authority of the importing Party determines, based on the information obtained as a result of a verification of origin, that the good or goods subject to the verification qualify as originating, said authority shall send to the producer or exporter, a duly substantiated and reasoned letter, notifying that the verification has been concluded.

23. Within 120 days following the date on which the 30-day period referred to in paragraph 21 ends or the date on which the written notice referred to in paragraph 22 is served, the competent authority shall issue a written determination to the exporter or producer, whose good or goods have been subject to the verification, as to whether or not the good qualifies as originating, which shall include the findings of fact and the legal basis for the determination, a copy of which shall be sent to the importer. For the issuance of such determination, the authority shall take into consideration the documents or records provided by the exporter or producer within the 30-day period referred to in paragraph 21.

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

25. The resolution referred to in paragraph 24 shall not apply to imports made prior to the date on which such resolution takes effect, when:

a) the competent authority of the importing Party has issued an advance ruling under Article 7-10, or the competent authority of any Party has issued any other ruling on the tariff classification or value of materials on which a person is entitled to rely; and

b) the anticipated criterion or resolution mentioned in paragraph a), is prior to the beginning of the verification of origin.

26. Where a Party's verification establishes that the exporter or producer has falsely or unfoundedly certified or declared more than once that a good qualifies as originating, the importing Party shall suspend preferential tariff treatment for identical goods exported or produced by that person until that person proves compliance with the provisions of Chapter VI.

Article 7.08. Confidentiality

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

2. Confidential information obtained under this chapter may only be disclosed to the authorities responsible for the administration and enforcement of rulings of origin and customs and tax matters.

Article 7-09. Sanctions

Each Party shall establish or maintain criminal, civil or administrative penalties for violations of its laws and regulations

relating to the provisions of this Chapter.

Article 7-10. Anticipated Criteria.

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

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

3. The anticipated criteria will deal with:

a) if the property qualifies as originating, in accordance with Chapter VI;

b) whether the non-originating materials used in the production of a good comply with the corresponding change in tariff classification set out in Annex 6 -03;

c) whether the good meets the regional value content requirement set forth in Chapter VI;

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

e) whether the country of origin marking made or proposed for a good satisfies the requirements of Article 3-15; and such other matters as the Parties may agree.

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

a) information reasonably required to process the request;

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

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

d) the obligation to explain in a complete, well-founded and motivated manner, the reasons for the anticipated criterion when it is unfavorable to the applicant.

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

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

7. The advance ruling may be modified or revoked by the competent authority in the following cases:

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

i) in fact;

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

iii) in the application of the regional value content requirement, in accordance with Chapter VI;

b) when it is not in conformity with an interpretation agreed between the Parties or a modification with respect to Article 3-15 or Chapter VI;

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

d) in order to comply with an administrative or judicial decision.

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

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

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

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

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

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

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

12. Each Party shall provide that, where its competent authority decides that the advance ruling was based on incorrect information, the person to whom the advance ruling was issued shall not be penalized, if the person demonstrates that he acted with reasonable care and in good faith in stating the facts and circumstances giving rise to the advance ruling.

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

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

Article 7-11. Review and Challenge.

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

a) complete and sign a certificate or declaration of origin covering a good that has been the subject of a determination of origin pursuant to paragraph 21 of Article 7 -07; or

b) have received an advance criterion in accordance with the provisions of article 7-10.

2. The rights referred to in paragraph 1 include:

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

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

Article 7-12. Committee of Origin

1. The Parties establish the Committee of Origin, composed of representatives of each Party. The deadline for its installation shall be within 30 days from the entry into force of this treaty.

2. The Origin Committee shall meet in ordinary session twice a year and in extraordinary session as often as necessary at the request of any Party.

3. The functions of the Origin Committee are

a) to prepare, no later than 90 days after the entry into force of the treaty, the corresponding regulations;

b) ensure the effective implementation and administration of Chapters VI and VII;

c) to attend to matters relating to the interpretation, application and administration of Chapters VI and VII;

d) seek to reach agreements on:

i) tariff classification and customs value matters related to origin determinations;

ii) amendments to the certificate or declaration of origin referred to in Article 7-02; and

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

e) to attend to any other matter agreed upon by the Parties.

4. Any Party that considers that chapters VI and VII require modification, due to changes in the development of production processes, cases in which a waiver is granted under article 6-23 or other matters, may submit a proposal for modification to the Committee of Origin for its consideration and the reasons and studies that support it. The Committee of Origin shall submit a report to the Commission within 90 days of receipt of the proposal.

Chapter VIII. SAFEGUARD MEASURES

Article 8-01. Definitions.

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

threat of serious harm: the clear imminence of serious harm, determined in accordance with article 8-05, paragraph 8, based on the facts and not merely on allegation, conjecture or remote possibility;

competent authority: the "competent authority" in accordance with Annex 8 -01;

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

originating good: an "originating good" of a Party, as set forth in Chapter VI;

similar good: a good which, although not the same in all respects as the good to which it is compared, has similar characteristics and composition, enabling it to fulfill the same functions and be commercially interchangeable with the latter;

serious injury: a general and significant impairment of a domestic industry, determined in accordance with paragraph 8 of article 8 -05; and

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

Article 8-02. General Provisions.

1. Except as provided in this Chapter, the Parties shall be governed in accordance with their legislation and the provisions of Article XIX of the GATT 1994 and the Agreement on Safeguards, which is part of the WTO Agreement.

2. Each Party may apply safeguard measures to imports of goods originating in the territory of another Party made under the Tariff Relief Program, based on clear, strict and time-bound criteria. Each Party may adopt bilateral or global safeguard measures.

Article 8-03. Bilateral Safeguard Measures.

1. Each Party may adopt and apply bilateral safeguard measures if, as a result of the reduction or elimination of a customs duty provided for in this Agreement, the volume of imports of one or more goods benefiting from the Tariff Discharge Program increases at such a rate and under such conditions as to cause serious injury or threat of serious injury to the domestic industry as follows:

a) each Party may maintain bilateral safeguard measures during and up to three years after the termination of the Tariff

Discharge Program. After this period, such Party may adopt and apply a bilateral safeguard measure against the same good only with the consent of the affected Party;

b) bilateral safeguard measures may be taken only when strictly necessary to counteract serious injury or threat thereof caused by imports of goods originating in the territory of another Party;

c) bilateral safeguard measures shall be of a tariff nature and may consist of the suspension of future relief on the good in question. They may also consist of an increase in the customs duty applicable to the good to a level not to exceed the lesser of the most- favored-nation customs duty in effect on that good on the day the bilateral safeguard measure is taken and the most-favored-nation customs duty applicable to that good on the day prior to the entry into force of this Agreement;

d) the Parties may apply bilateral safeguard measures for a period of up to four years, extendable for a period of one year. The terms established shall be determined at the stage of prior consultations, by mutual agreement, in accordance with the needs of the affected domestic industry;

e) the Parties may adopt a bilateral safeguard only once on the same good when the measure has had a duration of more than two years and has been extended;

f) the Parties may adopt a bilateral safeguard for one more time on the same good when the measure has had a duration of more than two years, has not been extended, a period equal to that of the measure previously imposed has elapsed, and has the consent of the Party against whose good the measure is to be applied;

g) the Parties may adopt a bilateral safeguard for a second time on the same good when the measure has had a duration of up to two years and has been extended for one year provided that a period equal to that of the measure previously imposed has elapsed; and

h) upon completion of the application of the bilateral measure, the tariff rate that shall apply to the good in question shall be the rate applicable to that good as of that date under the Tariff Relief Program.

2. A Party that decides to initiate a procedure that could result in the adoption of a bilateral safeguard measure shall notify the exporting Party in writing and shall, at the same time, request prior consultations in accordance with the provisions of paragraphs 4 to 7 of Article 8-05.

3. Unless otherwise agreed by the Parties involved, the Party intending to adopt a bilateral safeguard measure shall grant to the Party affected by such measure, a mutually agreed compensation, in accordance with the following:

a) compensation shall consist of additional tariff concessions, the effects of which on the trade of the exporting Party are equivalent to the impact of the bilateral safeguard measure;

b) compensation shall be determined at the consultation stage referred to in paragraph 11 of article 8 -05;

c) if the Parties fail to agree on compensation, the Party seeking to adopt the bilateral safeguard measure shall have the authority to do so and the Party affected by the bilateral safeguard measure may impose tariff measures having equivalent trade effects to those of the bilateral safeguard measure adopted; and

d) the compensation referred to in this article may only be made with goods included in the Tariff Relief Program.

4. In the case of a bilateral safeguard measure for perishable or seasonal agricultural goods, the investigation periods established for the adoption of the measure shall be reduced by half unless the Parties by mutual agreement decide to reduce them even further.

Article 8-04. Global Safeguard Measures.

1. The Parties retain their rights and obligations to apply global safeguard measures under Article XIX of GATT 1994 and the Agreement on Safeguards, which is part of the WTO Agreement, except for those relating to compensation or retaliation and exclusion from a global safeguard measure insofar as they are inconsistent with the provisions of this Article.

2. Where a Party decides to adopt an aggregate safeguard measure pursuant to paragraph 1, it may apply it to another Party only when it determines that imports of goods originating in that Party, taken individually, account for a substantial part of total imports and contribute importantly to the serious injury or threat of serious injury to the importing Party.

3. For this determination, the following criteria, among others, will be taken into account:

a) imports of goods originating in another Party shall not be considered substantial if they are not included within the

imports of the principal countries supplying the good subject to the procedure, whose exports together account for 80% of the total imports of that good into the importing Party;

b) imports of goods originating in a Party shall not normally be considered to contribute materially to serious injury or threat of serious injury if their rate of growth during the period in which the injurious increase in imports is substantially less than the rate of growth of total imports from all sources during the same period; and

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

4. The Party that applies the global safeguard measure, and has initially excluded from it a good of another Party, shall have the right to include it, when the competent authority determines that a sudden increase in imports of such good reduces the effectiveness of the global safeguard measure.

5. In no case may the importing Party apply the comprehensive safeguard measures provided for in paragraph 2, without prior written notification to the other Party and without consultations. For this purpose, all procedural requirements provided for in this Chapter shall be complied with.

6. The Party intending to adopt a global safeguard measure shall grant to the Party affected by that measure mutually agreed compensation in the form of concessions having trade effects equivalent to the impact of the global safeguard measure.

7. Unless otherwise agreed, the compensation referred to in paragraph 6 shall be determined at the consultation stage referred to in paragraph 5.

8. If the Parties fail to reach agreement on compensation, the Party proposing to take the aggregate safeguard measure shall have the authority to do so and the affected Party may impose measures that have trade effects equivalent to those of the overall safeguard measure adopted.

9. A Party shall not apply a comprehensive safeguard measure against a good originating in another Party where imports from that Party do not exceed 3% of total imports of that good provided that developing country WTO members with an import share of less than 3% do not account in aggregate for more than 9% of total imports of the good in question.

Article 8-05. Procedure.

1. Each Party shall establish clear and strict procedures for the adoption and application of safeguard measures, in accordance with the provisions of this Chapter.

2. The application submitted to the competent authority must be supported by 25% of the domestic industry.

3. Within 30 days of the filing of the application, the competent authority may reject the application, or initiate the investigation if it has determined that it is supported by producers representing at least 25% of the total production of the like or directly competitive goods.

4. The Party that decides to initiate a procedure to adopt safeguard measures shall publish the initiation thereof in the organs of dissemination provided for in its legislation. The day following publication, it shall notify the exporting Party in writing and shall request, at the same time, the holding of prior consultations.

5. The notification referred to in the preceding paragraph shall be made through the competent authority by registered mail, specialized courier, telefax or any other means that ensures its receipt. It shall contain sufficient background information to support the application of the safeguard measures, including:

a) the names and available addresses of the domestic producers of like or directly competitive goods that are representative of the domestic industry, their participation in the domestic industry of that good, and the reasons that lead them to claim that they are representative of that sector;

b) a clear and complete description of the good subject to the procedure, the tariff position at at least the six-digit level and the tariff treatment in force, as well as the description of the like or directly competitive good;

c) import data for each of the three most recent years that provide the basis that the good is being imported in increasing quantities, either in absolute terms or relative to domestic production;

d) data on total domestic production of the like or directly competitive good for the last three years;

e) data demonstrating serious injury or threat of serious injury caused by imports to the sector concerned in accordance with the data referred to in subparagraphs c) and d);

f) an enumeration and description of the alleged causes of the serious injury, or threat of serious injury based on the information required under subparagraphs a) through e) and a summary of the basis for alleging that the increase in imports of that good in absolute terms or relative to domestic production is the cause of the serious injury;

g) the criteria and objective information demonstrating that the conditions set forth in this Chapter for the application of a safeguard measure to the other Party are met, where applicable; and

h) information on the tariff measures to be adopted and their duration.

6. The period of prior consultations shall begin on the day following receipt by the exporting Party of the notification of the request to initiate prior consultations. This period shall be 60 working days, unless the Parties agree on a shorter period.

7. During the prior consultation period, the exporting Party shall make any comments it deems relevant, in particular as to whether the proposed safeguard measures are appropriate.

8. For the purposes of determining serious injury or threat of serious injury, the competent authorities shall have at their disposal reliable information and shall evaluate in detail, on the basis of such information, all factors of an objective and quantifiable nature having any bearing on the affected domestic industry, in particular, the rate and amount of the increase in imports of the good in question, in absolute and relative terms, the share of the domestic market absorbed by the increase in imports, significant changes in the level of sales, domestic prices, production, productivity, utilization of installed capacity, market share, profits, losses and employment.

9. In order to determine whether safeguard measures are warranted, a direct causal link between increased imports of the good in question and the serious injury or threat of serious injury to the domestic industry shall be demonstrated.

10. If factors other than increased imports from the other Party are injuring or threatening to injure a domestic industry at the same time, serious injury or threat thereof caused by such factors shall not be attributed to the said imports.

11. If, as a result of this investigation, the competent authority determines, on the basis of objective evidence, that the conditions set forth in this Chapter are met, the importing Party may initiate consultations with the other Party to determine the compensation referred to in paragraph 3 of Article 8-03 and paragraph 6 of Article 8 -04.

12. The provisions of this Article shall not prevent the Parties from meeting at any time to discuss compensation to the Party affected by the imposition of the safeguard measure.

13. The safeguard measures provided for in this Chapter may only be adopted after the consultation period has concluded. The final resolution adopting a safeguard measure and, as the case may be, the compensation measure, shall be published in the corresponding official publication organs of the adopting Party, as appropriate, and shall be notified to the other Party on the day following publication.

14. The notification referred to in the preceding paragraph shall be made through the competent authority by certified mail, specialized courier, telefax or any other means that ensures its receipt and shall take effect the day after it is received by the exporting Party. For such effect, the exporting Party shall acknowledge receipt of the notification the day following its receipt.

15. The Parties, at no time are obliged to disclose information that has been provided on a confidential basis, the disclosure of which would contravene their legal systems. Notwithstanding the foregoing, the importing Party that intends to adopt the safeguard measure shall provide the other Party with a non- confidential summary of the information that is confidential.

16. If the importing Party determines that the reasons that gave rise to the adoption of the safeguard measure still exist, it shall notify the competent authorities of the other Party of its intention to extend it, at least 60 working days prior to its expiration and shall provide the information supporting the decision, including evidence that the causes that led to the adoption of the safeguard measure persist. The notification shall be made in the terms provided for in this Chapter, and both the prior consultations on the extension and those related to the respective compensation shall be made before the expiration of the safeguard measures initially adopted.

17. Each Party shall ensure that the final determination by which a safeguard measure is adopted is subject to review by administrative or judicial tribunals to the extent provided for in its legislation. Negative determinations on the existence of serious injury or threat of serious injury may not be modified except by this review procedure.

Chapter IX. UNFAIR INTERNATIONAL TRADE PRACTICES

Article 9-01. Definitions.

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

WTO Agreements: the Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994 and the Agreement on Subsidies and Countervailing Measures, which are part of the WTO Agreement;

competent authority: the authority identified by each Party in Annex 9 -01(1);

investigating authority: the authority identified by each Party in Annex 9 -01(2);

price commitment: the commitment of the exporter or the exporting Party to revise its prices, or to terminate dumped or subsidized exports that it suspends, or to stop dumped or subsidized exports that it suspends or terminates an investigation, without imposing an antidumping duty;

countervailing duties: "antidumping duties" or "countervailing duties", in accordance with the WTO Agreements;

injury: material injury caused to a domestic industry, threat of material injury to a domestic industry, material retardation of the establishment of a domestic industry, serious injury or threat of serious injury to a domestic industry;

investigation: an investigation procedure on unfair international trade practices carried out by the investigating authority;

dissemination body: the one indicated by each Party in Annex 9 -01(3);

interested party: as defined in the WTO Agreements, and includes the government of each Party whose goods are subject to the investigation;

unfair international trade practices: the importation of dumped or subsidized goods that cause injury to a domestic industry;

domestic industry: "domestic industry" as defined in the WTO Agreements;

final determination: a determination by the competent authority that terminates an investigation and resolves whether the imposition of definitive countervailing duties is appropriate;

initial resolution: a resolution of the competent authority formally declaring the initiation of the investigation; and

preliminary determination: a determination of the competent authority that resolves on the imposition of provisional countervailing duties.

Article 9-02. General Principle.

The Parties reject any unfair international trade practices and recognize the need to eliminate trade- distorting domestic policies.

Article 9-03. Grants.

1. Except as provided in Article 4-08, no Party shall provide subsidies for the export of goods to the territory of another Party.

2. Upon entry into force of this Agreement, each Party shall eliminate all subsidies on the export of goods to the territory of another Party, except those permitted under the WTO Agreement.

3. Where a Party maintains or grants subsidies after the entry into force of this Agreement and these subsidies cause injury to a domestic industry, the affected Party may initiate an investigation.

Article 9-04. Principles for the Application of National Legislation.

1. The investigation, establishment and application of countervailing duties shall be based on national legislation in a manner consistent with the provisions of this Chapter, the provisions and procedures established in Articles VI and XVI of GATT 1994 and the WTO Agreements.

2. In the case of a regional procedure, the Parties shall be governed by the provisions of Annex 9 - 04.

Article 9-05. Publication of Resolutions.

1. The Parties shall publish the initial, preliminary and definitive resolutions in their respective publication organs.

2. The resolutions shall take legal effect as of the day following their publication in the organ of diffusion of each Party.

Article 9-06. Withdrawal of the Investigation.

1. The applicant may at any time withdraw from the investigation.

2. If a request for withdrawal is filed after the initiation of the investigation, the investigating authority shall notify the interested parties, thereby terminating the investigation. Notwithstanding the foregoing, the investigating authority may only continue with the investigation if within a period of 30 days from the notification, the domestic producers that expressly support the continuation of the investigation represent at least 25% of the domestic production.

Article 9-07. Notifications.

1. The Parties shall ensure that, during the investigation, the investigating authority notifies in writing the competent authority of the exporting Party the day after the corresponding resolution takes effect and the interested parties within three days after the resolution takes effect, so that they may present in their defense the arguments and evidence they consider pertinent.

2. With the notification referred to in paragraph 1, a copy of the respective publication of the organ of diffusion of the Party conducting the investigation shall be sent, as well as a copy of the public version of the request for initiation of the investigation and its annexes.

Article 9-08. Minimum Content of Resolutions.

The initial, preliminary or final resolutions shall contain, when applicable, at least the following:

a) name of the complainant;

b) description of the imported good subject to the investigation and its tariff classification;

c) the elements and evidence used for the determination of the possible existence or existence of an unfair international trade practice; and

d) the legal arguments, data, facts or circumstances on which the resolution in question is based and motivated, which are contained in the respective file.

Article 9-09. Notification to the Exporting Govemment.

When the investigating authority considers that there is sufficient evidence to justify the initiation of an investigation relating to unfair international trade practices, it shall notify the competent authority of the other Party. Such notification shall be made prior to the initiation of the investigation and shall at least contain:

a) type of research;

b) applicant's name;

c) description of the good under investigation and its tariff classification; and

d) names of known exporters and importers.

Article 9-10. Conciliation Hearing.

When an investigation is formally initiated and until a final resolution is issued, without interrupting the process, conciliatory hearings may be held ex officio or at the request of an interested party, for the purpose of proposing formulas for the solution of the case. If the parties reach an agreement, it shall be sanctioned by the competent authority in accordance with the legislation of each Party.

Article 9. Preliminary Resolution.

1. In no case earlier than 60 days after the date of publication of the initial resolution, the competent authority shall issue a preliminary resolution in which it determines that:

a) it is appropriate to continue with the investigation and, if applicable, the imposition of provisional antidumping duties and the amount of such duties; or

b) the investigation is terminated on the grounds that a preliminary affirmative determination of the existence of an unfair international trade practice has not been made, in which case it shall have the character of a final determination.

2. When the preliminary determination determines the imposition of a provisional countervailing duty, in addition to the provisions of Article 9-08, it shall include the margin of dumping or subsidy and the elements taken into account for its determination, a description of the injury and the methodology followed to determine them.

Article 9-12. Guarantees.

Importers may guarantee the provisional measures by means of a bond or cash deposit equal to the provisionally estimated amount of the countervailing duty.

Article 9-13. Clarifications.

1. Once a provisional or definitive antidumping duty has been established, any interested party may request the competent authority to decide whether or not a certain good is subject to the antidumping duty or to clarify any aspect of the corresponding resolution.

2. The filing of the application referred to in paragraph 1 shall not interrupt the course of the investigation nor suspend the application of the countervailing duty.

3. Upon acceptance of the application referred to in paragraph 1, the interested party may guarantee payment of the antidumping duty by means of a bond or cash deposit.

Article 9-14. Sending Copies.

The investigating authority shall ensure that all interested parties known to it receive in a timely manner copies of each of the reports, documents and evidence submitted to it in the course of the investigation, except for confidential information. Such copies shall be provided by the party submitting the information.

Article 9-15. Technical Information Meetings.

1. At the request of any of the interested parties, the investigating authority shall conduct technical briefings to explain the methodology used, technical reports, spreadsheets and any other element on which the initial, preliminary or final determination was based, except for confidential information.

2. The submission of such request shall be made within five business days following the publication of the resolution. The meeting will be held within 10 working days following the presentation of the request.

Article 9-16. Public Hearing.

1. The investigating authority shall hold, ex officio or at the request of an interested party, a public hearing for the purpose of allowing interested parties to present their position with respect to the information and evidence submitted to the authority, allowing the authority and the interested parties to request additional explanations or clarifications on any specific element of the investigation.

2. Notice of the public hearing shall be given at least 15 working days before the hearing takes place.

3. No interested party shall be required to attend the scheduled hearing and his absence shall not be detrimental to his case.

4. The investigating authority will give the interested parties the opportunity to present arguments within 10 business days following the public hearing. The allegations shall consist of the presentation in writing of conclusions regarding the information and arguments provided during the investigation.

Article 9-17. Access to Confidential Information.

1. The investigating authority shall grant, only to the legal representatives of the interested parties, access to the confidential information provided by the other parties in the course of an investigation into unfair international trade practices, in accordance with this article.

2. For such purpose, the investigating authority shall require the interested party to expressly consent that its information classified as confidential may be reviewed by the legal representatives of the other interested parties.

3. Only the legal representatives of the interested parties who meet the following requirements may have access to confidential information:

a) to submit a written request and fill out the form provided for such purpose by the investigating authority, in which they state the reasons and motives for which they wish to have access and specifically indicate the information they wish to review;

b) who have a good reputation and prove their independence with respect to the company they represent, for which reason the following shall be impediments: being a partner, holding a managerial or salaried position in the company or having been a partner in the last year;

c) that they prove with official documents that they are a lawyer authorized to practice such profession in the territory of the importing Party, or in the absence thereof, that they are assisted by one;

d) that they guarantee to the investigating authority, through any of the forms of surety existing in the legislation of each Party, compliance with the confidentiality commitment. The amount of the surety shall be fixed in accordance with its legislation or, failing that, in accordance with what the investigating authority determines;

e) to undertake to return the original versions and copies of the minutes or summaries it has prepared in connection with the access to confidential information, within 10 days after the interested parties have been informed of the resolution terminating the proceeding; and

f) be a resident in the territory of the importing Party.

4. The surety shall be in force for the entire duration of the investigation and any appeals filed in connection with the resolution terminating the proceeding.

5. Without prejudice to the enforcement of the surety, the legal representative and the officials of the investigating authority who violate the confidentiality commitment shall be subject to the sanctions established by the legislation of each Party.

6. Authorization to access confidential information is a personal and non-transferable right.

Article 9-18. Access to Information Contained In other Files.

In accordance with the legislation of each Party, any person having an interest shall have access to the administrative records of any investigation relating to unfair international trade practices in which a final determination has been made, except for confidential information.

Article 9-19. Rights and Obligations of Interested Parties.

Each Party shall ensure that the parties involved in the administrative investigation have the same rights and obligations that shall be respected both in the course of the procedure, as well as in the administrative and contentious or jurisdictional instances that may be brought against the final determinations.

Article 9-20. Reforms to National Legislation.

When a Party decides to reform, add, repeal or abrogate its legislation on unfair international trade practices, it shall notify the other Parties immediately after its publication in its respective organ of diffusion. Such amendment, addition, repeal or abrogation shall be consistent with the WTO Agreements.

Chapter X. CROSS-BORDER TRADE IN SERVICES

Article 10-01. Definitions.

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

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

a) from the territory of one Party to the territory of another Party;

b) in the territory of a Party to a consumer of services of another Party; and

c) by a service supplier of a Party through the presence of natural persons of a Party in the territory of another Party;

consumer of services: any person who receives or uses a service;

enterprise of a Party: an enterprise incorporated or organized under the applicable law of a Party and having its domicile in the territory of that Party and a branch located in the territory of a Party and carrying on business therein;

federal or central, state or departmental governments: includes non-governmental bodies exercising regulatory, administrative or other governmental authority delegated to them by those governments;

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

a) federal, central, state or departmental and municipal governments, as applicable; and

b) non-governmental bodies exercising regulatory, administrative or other governmental authority delegated to them by those governments;

natural person of another Party: national or resident of another Party; legal person of another Party: a legal person constituted or organized under the laws of that other Party and carrying on or planning to carry on substantive business operations in the territory of that Party or of any other Party;

service provider: any person who provides a service;

service supplier of a Party: a person of a Party who intends to supply or does supply a service;

quantitative restrictions: a non-discriminatory measure imposing limitations on:

a) the number of service providers, either through a quota, monopoly or economic necessity test, or by any other quantitative means; or

b) the operations of any service provider, whether through a quota, monopoly or economic necessity test, or by any other quantitative means;

specialized aerial services: aerial mapping, aerial surveying, aerial photography, forest fire control, firefighting, aerial advertising, glider towing, parachuting services, construction aerial services, aerial log transport, scenic flights, training flights, aerial inspection and surveillance, and aerial spraying; and

service supplied in the exercise of governmental authority: a service supplied by a public institution, which is supplied neither on a commercial basis nor in competition with one or more service suppliers.

2. Any other definition not contained in paragraph 1 shall be taken from the definitions contained in the GATS.

Article 10-02. Scope of Application and Extent of Obligations.

1. This Chapter applies to measures that a Party adopts or maintains on cross-border trade in services by service suppliers of another Party, including those relating to:

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

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

c) access to, and use of: i) distribution and transportation systems related to the provision of a service; or il) public telecommunications networks and services;

d) the presence in its territory of a service supplier of another Party, including services supplied by an enterprise once it has been established in accordance with agreed commitments; and

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

2. This chapter does not apply to:

a) air services, including domestic and international air transport, both scheduled and non- scheduled, as well as ancillary activities in support of air services, except:

i) aircraft repair and maintenance services during the period in which an aircraft is removed from service;

ii) specialized air services; and iil) computerized reservation systems;

b) financial services;

c) subsidies or grants provided by a Party or a state enterprise, including government- supported loans, guarantees and insurance; or

d) governmental services or functions such as, but not limited to, law enforcement, social rehabilitation services, income security or insurance, social security or insurance, social welfare, public education, public training, health and child care.

3. Nothing in this chapter shall be construed to mean:

a) impose any obligation on a Party with respect to a national of another Party who seeks to enter its labor market or who is permanently employed in its territory, or to confer any right on such national with respect to such entry or employment; or

b) impose any obligation or confer any right on a Party with respect to government procurement by a Party or a state enterprise.

4. With respect to non-governmental bodies, as referred to in subparagraph b) of the definition of "measures adopted or maintained by a Party", exercising regulatory, administrative or other governmental authority delegated to it in accordance with domestic law, the federal or central government shall ensure that it takes such reasonable measures as may be available to it to ensure that such bodies comply with the provisions of this Chapter.

5. The provisions of this Chapter shall apply to the measures relating to the services referred to in the annexes only to the extent and under the terms stipulated in those annexes.

Article 10-03. Most- Favored-Nation Treatment.

1. Each Party shall accord immediately and unconditionally to services and service suppliers of another Party treatment no less favorable than that it accords to like services and service suppliers of any other country.

2. The provisions of this Chapter shall not be construed to prevent a Party from conferring advantages on adjacent countries for the purpose of facilitating trade, limited to contiguous border areas, in services that are produced or consumed locally.

Article 10-04. National Treatment.

1. Each Party shall accord to services and service suppliers of another Party treatment no less favorable than that it accords to its like services or service suppliers.

2. Each Party may comply with paragraph 1 by according to services and service suppliers of another Party, treatment formally identical or formally different from that which it accords to its like services and service suppliers.

3. Formally identical or formally different treatment shall be considered less favorable if it modifies the conditions of competition in favor of services or service suppliers of the Party as compared to like services or service suppliers of the other Party.

4. Treatment accorded by a Party in accordance with paragraph 1 means, with respect to a state, treatment no less favorable than the most favorable treatment accorded by that state to like services and service suppliers of the Party to which they belong.

Article 10-05. Local Presence.

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

Article 10-06. Reservations and Exceptions.

1. No Party shall increase the degree of non-conformity of its existing measures with respect to Articles 10-03, 10-04 and 10-05, listed in Annex |. Any amendment to any of these measures shall not diminish the degree of conformity of the measure as it was in force immediately prior to the amendment.

2. Parties are not required to register municipal measures.

3. Articles 10-03, 10-04 and 10-05 shall not apply to any measure that a Party adopts or maintains with respect to the sectors, subsectors or activities, as indicated in its list in Annex II.

Article 10-07. Transparency.

1. In addition to the provisions of Article 17-02, each Party shall publish in its official publication organs in accordance with its legislation, promptly and, except in emergency situations, no later than the date of their entry into force, all relevant laws, regulations and administrative guidelines and other decisions, rulings or measures of general application that relate to or affect the operation of this Chapter, and have been put into effect by federal, central and state governments or by a non-governmental regulatory body. International agreements relating to or affecting trade in services to which a Party is a signatory shall also be published.

2. Where it is not feasible or practical to publish the information referred to in paragraph 1, it shall be made available to the public in another manner.

3. Each Party shall promptly inform another Party at least annually of the establishment of new laws, regulations or administrative guidelines significantly affecting trade in services covered by its specific commitments under this Chapter, or of changes to existing ones.

4. Each Party shall respond promptly to all specific requests for information from another Party on the measures referred to in paragraphs 1 and 2. The offices responsible for providing specific information to another Party upon request on these matters, as well as on those subject to the notification requirement of paragraph 3, shall be listed in Annex 10-07.

Article 10-08. Non-discriminatory Quantitative Restrictions.

1. Each Party shall indicate in its Schedule to Annex V, within six months of the date of entry into force of this treaty, any quantitative restrictions maintained at the federal or central and state levels.

2. Each Party shall notify the other Parties of any quantitative restrictions it adopts as of the date of entry into force of this treaty and shall indicate the restriction in its Schedule to Annex V.

3. Each Party shall endeavor periodically, but in any event at least every two years, to negotiate the liberalization of the quantitative restrictions indicated in its Schedule to Annex V, in accordance with the provisions of paragraphs 1 and 2.

Article 10-09. Future Liberalization.

1. In order to achieve a progressive level of liberalization, the Commission shall convene negotiations every two years, with the aim of :

a) elimination of remaining restrictions registered in accordance with paragraph 1 of article 10-06; and

b) gradually incorporate in Annex I, sectors and activities that each Party has included in Annex II.

Article 10-10. Committee on Cross-Border Trade In Services and Investment.

1. The Parties establish a Committee on Cross-Border Trade in Services and Investment, composed of representatives of each Party, in accordance with Annex 10-07. Where appropriate, the Committee may authorize the participation of representatives of other institutions.

2. The Committee shall meet at least once a year, or at any time at the request of either Party or the Commission.

3. The Committee shall perform, among others, the following functions:

a) oversee the execution and administration of Chapters X and XIV;

b) discuss matters on cross-border trade in services and investment submitted to it by the Parties;

c) facilitate the exchange of information between the Parties, as well as technical cooperation on trade in services and investment; and

d) to examine issues of interest to the Parties related to trade in services and investment that are discussed in international fora.

Article 10-11. Procedures.

The Committee shall establish procedures for:

a) that each Party notifies to another Party and includes in its relevant annexes:

i) non-discriminatory quantitative restrictions, in accordance with Article 10-08; and

ii) modifications to the measures referred to in Article 10-06; and

b) the conclusion of negotiations aimed at deepening the liberalization of services between the Parties, in accordance with Article 10-09.

Article 10-12. Granting of Permits, Authorizations and Licenses.

In order to ensure that any measures that a Party adopts or maintains relating to the requirements and procedures for the granting of permits, authorizations and licenses to nationals of another Party do not constitute an unnecessary barrier to trade, each Party shall endeavor to ensure that such measures:

a) are based on objective and transparent criteria, such as capacity, aptitude and competence to provide a service;

b) are not more burdensome than necessary to ensure the quality of a service; and

c) do not constitute a disguised restriction on the cross-border provision of a service.

Article 10-13. Denial of Benefits.

A Party may deny benefits under this Chapter to a service supplier of another Party, after notification and consultations, where the Party determines that the service is being supplied by a service supplier that does not conduct substantive business operations in the territory of another Party and that, in accordance with that Party's applicable law, is owned or controlled by persons of a non-Party.

Article 10-14. Technical Cooperation.

The Parties shall establish, no later than one year after the entry into force of this treaty, a system to provide service suppliers with information conceming their markets in relation to:

a) commercial and technical aspects of service provision;

b) the possibility of obtaining service technology; and

c) all those aspects that the Commission identifies in the area of services.

Article 10-15. Other Disciplines.

1. The Commission shall determine the procedures for the establishment of disciplines relating to:

a) safeguard measures; and

b) subsidies that may have trade-distorting effects on trade in services.

2. For the purposes of paragraph 1, the work of the relevant international organizations shall be taken into account.

Article 10-16. Relationship with Multilateral Agreements on Services.

1. The Parties shall apply among themselves the provisions contained in the multilateral agreements on services of which they are members.

2. Notwithstanding the provisions of paragraph 1, in the event of incompatibility between such agreements and the present treaty, the latter shall prevail over the former, to the extent of the incompatibility.

Annex 10-10. Cross-Border Trade in Services and Investment Committee

Pursuant to Article 10-10, the Committee on Cross-Border Trade in Services and Investment shall be composed of:

a) in the case of El Salvador: the Ministry of Economy, or its successor;

b) in the case of Guatemala: the Ministry of Economy, or its successor;

c) in the case of Honduras: the Secretariat of State in the Offices of Industry and Commerce, or its successor, and

d) in the case of Mexico: the Ministry of Commerce and Industrial Development, or its successor.

Chapter XI. FINANCIAL SERVICES

Article 11-01. Definitions.

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

competent authority: the authorities of each Party listed in Annex 11-01;

public entity: a central bank, monetary authority or any institution of a public nature in the financial system of a Party that is owned or controlled by the government of a Party, performing governmental, regulatory or supervisory functions, excluding public 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 supply financial services and is regulated or supervised as a financial institution under the laws of the Party in whose territory it is incorporated;

financial institution of another Party: a financial institution, incorporated in the territory of a Party, that is owned or controlled by persons of another 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:

a) 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 another Party; or

ii) the granting of credit in connection with a commercial transaction, such as trade financing;

b) any other pecuniary claim that does not involve the types of rights set forth in the subparagraphs of the definition of investment; or

c) 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 another Party;

investment of a non-Party: an 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 another Party; disputing investor: a person bringing a claim under Chapter XIV, Section B;

new financial service: a financial service not supplied in the territory of a Party that is supplied in the territory of another

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 stock or futures 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 another Party;

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

c) by a person of a Party in the territory of another Party;

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: a financial institution of a Party seeking to supply or supplying cross-border financial services; and

financial service: a service of a financial nature offered by a financial institution of a Party, which includes all insurance, reinsurance, banking and other services involving financial intermediation, including related and auxiliary services of a financial nature.

Article 11-02. 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 another Party;

b) cross-border trade in financial services; and

c) The Party shall not apply to investments of investors of another Party and investments of such investors in financial institutions in the territory of the Party, as well as to 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 plans or public social security systems;

b) the use of financial resources owned by another Party; or

c) other financial activities or services on behalf of, or with the guarantee of, the Party or its public entities.

3. In case of incompatibility between the provisions of this chapter and any other provision of this treaty, the provisions of this chapter shall prevail to the extent of the incompatibility.

4. Article 14-11 and Section B of Chapter XIV are incorporated into this chapter.

Article 11-03. Self-regulated Organizations.

Where a Party requires a financial institution or cross-border financial service provider of another 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 11-04. Right of Establishment.

1. The Parties recognize the principle that investors of a Party should be permitted to establish a financial institution in the territory of another Party, through any of the modes of establishment and operation permitted under the laws of that Party.

2. Each Party may impose, at the time of the establishment of a financial institution, terms and conditions that are consistent with Article 11-06.

Article 11-05. Cross Border Trade.

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 another 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, the Party may require the registration of cross-border financial service suppliers of another Party and of financial instruments.

Article 11-06. National Treatment.

1. Each Party shall accord to investors of another Party treatment no less favorable than that it accords to its own like investors with respect to the establishment, acquisition, expansion, management, conduct, operation, sale or other disposition of like financial institutions and investments in like financial institutions in its territory.

2. Each Party shall accord to financial institutions of another Party, and to investments of investors of another Party in financial institutions, treatment no less favorable than that it accords to its own similar financial institutions and to similar investments of its own similar 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 11-05, it shall accord to cross-border financial service suppliers of another Party treatment no less favorable than that it accords to its own like financial service suppliers with respect to the supply of such service.

4. Treatment accorded by a Party to financial institutions and cross-border financial service suppliers of another Party, whether identical to or different from that accorded to its own like institutions or service suppliers, is consistent with paragraphs 1 through 3, if it provides equal opportunity to compete.

5. The treatment of a Party does not afford equal opportunity to compete if it places like financial institutions and cross-border financial service suppliers of another 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 11-07. Most Favored Nation Treatment.

Each Party shall accord to financial institutions of another Party, cross-border financial service suppliers of another Party, investors of another Party and investments of such investors in financial institutions, treatment no less favorable than that accorded to like financial institutions, cross-border financial service suppliers, investors and investments of such investors in like financial institutions of another Party or of another non-Party.

Article 11-08. Recognition and Harmonization.

1. In applying the measures covered by this Chapter, a Party may recognize the prudential measures of another 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 another Party or a non-Party.

2. A Party granting recognition of prudential measures pursuant to paragraph 1 shall provide appropriate opportunities for any 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 set out in paragraph 2 exist, that Party shall provide adequate opportunity for another Party to negotiate accession to the agreement or arrangement, or to negotiate a similar agreement or arrangement.

Article 11-09. Exceptions.

1. The provisions of this chapter 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 do not apply to non-discriminatory 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 Article 11-17 or 14-07.

3. Notwithstanding Article 11-17, a Party may prevent or limit transfers from a financial institution or cross-border financial service supplier to or for the benefit of an affiliate or a person related to that institution or service supplier 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 suppliers. The provisions of this paragraph shall be without prejudice to any other provision of this treaty that permits a Party to restrict transfers.

4. Article 11-06 shall not apply to the granting of exclusive rights by a Party to a financial institution to supply a financial service referred to in paragraph 2(a) of Article 11-02.

Article 11-10. Transparency.

1. In addition to the provisions of Article 17-02, 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 it is 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 the applicant without undue delay.

4. Each competent authority shall, within 120 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 another 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 120 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 requires 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 law enforcement, be contrary to the public interest or harm the legitimate commercial interests of a particular 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 questions submitted in writing by interested persons regarding the measures of general application to be adopted by each Party in relation to this Chapter.

Article 11-11. Financial Services Committee.

1. The Parties establish the Financial Services Committee composed of the competent authorities of each Party. Likewise, representatives of other institutions may participate when the competent authorities deem it convenient.

2. The Committee :

a) supervise the implementation of this chapter and its further development;

b) shall consider the financial services aspects submitted to it by a Party;

c) participate in dispute settlement procedures in accordance with the provisions of Articles 11-18 and 11-19; and

d) facilitate the exchange of information between national supervisory authorities and cooperate in the area of prudential regulation, 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 11-12. Consultations.

1. Any Party may request consultations with another Party with respect to any matter related to this Agreement affecting financial services and the other Party shall give sympathetic consideration to 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 another 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 another Party or on cross-border financial service providers in the territory of another Party, the Party may approach the responsible competent authority in the territory of that other Party to request the information.

Article 11-13. New Financial Services and Data Processing.

1. Each Party shall permit a financial institution of another Party to provide any new financial service of a type similar to those that such 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.

2. Each Party shall permit financial institutions of another Party to transfer, for processing, information into or out of the territory of the Party, using any means authorized therein, when necessary to carry out the ordinary business activities of those institutions.

Article 11-14. Senior Management and Boards of Directors.

1. No Party may require financial institutions of another Party to recruit 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 another Party be composed of more than a simple majority of nationals of that Party, residents of its territory, or a combination of both.

Article 11-15. Reservations and Specific Commitments.

1. Except as provided in Annex 11-15, no later than two years after the entry into force of this treaty, the Parties shall negotiate reservations and commitments to Articles 11-04, 11-05, 11-06, 11-07, 11-13 and 11-14.

2. The Parties shall gradually liberalize, through future negotiations among themselves, any financial reserves referred to in paragraph 1.

3. When a Party is not in a position to comply with the time limit established in paragraph 1, it shall notify the Commission, which shall automatically extend the time limit for a further two years.

Article 11-16. Denial of Benefits.

A Party may deny, in whole or in part, benefits under this Chapter to a financial institution of another Party or a cross-border financial service supplier of another Party, after notice and consultations in accordance with Articles 11-10 and 11-12, where the Party determines that the service is being provided by an enterprise that does not conduct substantial business activities in the territory of any Party or that, in accordance with each Party's applicable law, is owned or controlled by persons of a non-Party.

Article 11-17. Transfers.

1. Each Party shall permit all transfers relating to an investment in its territory of an investor of another Party to be made freely and without delay. Such transfers include:

a) earnings, dividends, interest, capital gains, royalty payments, management fees, technical assistance and other charges, earnings in kind and other amounts derived from the investment;

b) proceeds from the sale or liquidation, in whole or in part, of the investment;

c) payments made under a contract to which an investor or its investment is a party;

d) payments made in accordance with article 14-11; or

e) payments resulting from a dispute settlement procedure pursuant to Section B of Chapter XIV.

2. Each Party shall allow transfers to be made in freely convertible currency at the market rate of exchange prevailing on the date of transfer for spot transactions of the currency to be transferred, without prejudice to the provisions of Article 20-06.

3. No Party may require its investors to make transfers of their income, earnings or profits or other amounts derived from or attributable to investments made in the territory of another Party.

4. Notwithstanding the provisions of paragraphs 1 and 2, each Party may prevent transfers, through the equitable, non-discriminatory application of its laws, in the following cases:

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

b) issuance, trading and 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 a contentious proceeding.

3. For the purposes of the constitution of the arbitral tribunal, the list referred to in paragraph 2 shall be used, unless the disputing Parties agree that individuals not included in that list may serve on the arbitral tribunal, provided that they comply with the requirements set forth in paragraph 2. The chairman of the arbitral tribunal shall always be chosen from that list.

4. In any dispute in which the arbitral tribunal has found a measure to be inconsistent with the obligations of this treaty, where the suspension of benefits referred to in Chapter XIX 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 11-19. Dispute Settlement between a Party and an Investor of Another Party.

1. Except as provided in this Article, claims brought by a disputing investor against a Party with respect to obligations under this Chapter shall be resolved in accordance with the provisions of Section B of Chapter XIV.

2. When the Party against which the claim is made invokes any of the exceptions referred to in article 11-09, 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 11-09 exception invoked is a valid defense to the investor's 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.

Annex 11-01. Competent Authority

For the purposes of this Chapter, the competent authority of each Party shall be:

a) in the case of El Salvador: the Central Reserve Bank, the Superintendence of the Financial System, the Superintendence of Pensions, the Superintendence of Securities and the Ministry of Economy;

b) in the case of Guatemala: the Monetary Board, the Bank of Guatemala, the Ministry of Economy and the Superintendency of Banks;

c) for the case of Honduras: the Central Bank of Honduras, the National Banking and Insurance Commission, the Secretariat of State in the Offices of Industry and Commerce and the Secretariat of State in the Office of Finance.

d) in the case of Mexico: the Ministry of Finance and Public Credit.

Chapter XII. TELECOMMUNICATIONS

Article 12-01. Definitions.

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

intracorporate communications: the telecommunications through which a company communicates:

a) internally, with its subsidiaries, branches and affiliates, or among themselves, as defined by each Party; or

b) in a non-commercial manner, with all persons of fundamental importance to the economic activity of the company, and who have an ongoing contractual relationship with it;

but does not include telecommunications services supplied to persons other than those described in this definition;

authorized equipment: terminal or other equipment that has been approved for connection to the public telecommunications network in accordance with a Party's conformity assessment procedures;

terminal equipment: any digital or analog device capable of processing, receiving, switching, signaling or transmitting signals by electromagnetic means and which is connected to the public telecommunications network, by means of radio or cable connections, at a terminal point;

standardization measure: "standardization measure" as defined in Chapter XV;

conformity assessment procedure: "conformity assessment procedure" as defined in Chapter XV;

protocol: a set of rules and formats governing the exchange of information between two peer entities for the purpose of transferring signal or data information;

dominant supplier or dominant operator: a supplier that has the ability to significantly affect the conditions of participation (in terms of price and supply) in a given market for telecommunications services as a result of control of essential facilities or use of its market position;

network terminal point: the final demarcation of the public telecommunications network at the user's premises;

private telecommunications network: the internal telecommunications network of a company or between persons that does not involve commercial exploitation;

public telecommunications network: the telecommunications network used to commercially operate telecommunications services intended to meet the needs of the general public; not including users' telecommunications terminal equipment or telecommunications networks beyond the terminal point of the network;

enhanced or value-added services: telecommunication services using computerized processing systems that:

a) act on the format, content, code, protocol or similar aspects of the user's transmitted information;

b) providing the customer with additional, different or restructured information; or

c) involve user interaction with stored information;

public telecommunications service: any telecommunications service that a Party explicitly or de facto mandates to be offered to the general public, including telegraph, telephone, telex and data transmission, and that generally involves the real-time transmission of customer-supplied information between two or more points, with no "point-to-point" change in the form or content of the user's information;

fixed rate: pricing on the basis of a fixed amount per period, regardless of the amount of use; and telecommunications: the transmission, emission, reception of signs, signals, writings, images, sounds and information of any nature, by physical line, radioelectricity, optical means or other electromagnetic systems.

Article 12-02. Scope of Application and Extent of Obligations.

1. Recognizing the dual role of telecommunication services, both as a specific sector of economic activity and as a means of providing services for other economic activities, this chapter applies to:

a) measures adopted or maintained by a Party relating to the supply of public telecommunications services;

b) measures adopted or maintained by a Party relating to the continued access to and use of public telecommunications networks or services by persons of another Party, including their access to and use when operating private networks to carry out intracorporate communications;

c) measures adopted or maintained by a Party on the supply of value-added or enhanced services by persons of another Party in the territory of the former Party or across its borders; and

d) measures relating to standardization with respect to connection of terminal or other equipment to public telecommunications networks.

2. Except to ensure that persons operating broadcasting stations and cable systems have continued access to and use of public telecommunications networks and services, this Chapter does not apply to any measure that a Party adopts or maintains relating to the broadcasting or cable distribution of radio or television programming.

3. Nothing in this chapter shall be construed to mean:

a) oblige any Party to authorize a person of another Party to establish, construct, acquire, lease, operate or supply telecommunications networks or services;

b) to compel any Party or to require any Party to require any person to establish, construct, acquire, lease, operate or supply public telecommunications networks or services that are not offered to the general public;

c) prevent any Party from prohibiting persons operating private networks from using such networks to provide public telecommunications networks or services to third parties; or

d) oblige a Party to require any person engaged in the broadcasting or cable distribution of radio or television programming to provide its cable distribution or broadcasting infrastructure as a public telecommunications network.

Article 12-03. Access to and Use of Public Telecommunications Networks and Services.

1. Each Party shall ensure that any person of another Party has access to and may make use of any public telecommunications network or service, including private leased circuits, provided in its territory or on a cross-border basis on reasonable and non-discriminatory terms and conditions, for the conduct of its business, as specified in paragraphs 2 through 7.

2. Subject to paragraphs 6 and 7, each Party shall ensure that persons of another Party are permitted:

a) purchase or lease and connect terminal equipment or other equipment that interfaces with the public telecommunications network;

b) interconnect private, leased or owned circuits with public telecommunications networks in that Party's territory or across its borders, including access by direct dial-up to and by its users or customers, or with leased or owned circuits of another

person, on terms and conditions mutually accepted by such persons;

c) perform switching, signaling and processing functions; and d) use the operating protocols of their choice.

3. Without prejudice to the provisions of its existing legislation, each Party shall ensure that:

a) pricing for public telecommunication services reflects the economic costs directly related to the provision of such services; and

b) private leased circuits are available on a flat-rate basis.

4. The provisions of paragraph 3 shall not be construed to prevent cross-subsidization between public telecommunications services.

5. Each Party shall ensure that persons of another Party may use public telecommunications networks or services for the transmission of information in its territory or across its borders, including for intracorporate communications, and for access to information contained in databases or stored in any other machine-readable form in the territory of either Party.

6. Each Party may adopt any measure necessary to ensure the confidentiality and security of messages and the protection of the privacy of subscribers to public telecommunications networks or services.

7. Each Party shall ensure that no conditions are imposed on access to and use of public telecommunications networks or services other than those necessary to:

a) safeguarding the public service responsibilities of providers of public telecommunication networks or services, in particular their ability to make their networks or services available to the general public; or

b) protect the technical integrity of public telecommunications networks or services.

8. Provided that the conditions for access to and use of public telecommunications networks or services comply with the guidelines set forth in paragraph 7, such conditions may include:

a) restrictions on the resale or shared use of such services;

b) requirements to use specific technical interfaces, including interface protocols, for interconnection with the aforementioned networks or services;

c) restrictions on the interconnection of private circuits, leased or owned, with the aforementioned networks or services, or with circuits leased or owned by another person, when these are used for the supply of public telecommunication networks or services; and

d) procedures for granting licenses, permits, registrations or notifications that, if adopted or maintained, are transparent and whose processing of applications is resolved in accordance with the time limits established in the legislation of each Party.

Article 12-04. Conditions for the Provision of Enhanced or Value-added Services.

1. Each Party shall ensure that:

a) any procedures it adopts or maintains for granting licenses, permits, registrations or notifications concerning the supply of enhanced or value-added services are transparent and non-discriminatory and that applications are processed in accordance with the time limits established in each Party's legislation; and

b) the information required under such procedures is limited to that necessary to demonstrate that the applicant has the financial solvency to commence the provision of the service, or that the applicant's services, terminal or other equipment comply with the applicable technical standards or technical regulations of the Party.

2. Without prejudice to the provisions of its legislation in force, no Party shall require an enhanced or value-added service supplier:

a) to the general public;

b) justify their rates according to their costs;

c) register a fee;

d) interconnect its networks with any particular customer or network; or

e) satisfy any particular technical standard or regulation, for an interconnection other than interconnection with a public telecommunications network.

3. Notwithstanding the provisions of paragraph 2(c), each Party may require the filing of a fee to:

a) an enhanced or value-added service supplier, for the purpose of correcting a practice of that supplier that the Party, in accordance with its law, has found, in a particular case, to be anti-competitive; or

b) a monopoly, principal supplier or dominant operator, to which the provisions of article 12- 06 apply.

Article 12-05. Measures Relating to Standardization.

1. Each Party shall ensure that its measures relating to standardization that relate to the connection of terminal or other equipment to public telecommunications networks, including those measures that relate to the use of test and measurement equipment for the conformity assessment procedure, are adopted or maintained only to the extent necessary to:

a) avoid technical damage to public telecommunications networks;

b) avoid technical interference with or impairment of public telecommunications services;

c) avoid electromagnetic interference and ensure compatibility with other uses of the electromagnetic spectrum;

d) prevent malfunctioning of the billing equipment; or

e) guarantee the user's security and access to public telecommunication networks or services.

2. Each Party may establish the requirement of approval for the connection of terminal equipment or other equipment that is not authorized to the public telecommunications network, provided that the approval criteria are consistent with the provisions of paragraph 1.

3. Each Party shall ensure that the terminal points of public telecommunications networks are defined on a reasonable and transparent basis.

4. No Party shall require additional authorization for equipment to be connected on the consumer side, once the equipment has been authorized as a protective device meeting the criteria of paragraph 1.

5. Each Part:

a) ensure that its conformity assessment procedures are transparent and non-discriminatory and that applications for conformity assessment are processed in accordance with the deadlines established in its legislation;

b) allow any technically qualified entity to perform the required testing of terminal equipment or other equipment to be connected to the public telecommunications network, in accordance with the Party's conformity assessment procedures, subject to the Party's right to review the accuracy and completeness of the test results; and

c) ensure that any measures it adopts or maintains to authorize persons acting as agents of suppliers of equipment for the supply of telecommunications with the competent conformity assessment bodies of the Party.

6. No later than one year after the entry into force of this Agreement, each Party shall adopt, among its conformity assessment procedures, the necessary provisions to accept the results of tests carried out, based on its established standards and procedures, by laboratories located in the territory of another Party.

7. The Parties establish, in accordance with Article 15-17, a Subcommittee on Telecommunication Standardization Measures.

Article 12-06. Anti-competitive Practices.

1. Where a Party maintains or establishes a monopoly, principal supplier or dominant operator to provide public telecommunications networks and services, and it competes, directly or through an affiliate, in the supply of enhanced or value-added services or other goods or services related to telecommunications, the Party shall ensure that the monopoly, principal supplier or dominant operator does not use its position to engage in anti-competitive practices in those markets, either directly or through dealings with its affiliates, in a manner that adversely affects a person of another Party. Such practices may include cross-subsidization, predatory conduct and discriminatory access to public telecommunications

networks and services.

2. Each Party shall endeavor to introduce or maintain effective measures to prevent the anticompetitive conduct referred to in paragraph 1, such as:

a) accounting requirements;

b) structural separation requirements;

c) rules to ensure that the monopoly, major supplier or dominant operator grants its competitors access to and use of its telecommunications networks or services on terms and conditions no less favorable than those it grants to itself or its affiliates; or

d) rules to ensure timely disclosure of technical changes to public telecommunications networks and their interfaces.

Article 12-07. Relationship with International Organizations and Agreements.

1. The Parties shall make their best efforts to encourage the role of regional and subregional organizations and promote them as forums for the development of telecommunications in the region.

2. The Parties, recognizing the importance of international standards in achieving global compatibility and interoperability of telecommunications networks or services, shall promote such standards through the work of relevant international bodies, such as the International Telecommunication Union and the International Organization for Standardization.

Article 12-08. Technical Cooperation and other Consultations.

1. In order to stimulate the development of interoperable telecommunications services infrastructure, the Parties shall cooperate in the exchange of technical information in the development of intergovernmental training programs, as well as in other related activities. In fulfilling this obligation, the Parties shall place special emphasis on existing coordination and exchange programs.

2. The Parties shall consult among themselves to determine the possibility of further liberalizing trade in all telecommunications services.

Article 12-09. Transparency.

In addition to the provisions of Article 17-02, each Party shall make publicly available measures relating to access to and use of public telecommunications networks or services, including measures relating to:

a) rates and other terms and conditions of service;

b) specifications of the technical interfaces with these services and networks;

c) information on the bodies responsible for the development and adoption of standardization measures affecting such access and use;

d) conditions applicable to the connection of terminal or other equipment to the public telecommunications network; and

e) any notification, permit, registration or licensing requirements.

Article 12-10. Relationship with other Chapters.

In case of incompatibility between the provisions of this chapter and any other provision of this treaty, the provisions of this chapter shall prevail to the extent of the incompatibility.

Chapter XIII. TEMPORARY ENTRY OF BUSINESS PEOPLE

Article 13-01. Definitions.

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

labor certification: the procedure carried out by the competent administrative authority to determine whether a foreign individual from one Party who intends to temporarily enter the territory of another Party displaces national labor in the

same branch of employment or significantly impairs labor conditions therein;

temporary entry: the entry of a business person of one Party into the territory of another Party, without the intention of establishing permanent residence; immigration measure: any measure in the field of immigration;

business person: a national of a Party who engages in trade in goods or services, or in investment activities;

recurrent practice: a practice carried out by the immigration authorities of a Party on a repetitive basis during a representative period prior to and immediately following the implementation of the practice; and

in force: the binding quality of the legal precepts of the Parties at the time of entry into force of this treaty.

Article 13-02. General Principles.

The provisions of this chapter reflect the preferential commercial relationship between the Parties, the convenience of facilitating the temporary entry of business persons in accordance with the principle of reciprocity and the need to establish transparent criteria and procedures to that effect. They also reflect the need to ensure border security, particularly with respect to entry through authorized places for migratory transit, and to protect the labor of their nationals and permanent employment in their respective territories.

Article 13-03. General Obligations.

1. Each Party shall apply the measures relating to this Chapter in accordance with Article 13-02, in particular, it shall apply them expeditiously to avoid undue delay or prejudice to trade in goods and services, or to investment activities covered by this Agreement.

2. The Parties shall endeavor to develop and adopt common criteria, definitions and interpretations for the application of this chapter.

Article 13-04. Temporary Entry Authorization.

1. In accordance with the provisions of this Chapter, including those contained in Annex 13-04, each Party shall authorize the temporary entry of business persons who comply with the other applicable measures relating to public health and safety, as well as those relating to national security.

2. A Party may deny the issuance of a migration document authorizing activity or employment to a business person, in accordance with its legislation, when his temporary entry would adversely affect:

a) the settlement of any labor dispute at the place where she is or will be employed; or

b) employment of any person involved in such a conflict.

3. When a Party denies the issuance of a migration document authorizing activity or employment, in accordance with paragraph 2, that Party:

a) inform the affected business person in writing of the reasons for the refusal; and

b) shall promptly notify in writing the Party whose national is refused entry of the reasons for the refusal.

4. Each Party shall limit the amount of fees for processing requests for temporary entry to the approximate cost of services rendered.

5. The temporary entry of a business person does not authorize professional practice.

Article 13-05. Availability of Information.

1. In addition to the provisions of Article 17-02, each Party:

a) provide another Party with information to enable it to know the migratory measures; and

b) not later than one year after the date of entry into force of this Agreement, prepare, publish and make available, both in its territory and in the territory of another Party, a consolidated document explaining the requirements for temporary entry under this Chapter, so that business persons of another Party may become acquainted with them.

2. Each Party shall compile, maintain and make available to another Party, in accordance with its legislation, information regarding the granting of temporary entry authorizations, in accordance with this Chapter, to persons of another Party to whom immigration documentation has been issued. This compilation shall include information for each category authorized.

Article 13-06. Committee on Temporary Entry of Business Persons.

Marketing

- Researchers who conduct research or analysis, including market analysis, independently or for a company established in the territory of another Party.

- Trade show and promotional staff attending trade conventions.

Sales

- Sales representatives and sales agents who take orders or negotiate contracts for goods and services for an enterprise established in the territory of another Party, but do not deliver the goods or provide the services.

- Buyers making purchases for an enterprise established in the territory of another Party.

Distribution

- Customs brokers providing advisory services for the purpose of facilitating the import or export of goods.

- Transport operators that carry out transport operations of goods or passengers to the territory of a Party from the territory of another Party, or carry out loading and unloading operations of goods or passengers from the territory of a Party to the territory of another Party, without carrying out loading or unloading operations, in the territory of the Party to which entry is requested, of goods that are in that territory or of passengers boarding therein.

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 a company established outside the territory of the Party from which temporary entry is sought, during the term of the warranty or service contract.

General Services

- Management and supervisory personnel involved in business operations for an enterprise established in the territory of another 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.

- Translators or interpreters providing services as employees of an enterprise established in the territory of another Party.

- Tour bus operators entering the territory of a Party:

a) with a group of passengers on a tourist bus trip that started in the territory of another Party and is to return to it;

b) that is to pick up a group of passengers on a tourist bus trip that terminates, and takes place, for the most part in the territory of another Party; or

c) with a group of passengers on a tourist bus trip whose destination Is in the territory of another Party, to which temporary entry is requested and who return without passengers or with the group for transportation to the territory of another Party.

Appendix 2 to Annex 13-04. Migratory Measures in Force

For the purposes of Annex 13-04, the migration measures in effect shall be:

a) for the case of El Salvador: the Migration Law, Legislative Decree No. 2772 of December 19, 1958;

b) for the case of Guatemala: the Migration Law, Decree No. 95-98 of the Congress of the Republic;

c) in the case of Honduras: the Population and Migration Policy Law, Decree No. 34 of September 25, 1970 and Agreement No. 8 on Migration Procedures and Facilities for Foreign Investors and Traders of August 19, 1988; and

d) for the case of Mexico: the General Population Law, 1974, as amended, and its Regulations.

Chapter XIV. INVESTMENT

Section A. Investment

Article 14-01. Definitions.

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

ICSID: the International Centre for Settlement of Investment Disputes;

Inter-American Convention: the Inter-American Convention on International Commercial Arbitration, concluded in Panama on January 30, 1975;

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

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

claim: a claim brought by a disputing investor against a Party, the basis of which is an alleged violation of the provisions contained in this Chapter;

company: a "company" as defined in Article 2 -01, and the branch of a company;

enterprise of a Party: an enterprise incorporated or organized under the laws of a Party and a branch of an enterprise located in the territory of a Party and carrying on business therein;

investment:

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 three years, but does not include a debt instrument of a government 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 three years, but does not include a loan to 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 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 the capital or other resources destined for the development of an economic activity in the territory of another Party, among them, according to:

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

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

i) a debt instrument of the State;

j) pecuniary claims arising exclusively from:

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

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

k) any other pecuniary claim that does not involve the interest rates set forth in subparagraphs a) through I);

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 another Party;

investor of a Party: a Party or an enterprise of that Party, a national or an enterprise of that Party, that carries out the material acts of making an investment or, as the case may be, makes or has made an investment in the territory of another Party;

investor from a non-Party: an investor that is not an investor of a Party that intends to make, is making, or has made an investment; disputing investor: an investor making a claim under Section B;

disputing Party: the Party against which a claim is made under Section B;

disputing party: the disputing investor or the disputing Party;

disputing parties: the disputing investor and the disputing Party;

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

Secretary-General: the Secretary-General of ICSID;

transfers: international remittances and payments; tribunal: an arbitral tribunal established pursuant to Article 14-22; and

consolidation court: an arbitral tribunal established in accordance with article 14-29.

Article 14-02. Scope of Application and Extent of Obligations.

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

a) investors of another Party, in all matters relating to their investment;

b) investments of investors of another Party made in the territory of the Party; and

c) with respect to Article 14-07, all investments in the territory of the Party.

2. This chapter does not apply to:

a) the economic activities reserved to each Party, as indicated in Annex III;

b) measures adopted or maintained by a Party with respect to financial services;

c) measures adopted by a Party to restrict the participation of investments of investors of another Party in its territory, for reasons of national security or public order; and

d) disputes or claims arising prior to the entry into force of this treaty, or relating to events occurring prior to its entry into force, even if their effects remain after its entry into force.

3. This chapter applies throughout the territory of the Parties and at any level or order of government, notwithstanding any incompatible measures that may exist in their respective legislations.

4. Nothing in this Chapter shall be construed to prevent a Party from providing services or carrying out functions related to law enforcement, social rehabilitation services, pension or unemployment insurance or social security services, social welfare, public education, health and child protection.

Article 14-03. Minimum Standard of Treatment.

Each Party shall accord to investors of another Party and to their investments, treatment in accordance with international law, including fair and equitable treatment, as well as protection and legal certainty within its territory.

Article 14-04. National Treatment.

Each Party shall accord to an investor of a Party and to an investment of an investor of a Party treatment no less favorable than that it accords, in like circumstances, to its own investors and to investments of such investors with respect to the establishment, acquisition, expansion, management, conduct, operation, sale or other disposition of investments.

Article 14-05. Most Favored Nation Treatment.

1. Each Party shall accord to an investor of a Party and to an investment of an investor of a Party treatment no less favorable than that it accords, in like circumstances, to an investor and to an investment of an investor of a Party or of a non-Party with respect to the establishment, acquisition, expansion, management, conduct, operation, sale or other disposition of investments.

2. If a Party has accorded special treatment to an investor of a non-Party or to an investment of an investor of a non-Party under agreements establishing provisions for the avoidance of double taxation, free trade areas, customs unions, common markets, economic or monetary unions and similar institutions, such Party shall not be required to accord the treatment in question to the investor of a Party or to the investment of an investor of a Party.

Article 14-06. Treatment In Case of Loss.

Each Party shall accord to an investor of a Party, with respect to investments that suffer losses in its territory due to armed conflict or civil strife, acts of God or force majeure, non-discriminatory treatment with respect to any measures it adopts or maintains in connection with such losses.

Article 14-07. Performance Requirements.

1. No Party may impose or compel compliance with the following requirements or commitments, in connection with the establishment, acquisition, expansion, management, conduct or operation of an investment of an investor of a Party or of a non-Party in its territory to:

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

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

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

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

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

f) transfer to a person in its territory, technology, production process or other proprietary knowledge, except where the requirement is imposed 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 other provisions of this treaty; or

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

This paragraph does not apply to any requirements other than those stated in this paragraph.

2. A measure that requires an investment to use a technology to comply with generally applicable health, environmental or safety requirements shall not be considered inconsistent with paragraph 1(f). For greater certainty, Articles 14-04 and 14-05 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 compliance with any of the following requirements:

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

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

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

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

This paragraph does not apply to any requirements other than those stated in this paragraph.

4. Nothing in paragraph 3 shall be construed to prevent a Party from imposing, in connection with an investment of an investor of a Party or an investor of a non-Party in its territory, legally established requirements relating to the geographic location of productive units, the generation of employment or training of labor, or the conduct of research and development activities.

5. In the event that, in the judgment of a Party, the imposition by another Party of any other requirement not provided for in paragraph 1 adversely affects the flow of trade, or constitutes a significant barrier to investment, the matter shall be considered by the Committee on Cross-Border Trade in Services and Investment referred to in Article 10-10 of this Agreement.

6. If the Committee considers that the requirement in question negatively affects the flow of trade, it shall recommend to the Commission the suspension of the respective practice.

7. This article does not apply to any commitment, obligation or requirement between private parties.

Article 14-08. Senior Corporate Management and Boards of Directors.

1. No Party may require an enterprise of that Party to appoint individuals of any particular nationality to senior management positions, notwithstanding the provisions of its legislation.

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

Article 14-09. Reservations and Exceptions.

1. Articles 14-04, 14-05, 14-07 and 14-08 do not apply to:

a) any existing inconsistent measure maintained by a Party, regardless of the level or order of government, as set out in its Schedule to Annex I or Annex III;

b) the continuation or prompt renewal of any incompatible measure referred to in subparagraph a); or

c) the amendment to any incompatible measure referred to in subparagraph a), provided that such amendment does not diminish the degree of compatibility of the measure, as in effect prior to the amendment, with articles 14-04, 14-05, 14-07 and 14-08.

2. The treatment accorded by a Party pursuant to Article 14-05 does not apply to the treaties or sectors set out in its list in Annex IV.

3. Articles 14-04, 14-05 and 14-08 do not apply to:

a) purchases made by a Party or by a State enterprise; or

b) subsidies or contributions, including government loans, guarantees and insurance granted by a Party or by a state enterprise, except as provided in Article 14-06.

4. The provisions contained in: a) Paragraphs a), b) and c) of paragraph 1 and paragraphs a) and b) of paragraph 3 of Article 14-07 shall not apply with respect to the requirements for qualification of goods and services with respect to export promotion and foreign aid programs;

b) paragraphs 1(b), (c), (f) and (g) and 3(a) and (b) of Article 14-07 do not apply to purchases made by a Party or by a State

enterprise; and

c) Article 14-07, paragraph 3(a) and (b), do not apply to requirements imposed by an importing Party relating to the necessary content of goods to qualify for preferential tariffs or quotas.

Article 14-10. Transfers.

1. Each Party shall permit in its territory all transfers related to the investment of an investor of another Party to be made freely and without delay. Such transfers include:

a) earnings, dividends, interest, capital gains, royalty payments, management fees, technical assistance and other charges, profits in kind and other amounts derived from the investment;

b) proceeds from the sale or liquidation, in whole or in part, of the investment;

c) payments made under a contract to which an investor or its investment is a party, including payments made under a loan agreement;

d) payments derived from expropriation indemnities; and

e) payments arising from the application of the provisions relating to the dispute resolution mechanism contained in section B.

2. For the purposes of this chapter, a transfer is considered to have been made without delay when it has been made within the period normally required for the completion of the transfer formalities.

3. No Party may require its investors to make transfers of their income, profits, or earnings or other amounts derived from, or attributable to, investments made in the territory of another Party, nor shall it penalize them for failure to make such transfers.

4. Each Party shall allow transfers to be made in freely convertible currencies at the prevailing market exchange rate on the date of transfer.

5. Notwithstanding the provisions of paragraphs 1 and 4, each Party may prevent transfers through the equitable, non-discriminatory and good faith application of measures:

a) to protect the rights of creditors;

b) relating to ensuring compliance with laws and regulations:

i) for the issuance, transmission and trading of securities, futures and derivatives; or

ii) relating to reports or records of transfers; or

c) related to criminal offenses or resolutions in administrative or judicial proceedings.

6. Notwithstanding the provisions of this article, each Party may establish temporary controls on foreign exchange operations, provided that the balance of payments of the Party in question presents a serious imbalance and implements a program in accordance with internationally accepted criteria.

Article 14-11. Expropriation and Compensation.

1. No Party may nationalize or expropriate, directly or indirectly, an investment of an investor of a Party in its territory, or take any action tantamount to expropriation or nationalization of such investment, unless it is:

a) for reasons of public utility in accordance with the provisions of Annex 14-11;

b) on a non-discriminatory basis;

c) in accordance with the principle of legality; and

d) by way of indemnification in accordance with paragraphs 2 to 4.

2. Compensation will be equivalent to the fair market value of the expropriated investment immediately before the expropriation took place (date of expropriation), and will not reflect any change in value due to the fact that the intention to expropriate was known prior to the date of expropriation. The valuation criteria will include the declared tax value of

tangible assets, as well as other criteria that are appropriate to determine the fair market value.

3. Payment of compensation shall be made without delay and shall be fully payable.

4. The amount paid shall not be less than the equivalent amount of compensation that would have been paid in a freely convertible currency in the international financial market on the date of expropriation, and this currency would have been converted at the market rate in effect on the valuation date, plus the interest it would have generated at a bank or commercial rate up to the date of the payment date.

Article 14-12. Special Formalities and Information Requirements.

1. Nothing in Article 14-04 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 another Party, such as that the investments be constituted in accordance with the laws of the Party, provided that such formalities do not substantially impair the protection afforded by a Party under this Chapter.

2. Notwithstanding the provisions of Articles 14-04 and 14-05, each Party may require, in its territory, an investor of another Party to provide routine information concerning its investment solely for informational or statistical purposes. The Party shall protect information that is confidential from any disclosure that could adversely affect the competitive situation of the investment or the investor.

Article 14-13. Relationship with other Chapters.

In case of incompatibility between a provision of this chapter and a provision of another chapter, the provision of the latter shall prevail to the extent of the incompatibility.

Article 14-14. Denial of Benefits.

1. A Party may, after notice to and consultation with another Party, deny the benefits of this Chapter to an investor of that Party that is an enterprise of that Party and to investments of such an investor, if investors of a non-Party majority 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.

2. A Party may deny the benefits of this Chapter to an investor of another Party that is an enterprise of that Party and to investments of such investor, if such enterprise is 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.

Article 14-15. Extraterritorial Application of a Party's Law.

1. The Parties may not, in relation to investments of their investors constituted and organized under the laws of another Party, exercise jurisdiction or take any action that has the effect of extraterritorially applying their laws or hindering trade between the parties, or between a Party and a non-Party.

2. if either Party fails to comply with the provisions of paragraph 1, the Party in which the investment has been constituted may, at its discretion, adopt such measures and take such action as it deems necessary to terminate the legislation or measure in question and the obstacles to trade resulting therefrom.

Article 14.16. Measures Relating to the Environment.

1. nothing in this chapter shall be construed to prevent a Party from adopting, maintaining or enforcing any measure, consistent with this chapter, that it considers appropriate to ensure that investments in its territory comply with environmental law. 2. the parties recognize that it is inappropriate to encourage investment by relaxing domestic health, safety or environmental measures. accordingly, no Party should eliminate or undertake to waive the application of such measures to an investor's investment as a means of inducing the establishment, acquisition, expansion or retention of the investment in its territory. if a Party considers that another Party has encouraged an investment in such a manner, it may

request consultations with that other Party.

Article 14-17. Investment Promotion and Exchange of Information.

1. With the intention of significantly increasing the reciprocal participation of investments, the parties may promote and support the elaboration of documents promoting investment opportunities and the design of mechanisms for their dissemination. likewise, the parties may create, maintain and improve financial mechanisms that make viable investments of one Party in the territory of another Party.

2. The Parties shall make available information on opportunities for:

a) investment in its territory, which may be developed by investors of another Party;

b) strategic alliances between investors of the Parties, by investigating and matching interests and partnership opportunities; and

c) investment in specific economic sectors of interest to the Parties and their investors, in accordance with the express request made by any Party.

3. The Parties shall keep each other informed and updated with respect to:

a) legislation that directly or indirectly affects foreign investment, including, among others, foreign exchange and tax regimes;

b) the performance of foreign investment in their respective territories; and

c) the investment opportunities referred to in paragraph 2, including the dissemination of available financial instruments that help to increase investment in the territory of the Parties.

Section B. Dispute Settlement between a Party and an Investor of Another Party.

Article 14-18. Objective.

Without prejudice to the provisions of Chapter XIX, this section establishes a mechanism for the settlement of investment disputes arising from the entry into force of this treaty, which ensures both equal treatment between investors of the Parties in accordance with the principle of international reciprocity, as well as the due exercise of the guarantee of hearing and defense within a legal process before an arbitral tribunal.

Article 14-19. Claim by Investor of a Party, on Its Own Account or on Behalf of an Enterprise.

1. Pursuant to this section, an investor of a Party may, on its own account or on behalf of an enterprise of another Party owned or controlled directly or indirectly by it, submit to arbitration a claim that another Party or an enterprise controlled directly or indirectly by that Party has breached an obligation under this chapter, provided that the investor or its investment has suffered loss or damage by reason of, or arising out of, the breach.

2. The investor may not file a claim under this section if more than three years have elapsed from the date on which he knew or should have known of the alleged violation of his investment, as well as of the losses or damages suffered.

3. Where an investor files a claim on behalf of an enterprise owned or controlled directly or indirectly by the investor, and at the same time an investor who does not control an enterprise files a claim on its own account arising out of the same acts that gave rise to the filing of a claim under this article, and two or more claims are submitted to arbitration under the terms of article 14-22, the consolidation tribunal established pursuant to article 14-29 shall consider such claims together, unless that tribunal determines that the interests of a disputing Party would be prejudiced.

4. An investment may not submit a claim to arbitration under this Section.

Article 14-20. Settlement of Disputes Through Consultations and Negotiations.

The disputing parties shall first attempt to settle the dispute through consultation or negotiation.

Article 14-21. Notice of Intention to Submit Claim to Arbitration.

The disputing investor shall notify the disputing Party in writing of its intention to submit a claim to arbitration at least 90 days before the claim is formally submitted. The notice shall state the following:

a) the name and domicile of the disputing investor and, when the claim has been filed on behalf of an enterprise, the name or corporate name and domicile of the enterprise;

b) the facts on which the claim is based;

c) the provisions of this chapter alleged to have been violated and any other applicable provisions; and

d) the repair requested and the approximate amount of damages claimed.

Article 14-22. Submission of the Claim to Arbitration.

1. Except as provided in paragraph 3 and provided that six months have elapsed since the acts giving rise to the claim took place, a disputing investor may submit the claim to arbitration in accordance with:

a) the ICSID Convention, provided that both the disputing Party and the Party of the investor are States 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; or

c) the UNCITRAL Arbitration Rules.

2. The arbitration rules chosen shall govern the arbitration, except as modified by this section.

3. Where an enterprise of a Party owned or controlled directly or indirectly by an investor of another Party, in proceedings before a judicial or administrative tribunal having jurisdiction under the laws of each Party, alleges that the first Party has allegedly breached an obligation referred to in Section A, the investor or investors may not assert the alleged breach in arbitral proceedings under this Section.

Article 14-23. Conditions Precedent to the Submission of a Claim to Arbitration.

1. An investor disputing on its own account may submit a claim to arbitration under this section only if:

a) consents to submit to arbitration under the terms of the procedures set forth in this section; and

b) the investor and, where the claim is for loss or damage to an interest in an enterprise of the other Party owned or controlled directly or indirectly by the investor, the enterprise waives its right to initiate any proceedings before a competent national tribunal under the law of the disputing Party or other dispute settlement procedures with respect to the measure of the disputing Party alleged to be in violation of the provisions referred to in Article 14-19, except for proceedings in which the application of precautionary measures of a suspensive, declaratory or extraordinary nature, not involving the payment of damages, is requested before the competent national court, in accordance with the law of the disputing Party, such as the exhaustion of administrative remedies before the authorities implementing the allegedly violating measure, as provided for in the law of the disputing Party.

2. A disputing investor, on behalf of an enterprise, may submit a claim to arbitration under this section only if both the investor and the enterprise:

a) consent to submit to arbitration under the terms of the procedures set forth in this section; and

b) waive their right to initiate any proceeding with respect to the measure of the disputing Party that is alleged to be a breach referred to in Article 14-19 before any competent national court or tribunal under the law or law of a Party or other dispute settlement procedures, except for proceedings seeking injunctive relief of a suspensive, declaratory or extraordinary nature, not involving the payment of damages before the competent national court or tribunal, such as the exhaustion of administrative remedies before the disputing Party's own enforcement authorities, declaratory or extraordinary measures that do not involve the payment of damages before the competent national court, in accordance with the legislation or law of the disputing Party, such as the exhaustion of administrative remedies before the authorities implementing the allegedly violative measure, as provided for in the legislation of the disputing Party.

3. 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.

4. Only in the event that the disputing Party has deprived the disputing investor of control of an enterprise:

a) no waiver shall be required under paragraph 1 or 2(b); and

b) paragraph 3 of article 14-22 shall not apply.

Article 14-24. Consent to Arbitration.

1. Each Party consents to submit claims to arbitration in accordance with the procedures and requirements set forth in this section.

2. 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 Additional Facility Rules requiring the written consent of the Parties; b) Article II of the New York Convention, which requires a written agreement; or

c) Article I of the Inter-American Convention, which requires an agreement.

Article 14-25. Number of Arbitrators and Method of Appointment.

Except as provided in Article 14-29, and notwithstanding any agreement of the disputing parties to the contrary, the tribunal shall consist of three arbitrators. Each of the disputing parties shall appoint one arbitrator. The third arbitrator, who shall be the presiding arbitrator of the tribunal, shall be appointed by the disputing parties by mutual agreement.

Article 14-26. Integration of the Tribunal In the Event That a Disputing Party Fails to Appoint an Arbitrator or Fails to Reach Agreement on the Appointment of the Presiding Arbitrator.

In the event that a disputing party fails to appoint an arbitrator or fails to reach agreement on the appointment of the presiding arbitrator:

a) the Secretary General shall appoint arbitrators in arbitration proceedings in accordance with this section;

b) where a tribunal, other than a tribunal established pursuant to article 14-29, is not constituted within 90 days from the date on which the claim is submitted to arbitration, the Secretary-General shall, at the request of any of the disputing parties, appoint, in his discretion, the arbitrator or arbitrators not yet appointed, but not the presiding arbitrator or arbitrators, who shall be appointed in accordance with subparagraph (c); or

c) the Secretary-General shall appoint the president of the tribunal from the list of arbitrators referred to in Article 14-27, ensuring that the president of the tribunal is not a national of the disputing Party or a national of the Party of the disputing investor. In the event that no arbitrator is available on the list to chair the tribunal, the Secretary-General shall appoint, from the ICSID panel of arbitrators, the chair of the tribunal, provided that the chair of the tribunal is not a national of the disputing Party or a national of the Party of the disputing investor.

Article 14-27. List of Arbitrators.

On the date of entry into force of this treaty, the Parties shall establish and maintain a list of 40 arbitrators, as potential presiding arbitrators of the tribunal, or to appoint the arbitrators of a consolidation tribunal pursuant to Article 14-29(4), who possess the same qualifications as those referred to in the ICSID Convention, the ICSID Additional Facility Rules or the UNCITRAL Arbitration Rules and who are experienced in international law and investment matters. The members of the roster shall be appointed by consensus regardless of their nationality.

Article 14-28. Consent to the Appointment of Arbitrators.

For the purposes of article 39 of the ICSID convention and article 7 of part c of the ICSID additional facility rules, and without prejudice to objecting to an arbitrator on the basis of article 14-26(c), or on grounds other than nationality:

a) the disputing Party accepts the appointment of each of the members of a tribunal established in accordance with the

ICSID convention or the ICSID additional facility rules; and

b) a disputing investor, either on its own behalf or on behalf of an enterprise, may submit a claim to arbitration or continue proceedings under the ICSID Convention, or the ICSID Additional Facility Rules, only on condition that the disputing investor and, if applicable, the enterprise it represents, consent in writing to the appointment of each of the members of the tribunal.

Article 14-29. Consolidation of Proceedings.

1. A consolidation tribunal established under this article shall be established in accordance with the UNCITRAL Arbitration Rules and shall proceed in accordance with the provisions of those rules, except as provided in this section.

2. Where a consolidation tribunal determines that the claims submitted to arbitration under Article 14- 22 raise questions of law and fact in common, the consolidation tribunal, in the interest of their fair and efficient resolution, and having heard the disputing parties, may assume jurisdiction, hear and determine them:

a) all or part of the claims, jointly; or

b) one or more of the claims on the understanding that this will contribute to the resolution of the other claims.

3. A disputing party seeking a consolidation order under paragraph 2 shall request the Secretary-General to establish a consolidation tribunal and shall specify in its request:

a) the name of the disputing Party or the disputing investors against which the order of cumulation is sought;

b) the nature of the requested consolidation order; and

c) the basis on which the request is supported.

4. Within 60 days from the date of receipt of the request, the Secretary-General shall establish a consolidation tribunal composed of three arbitrators. The Secretary-General shall appoint from the list of arbitrators referred to in Article 14-27 the president of the consolidation tribunal, who shall not be a national of the disputing Party or a national of the Party of the disputing investor. In the event that there is no arbitrator on the list available to chair the consolidation tribunal, the Secretary-General shall appoint, from the ICSID panel of arbitrators, the chair of such tribunal, who shall not be a national of the disputing Party or a national of the Party of the disputing investor. The Secretary-General shall appoint the other two members of the consolidation tribunal from the list of arbitrators referred to in Article 14-27 and, where they are not available on that list, shall select them from the ICSID panel of arbitrators. If no arbitrators are available on that panel, the Secretary-General shall make the missing appointments at his discretion. One of the members shall be a national of the disputing Party and the other member of the consolidation tribunal shall be a national of a Party of the disputing investors.

5. Where a consolidation tribunal has been established under this Article, a disputing investor that has submitted a claim to arbitration under Article 14-19, and has not been named in the request for consolidation made pursuant to paragraph 3, may request in writing to the consolidation tribunal to be included in a consolidation order made pursuant to paragraph 2, and shall specify in such request:

a) the name and domicile of the disputing investor and, if applicable, the name or corporate name and domicile of the company;

b) the nature of the requested consolidation order; and

c) the grounds on which the request is based.

6. The consolidation tribunal shall provide, at the expense of the investor concerned, a copy of the petition for consolidation to the disputing investors that would be subject to the consolidation decision.

7. A court shall not have jurisdiction to adjudicate a claim, or part of a claim, over which a consolidation court has assumed jurisdiction.

8. At the request of a disputing party, a consolidation tribunal may, pending its decision under paragraph 2, order that the proceedings of a tribunal be suspended pending a decision on the merits of the consolidation. The order of the consolidation tribunal shall be complied with by the tribunal.

Article 14-30. Notifications

1. Within 15 days from the date of its receipt, the disputing Party shall send to the Secretariat a copy of:

a) a request for arbitration made pursuant to Article 36(1) of the ICSID Convention;

b) a notice of arbitration under Article 2 of Part C of the ICSID Additional Facility Rules; or

c) a notice of arbitration under the terms of the UNCITRAL Arbitration Rules.

2. The disputing Party shall deliver to the Secretariat a copy of the request made pursuant to Article 14-29, paragraph 3:

a) within 15 days after receipt of the request, in the case of a request made by the disputing investor; or

b) within 15 days of the date of the request, in the case of a request made by the disputing Party.

3. The disputing Party shall deliver to the Secretariat a copy of a request made under paragraph 5 of Article 14-29 within 15 days after the date of receipt of the request.

4. The Secretariat shall keep a public register of the documents referred to in paragraphs 1, 2 and 3.

5. The disputing Party shall deliver to the other Parties: 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 14-31. Participation of a Party.

Upon written notice to the disputing parties, a Party may submit written submissions to a tribunal established under this section on questions of interpretation of this treaty that are before that tribunal.

Article 14-32. Documentation.

1. A Party shall, at its own expense, be entitled to receive from a disputing party a copy of:

a) evidence offered to a tribunal established under this section, and

b) the written arguments presented by the disputing parties.

2. A Party receiving information pursuant to paragraph 1 shall treat such information as if it were a disputing Party.

Article 14-33. Place of Arbitration Proceedings.

Unless the disputing parties agree otherwise, a tribunal established under this section shall conduct the arbitral proceedings in the territory of a Party that is a member of the New York Convention, which shall be chosen in accordance with:

a) the ICSID Additional Facility Rules, if the arbitration is governed by those rules or by the ICSID Convention; or

b) the UNCITRAL Arbitration Rules, if the arbitration is governed by those rules.

Article 14-34. Applicable Law.

1. A tribunal established under this section shall decide disputes submitted to it in accordance with this treaty and the applicable provisions of international law.

2. An interpretation formulated by the Commission of a provision of this treaty shall be binding on a tribunal established under this section.

Article 14-35. 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 any of the Annexes, on request of the disputing Party, a tribunal established under this Section shall request the Commission for an interpretation of that matter. The Commission shall, within 60 days of the delivery of the request, submit its interpretation in writing to such tribunal.

2. The Commission's interpretation submitted under paragraph 1 shall be binding on a tribunal established under this section. If the Commission does not submit an interpretation within 60 days, such tribunal shall decide the matter.

Article 14-36. Expert Opinions.

Without prejudice to the appointment of other types of experts where authorized by the applicable arbitration rules, a tribunal established under this section may, at the request of a disputing party, or on its own initiative unless the disputing parties do not agree, appoint one or more experts to give written advice on any issue raised by a disputing party in a proceeding, on such terms and conditions as the disputing parties may agree.

Article 14-37. Provisional or Precautionary Measures.

A tribunal established under this Section may apply to domestic courts, or order the disputing parties, for provisional or protective measures to preserve the rights of the disputing party or to ensure that the jurisdiction of the tribunal established under this Section is given full effect. Such tribunal may not order compliance with or suspension of the allegedly violative measure referred to in Article 14-19.

Article 14-38. Final Award.

1. Where a tribunal established under this section makes a final award against a Party, such tribunal may only order:

a) the payment of pecuniary damages and related interest; or

b) restitution of the property, in which case the award shall provide that the disputing Party may pay monetary damages, plus interest, in lieu of restitution.

2. A tribunal established under this section may also order the payment of costs in accordance with the applicable arbitration rules.

3. When the claim is made by an investor on behalf of an enterprise on the basis of Article 14-19:

a) the award providing for the restitution of the property shall provide for it to be granted to the company; and

b) the award granting pecuniary damages and interest thereon shall provide that the sum of money be paid to the company.

4. A court established under this section may not order a Party to pay punitive damages.

5. The award shall be made without prejudice to the rights of any person having a legal interest in compensation for damages suffered, in accordance with the applicable law.

Article 14-39. Finality and Enforcement of the Award.

1. An award rendered by a tribunal established under this section shall be binding only upon the disputing parties and only in respect of the particular case.

2. Pursuant to paragraph 3 and to the review procedure applicable to an interim award, a disputing party shall comply with and comply with the award without delay.

3. A disputing party may request enforcement of a final award provided that:

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 without any disputing party having requested clarification, revision or annulment of the award; or

ii) clarification, review and cancellation procedures have been concluded; or

b) in the case of a final award under the ICSID Additional Facility Rules or the UNCITRAL Arbitration Rules:

i) 90 days have elapsed since the date on which the award was rendered without any disputing party having initiated a proceeding for interpretation, rectification, additional award or annulment; or

ii) the proceedings for interpretation, rectification or additional award have been concluded, or an application for annulment has been decided by a court of the disputing Party and this decision is not subject to challenge.

4. Each Party shall provide for the proper enforcement of an award in its territory.

5. Where a disputing Party fails to comply with or abide by a final award, the Commission, upon receipt of a request from a Party whose investor was a party to the arbitration proceeding, shall constitute an arbitral tribunal in accordance with Chapter XIX. The requesting Party may invoke such procedures to obtain: a) a determination that non-compliance or non-observance of the terms of the final award is contrary to the obligations of this treaty; and b) a recommendation that the Party comply with and abide by the final award.

6. The disputing investor may seek enforcement of an arbitral award under the ICSID Convention, the New York Convention or the Inter-American Convention, whether or not proceedings under paragraph 5 have been instituted.

7. For purposes of Article I of the New York Convention and Article I of the Inter-American Convention, a claim submitted to arbitration under this section shall be deemed to arise out of a commercial relationship or transaction.

Article 14-40. General Provisions.

Time at which the claim is deemed to be submitted to arbitration

1. A claim is deemed to be submitted to arbitration under the terms of this section when:

a) the request for arbitration under Article 36(1) of the ICSID Convention has been received by the Secretary-General;

b) the notice of arbitration, pursuant to Article 2 of Part C of the ICSID Additional Facility Rules, has been received by the Secretary-General; or

c) the notice of arbitration referred to in the UNCITRAL Arbitration Rules has been received by the disputing Party.

Delivery of documents

2. Delivery of the notification and other documents to a Party shall be made at the place designated by it, in accordance with Annex 14-40 (2).

Payments under insurance or guarantee contracts

3. In an arbitration proceeding brought pursuant to this Section, a Party shall not assert as a defense, counterclaim, right of set-off, or otherwise, that the disputing investor received or will receive, pursuant to an insurance or guarantee contract, indemnification or other compensation for all or part of the alleged damages for which restitution is sought.

Publication of awards

4. The publication of awards shall be made in accordance with the provisions of the Rules of Procedure.

Article 14-41. Exclusions.

The dispute settlement provisions of this Section and those of Chapter XIX shall not apply to rulings made by a Party under paragraph 2(c) of Article 14-02, nor to the cases contained in Annex 14-41.

Article 14-42. Subrogation.

In the event that a Party or its designated entity has granted any financial guarantee for non- commercial risks in connection with an investment made by its investors in the territory of another Party and from the time that the first Party or its designated entity has made any payment under the guarantee granted, such Party or its designated entity shall be the direct beneficiary of any payments to which the investor may be entitled. In the event of a dispute, only the investor may initiate or participate in proceedings before a tribunal established under this Section.

Annex 14-11. Public Utility

For the purposes of article 14-11, paragraph 1 (a), subparagraph a), the term public utility is understood to include:

a) in the case of El Salvador: public utility or social interest;

b) for the case of Guatemala: collective utility, social benefit or public interest;

c) for the case of Honduras: public necessity or interest; and

d) for the case of Mexico: public utility.

Annex 14-40(2). Delivery of Notices and other Documents

1. For purposes of Section 14-40 (2), the place for delivery of notices and other documents shall be:

a) for the case of El Salvador: Trade Policy Directorate, Ministry of Economy Alameda Juan Pablo II, Calle Guadalupe, Edificio C-2, Planta 3, Government Center San Salvador, El Salvador

b) for the case of Guatemala: Ministry of Economy 8a. Avenida 10-43 zona 1 Guatemala, Guatemala

c) for the case of Honduras: General Directorate of Economic Integration and Trade Policy, Secretariat of State in the Offices of Industry and Commerce Jeréz Avenue, Larach Building, 10th Floor Tegucigalpa, M.D.C., Honduras

d) for the case of Mexico: Directorate General of Foreign Investment, Ministry of Commerce and Industrial Development. Insurgentes Sur 1940, 8th Floor, Colonia Florida, C.P. 01030 Mexico City.

2. The Parties shall communicate any change in the place designated for the delivery of notices and other documents.

Annex 14-41. Exclusions

They shall not be subject to the dispute resolution mechanisms provided for in Section B or Chapter XIX:

a) in the case of Honduras: resolutions adopted by the Secretariat of State in the Offices of Industry and Commerce in application of articles 11 and 18 of the Foreign Investment Law regarding health, national security and preservation of the environment.

b) in the case of Mexico, resolutions adopted by the National Foreign Investment Commission prohibiting or restricting the acquisition of an investment in the territory of the United Mexican States that is owned or controlled by its nationals, or by one or more investors of another Party, as well as resolutions relating to the provisions of Annex I, page I-M-F-4.

Chapter XV. MEASURES RELATING TO STANDARDIZATION

Article 15-01. Definitions.

For the purposes of this chapter, the Parties shall use the terms presented in the ISO/IEC Guide. 2 in force, "General terms and their definitions in relation to standardization and related activities"; however, the following shall be understood to mean:

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

hazardous waste: any material generated in the processes of extraction, benefit, transformation, production, consumption, use, control or treatment, whose quality does not permit its reuse and which, due to its corrosive, toxic, poisonous, reactive, radioactive, explosive, flammable, infectious biological, infectious or irritating characteristics, represents a danger to health or the environment;

risk assessment: the evaluation of the potential harm to human, animal or plant health or safety, or the environment that may be caused by any goods or services traded between the Parties;

to make compatible: to bring different standards-related measures, approved by different standards bodies, but with the same scope, to a level such that they are identical, equivalent or have the effect of allowing goods or services to be used interchangeably or for the same purpose, so as to allow goods and services to be traded between the Parties;

certification conformity mark: the protected mark, applied or issued in accordance with the rules of a certification scheme, which guarantees that the relevant product, process or service Is in conformity with a specific standard or other normative document;

standardization-related measures: standards, technical regulations or conformity assessment procedures;

standard: the document approved by a recognized institution that provides, for common and repeated use, rules, guidelines or characteristics for related goods or processes and methods of production, or for related services or methods of operation, and compliance with which is not mandatory. It may also include or deal exclusively with terminology, symbols, packaging, marking or labeling requirements applicable to a related good, service, process or method of production or operation;

international standard: a standard or other guide or recommendation, adopted by an international standardization body and made available to the public;

legitimate objectives: inter alia, ensuring the safety or protection of human, animal or plant life or health, ensuring the safety or protection of the environment, or the prevention of practices that may mislead or deceive consumers, including matters relating to the identification of goods or services, considering among other things, where appropriate, fundamental climatic, geographical, technological, infrastructure or scientific justification factors; standardizing body: a body whose standardization activities are recognized by the government of each Party, respectively;

standardization body: a body whose standardization activities are recognized by the government of each Party, respectively;

international standardizing body: a standardizing body open to participation by the relevant bodies of at least all parties to the TBT Agreement, including the International Organization for Standardization (ISO), the International Electrotechnical Commission (IEC), the Codex Alimentarius Commission, the World Health Organization (WHO) and its dependent bodies, the International Organization of Legal Metrology (OIML), the International Bureau of Weights and Measures (BIPM) and the International Commission on Radiological Units and Measurements (ICUMR) or such other body as the Parties may designate;

approval procedure: any mandatory administrative process for obtaining a registration, license, permit, or any other authorization, in order for a good or service to be marketed or used for defined purposes or in accordance with established conditions;

conformity assessment procedure: any procedure used, directly or indirectly, to determine whether the relevant requirements established by technical regulations or standards are met, including sampling, testing, inspection, evaluation, assessment, verification, assurance of conformity, accreditation, certification, registration or approval, used for such purposes;

administrative rejection: actions taken by an organ of the public administration of the importing Party, in the exercise of its powers, to prevent the entry into its territory of a shipment or the provision of a service, due to non-compliance with technical regulations or conformity assessment procedures;

technical regulation: the document that establishes the characteristics of goods or their related processes and production methods, or the characteristics of services or their related methods of operation, including the applicable administrative provisions, and whose observance is mandatory. It may also include or deal exclusively with terminology, symbols, packaging or labeling requirements applicable to a good, service, process or related production or operation method;

service: any service within the scope of application of this treaty, which is subject to measures relating to standardization or metrology; and

Hazardous substances: those that threaten human, animal or plant life or health or the environment, and which are identified as such by national and international organizations.

Article 15-02. Scope of Application.

1. This Chapter applies to measures relating to standardization and metrology of the Parties, as well as to measures related thereto that may affect, directly or indirectly, trade in goods or services between the Parties.

2. This chapter does not apply to sanitary and phytosanitary measures.

Article 15-03. Confirmation of International Rights and Obligations.

The Parties confirm their existing rights and obligations regarding standards-related measures under the TBT Agreement and other international agreements to which the Parties are parties, including agreements on health, environment and its conservation, and consumer protection.

Article 15-04. Extension of Obligations.

Each Party shall comply with the provisions of this Chapter and shall adopt the necessary measures to ensure compliance by its federal or central and state or departmental and municipal governments and shall adopt such measures in this regard as may be available to it with respect to nongovernmental standardizing bodies in its territory.

Article 15-05. Principal Rights and Obligations.

1. Each Party may set the level of protection it considers appropriate to achieve its legitimate objectives.

2. Each Party may develop, adopt, implement and maintain measures relating to standardization to ensure its level of protection of human, animal or plant life or health, or the environment, or for the prevention of practices that may mislead or deceive the consumer, as well as measures to ensure their implementation and enforcement, including relevant approval procedures.

3. No Party shall develop, adopt, apply or maintain standardization measures or approval procedures that have the purpose or effect of creating unnecessary obstacles to trade between them. To this end, each Party shall ensure that measures relating to standardization or approval procedures do not restrict trade, except as strictly necessary for the achievement of its legitimate objectives, taking into account the technical and economic possibilities and the risks that non-compliance would create.

4. With respect to its standards-related measures, each Party shall accord to goods and services originating in the territory of the other Party national treatment and treatment no less favorable than that it accords to like goods and services originating in any other non-Party.

5. At the request of El Salvador, Guatemala and Honduras, the Committee on Standards-Related Measures shall evaluate and recommend to the Commission for resolution, actions on any matter relating to standardization measures and approval procedures, taking into account their specific needs related to Article 12 of the TBT Agreement, so that their preparation, adoption and application does not represent an obstacle to trade. Such actions shall be specific and time-bound.

Article 15-06. Use of International Standards.

1. Each Party shall use for the elaboration, development or application of its standards-related measures, international standards in force or of imminent adoption, except when such international standards do not constitute an effective or adequate means to achieve its legitimate objectives, due to fundamental factors of a climatic, geographical, technological, or infrastructural nature, or for scientifically proven reasons.

2. A standardization measure of a Party that conforms to an international standard shall be presumed to be consistent with paragraphs 3 and 4 of article 15-05. 3. In pursuing its legitimate objectives and because of fundamental climatic, geographical, technological or infrastructural factors, or for scientifically proven reasons, each Party may adopt, apply or maintain any standardization measure that results in a higher level of protection than would have been achieved if the measure were based on an international standard.

Article 15-07. Risk Assessment.

1. Each Party may carry out risk assessments in its territory, provided that this does not have the purpose or effect of creating unnecessary barriers to trade between them. In making such assessments, they shall take into consideration risk assessment methods developed by international bodies and shall ensure that their measures relating to standardization are based on assessments of risk to human, animal or plant health or life, or safety of the environment.

2. The Party conducting a risk assessment shall take into consideration all relevant scientific evidence, available technical information, intended end use, processes or methods of production, operation, inspection, quality, sampling or testing, or environmental conditions.

3. Having established the level of protection it considers appropriate in accordance with paragraph 1 of Article 15-05, each Party shall, in carrying out a risk assessment, avoid arbitrary or unjustifiable distinctions between like goods and services, if such distinctions are made:

a) have the effect of arbitrarily or unjustifiably discriminating against goods or services of another Party;

b) constitute a disguised restriction on trade between the Parties; or

c) discriminate between similar goods or services for the same use, in accordance with the same conditions that pose the same level of risk and provide similar benefits.

4. Where the Party conducting a risk evaluation concludes that the scientific evidence or other available information is insufficient to complete the evaluation, it may adopt a technical regulation on an interim basis, such as that set forth in paragraph 5 of Article 15-12 based on the relevant information available, in accordance with paragraph 2. Once it has been presented with sufficient information to complete the risk evaluation, the Party shall complete its evaluation as soon as

possible, review and, where appropriate, reconsider the interim technical regulation in light of that evaluation.

Article 15-08. Compatibility and Equivalence.

1. The Parties shall work together to strengthen the level of safety and protection of human, animal or plant life or health, or the level of safety and protection of the environment, and for the prevention of practices that may mislead or deceive consumers.

2. Without prejudice to their rights under this Chapter and taking into account international standardization activities, the Parties shall make their respective standardization measures compatible to the greatest extent possible, without reducing the level of safety and protection of the environment, health or to human, animal or plant life, or the level of safety and protection of the environment, or the prevention of practices that may mislead or deceive consumers.

3. At the request of a Party, another Party shall take such reasonable measures as may be available to it to promote the compatibility of its specific standardization measures with the standardization measures of the requesting Party, taking into account international standardization procedures and activities.

4. The importing Party shall accept as equivalent to its own technical regulation the technical regulation adopted or maintained by the exporting Party, when the latter proves to the satisfaction of the former that its technical regulation adequately meets the legitimate objectives of the importing Party. For the purposes of such accreditation, the importing Party shall cooperate with the exporting Party. The importing Party shall communicate in writing to the exporting Party, upon request, the reasons for non-acceptance of a technical regulation.

5. To the extent possible, each Party shall accept the results of conformity assessment procedures carried out in the territory of another Party, provided that they offer a satisfactory assurance, equivalent to that provided by procedures carried out or conducted in its territory by the accepting Party and the result of which it accepts, that the relevant good or service complies with the applicable technical regulation or standard adopted or maintained in the territory of the accepting Party.

6. Upon acceptance of the results of a conformity assessment procedure in accordance with paragraph 5 and, in order to strengthen the confidence and reliability of each other's conformity assessment results, the Parties may consult on matters such as the technical capability of conformity assessment bodies, taking into consideration verified compliance with relevant international standards through that means of accreditation.

Article 15-09. Conformity Assessment.

1. Taking into account the differences in the conformity assessment procedures in their respective territories, the Parties shall make compatible, to the greatest extent possible, their respective conformity assessment procedures in accordance with the provisions of this Chapter.

2. For the mutual benefit of the Parties, each Party shall accredit, approve, license or recognize conformity assessment bodies in the territory of another Party on terms no less favorable than those granted to such bodies in its territory.

3. For conformity assessment procedures, a Party may use the existing capacity and technical structure of bodies accredited under paragraph 2, established in the territory of another Party.

4. With regard to its conformity assessment procedures, each Party:

a) shall refrain from adopting, maintaining or applying more stringent conformity assessment procedures than necessary to ensure that the good or service conforms to the applicable technical regulation or standard, taking into consideration the risks that the non-conformity could create;

b) initiate and complete these procedures as expeditiously as possible;

c) shall establish a non-discriminatory order for the processing of applications;

d) shall accord to goods and services of another Party, national treatment and treatment no less favorable than that it accords to originating goods and like services of any other non- Party;

e) publish the normal duration of each of these procedures or communicate, at the request of the applicant, the approximate duration of the procedure;

f) ensure that the competent national agency:

i) upon receipt of an application, promptly examine the completeness of the documentation and inform the applicant accurately of any deficiencies, and it is the applicant's responsibility to correct them within the time limit;

ii) as soon as possible, transmit to the applicant the results of the conformity assessment procedure, in an accurate and complete manner, to enable the applicant to carry out any corrective action;

iii) when the application is deficient and at the request of the applicant, continue the procedure as far as possible; and

iv) inform the applicant of the reasons for any delay and, upon request, the status of the application;

g) shall require from the applicant only the information necessary to assess conformity and determine the appropriate cost of the assessment;

h) shall accord to confidential information, with respect to a good or service of another Party, that is submitted or arises from the procedure, national treatment and treatment that protects the commercial interests of the applicant;

i) shall ensure that any fee charged for assessing the conformity of a good or service being imported is equitable to that charged for assessing the conformity of an identical or similar good or service of the importing Party, taking into account communication, transportation and other related costs;

j) ensure, where possible, that the procedure is carried out at the production facility of the good and that, where appropriate, a certification mark of conformity is awarded;

k) limit the procedure to what is necessary to determine that a good or service that has been modified continues to comply with a technical regulation or standard, provided that it is a good or service that has been determined prior to its modification to comply with the relevant requirements established by that technical regulation or standard;

l) limit any requirement for samples of a property to what is indispensable, and avoid unnecessary inconvenience to the applicant or his representative in the selection and collection of samples; and

m) The location of the facilities where the procedures are carried out shall not cause unnecessary inconvenience to the applicant or its representative.

5. Each Party shall give favorable consideration to the request of any Party to negotiate agreements on the mutual recognition of the results of conformity assessment procedures.

Article 15-10. Approval Procedures.

1. The Parties shall grant national treatment in their approval procedures.

2. Notwithstanding the foregoing, when, within the approval procedures, specific application requirements are required for imported goods or services that are not granted national treatment in such requirements, they shall comply with the provisions of paragraph 3 of Article 15- 05.

3. Where a Party considers that any specific application requirement required by another Party for imported goods or services under the preceding paragraph does not comply with the provisions of paragraph 3 of Article 15-05, it may refer the matter to the Sub-Committee on Approval Procedures, based on the provisions of Article 15-16. With a view to reaching a mutually satisfactory resolution of the dispute, consultations shall be held within 15 days from the date of submission of the request. The consulting Parties, by mutual agreement, may extend this period by up to 90 days.

4. Each Party, with respect to its approval procedures, shall ensure that:

a) to ensure that the procedures and their application are no stricter than necessary, taking into consideration the risks that non-compliance could create;

b) initiate and complete this procedure as expeditiously as possible;

c) establish a non-discriminatory order for the processing of applications;

d) communicate, at the request of the applicant, the approximate duration of the procedure;

e) the competent national agency:

i) upon receipt of an application, promptly examine the completeness of the documentation and inform the applicant accurately of any deficiencies, and it is the applicant's responsibility to correct them within the time limit;

ii) as soon as possible, transmit to the applicant the results of the approval procedure, accurately and completely, so that any corrective action can be carried out; and

iii) inform the applicant of the reasons for any delay and, upon request, the status of the application;

f) to request from the applicant only the information necessary to carry out the approval procedure and to determine the cost of the same;

g) to accord to confidential information, with respect to a good or service of another Party, which is submitted or arises from the approval procedure, national treatment and treatment that protects the commercial interests of the applicant;

h) that any fee charged for the procedure is equitable to that charged for the procedure for an identical or similar good or service of the Party conducting the approval procedure, taking into account communication, transportation and related costs; and

i) limit any requirement relating to samples of a good to what is indispensable.

5. The Parties shall grant, in accordance with their legislation, the sanitary registration for the goods that require it.

Article 15-11. Metrological Standards.

Each Party shall ensure the traceability of its metrological standards as recommended by the BIPM and OIML, as stipulated in this chapter.

Article 15-12. Notification, Publication and Delivery of Information.

1. Each Party shall notify the other Parties of the measures relating to standardization and metrology that it decides to establish before they enter into force and on the same day as to its nationals.

2. Each Party shall notify the other Parties of the measures relating to standardization and metrology that are no longer in force.

3. When, in accordance with its legislation, a Party proposes the adoption or modification of any measure related to standardization or metrology:

a) publish a notice and notify the other Parties in writing of its intention to adopt or modify such measure, so as to enable interested persons to become acquainted with the contents of the proposal, at least 60 days prior to its adoption or modification;

b) shall identify in such notice and notification, the good or service to which the measure is to be applied, and shall include a brief description of the objective and motivation of the measure;

c) provide a copy of the proposed measure to the other Parties and to any interested person upon request and, where possible, identify the provisions that deviate substantially from the relevant international standards;

d) without discrimination, allow other Parties and interested persons to make comments in writing, discuss and take them into account, and upon request, make the results of the discussions known to them; and

e) shall ensure that, upon adoption of the measure, it is published expeditiously or otherwise made available to interested persons of another Party so that they may become acquainted with the content of the measure.

4. Each Party shall, to the extent possible, communicate to the other Parties expressing an interest in the matter, any amendment or adoption of a law or regulation containing provisions relating to technical regulations.

5. Where a Party considers it necessary to deal with an urgent problem relating to safety or to the protection of human, animal or plant life or health, or to the safety or protection of the environment or to practices that may mislead or deceive consumers, it may omit any of the steps set out in paragraph 3, provided that in taking the standardization measure:

a) immediately notify the other Parties, in accordance with the requirements set forth in paragraph 3(b), including a description of the urgent problem;

b) provide a copy of the measure to the other Parties and to any interested person who so requests;

c) without discrimination, allow other Parties and interested persons to make comments in writing, discuss and take them into account, and upon request, make the results of the discussions known to them; and

d) ensure that the measure Is published in an expeditious manner, or otherwise enable interested persons to become acquainted with the content of the measure.

6. Each Party shall allow an appropriate period between the publication of its measures relating to standardization and metrology and the date on which they enter into force for interested persons to adapt their goods, services or production methods to these measures, except where it is necessary to deal with one of the urgent problems referred to in paragraph 5.

7. Each Party shall annually notify the other Parties in writing of its standardization plans and programs.

8. The Parties designate as competent authorities, responsible for the implementation of the notification provisions of this Chapter, those indicated in Annex 15-12. When a Party designates two or more governmental authorities for this purpose, it shall inform the other Party, in a precise and complete manner, of the scope of responsibilities of those authorities.

9. When a Party makes an administrative rejection, it shall promptly inform the person entitled to the shipment or the service provider, in writing, of the justification for the rejection.

10. Once the information referred to in paragraph 9 has been generated, the Party shall immediately forward it to the information center or centers in its territory referred to in Article 15-13, which, in tum, shall bring it to the attention of the information center or centers of another Party.

Article 15-13. Information Centers.

1. Each Party shall ensure that it has at least one information center in its territory, responsible for answering and responding to reasonable inquiries and requests from another Party and interested persons, as well as for providing relevant updated documentation regarding:

a) any measures relating to standardization, metrological standards or approval procedures, adopted or proposed in its territory by governmental or non-governmental bodies;

b) any standard or conformity assessment process adopted or proposed by non- governmental standards bodies in its territory;

c) membership and participation of that Party, its authorities or relevant non-governmental bodies in its territory, in international or regional standardizing bodies and conformity assessment systems, in bilateral or multilateral agreements, within the scope of this Chapter, as well as in relation to the provisions of such systems and agreements;

d) the medium, date and location of notices published pursuant to this chapter, or the place where the information contained therein may be obtained; and

e) the Party's risk assessment procedures, the factors it takes into consideration in carrying out the assessment and in establishing the levels of protection it considers appropriate to achieve its legitimate objectives in accordance with the provisions of this chapter.

2. When a Party designates more than one information center:

a) inform the other Party of the scope of competence of each such center; and

b) ensure that any request sent to the wrong clearinghouse Is delivered, in an expeditious manner, to the correct clearinghouse.

3. Each Party shall ensure that, when the other Party or interested persons, in accordance with the provisions of this Chapter, request copies of the documents referred to in paragraph 1, they shall be provided at the same price as its nationals, except for the actual cost of shipment.

4. Notwithstanding the provisions of paragraph 3, when the information center of a Party requests copies of documents issued by government agencies from the other Party, they shall be provided free of charge, except for the actual cost of mailing.

5. The obligation to answer and respond to reasonable questions and requests referred to in paragraph 1 shall in no way be understood to mean that the information center is empowered to interpret any measure relating to standardization or metrological standards adopted or proposed in its territory. However, such information center shall refer the Party or persons concerned to the competent authority or body.

Article 15-14. Committee on Measures Relating to Standardization.

1. The Parties establish the Committee on Measures Relating to Standardization, which shall be composed of specialized representatives of each Party. The Parties by mutual agreement, shall establish the procedures for determining the number and selection of its representatives. This Committee:

a) shall meet at least once a year, unless otherwise agreed by the Parties;

b) shall make its decisions by consensus; and

c) shall issue its own rules of procedure, which shall be approved by the Commission.

2. The Committee shall have, among others, the following functions:

a) oversee the implementation, enforcement and administration of this chapter;

b) To attend to consultations on matters related to standardization and metrology measures and to make such recommendations to the Commission as it deems pertinent;

c) submit to the Parties, where appropriate, proposals to resolve in the most expeditious manner, problems arising from technical barriers to trade;

d) report annually to the Commission on the implementation of this chapter;

e) to create such subcommittees as it deems necessary, giving them the corresponding functions; and

f) any other duties assigned to it by the Commission.

Article 15-15. Labeling, Packaging and Packing Subcommittee.

1. The Parties establish the Subcommittee on Labeling, Packaging and Packaging, which reports to the Committee and shall be composed of competent representatives of each Party. The Parties, by mutual agreement, shall establish the procedures for determining the number and selection of their representatives.

2. The Subcommittee shall develop harmonized standards for labeling, packaging and wrapping and shall have the following functions:

a) make recommendations, among others, on:

i) common symbol and pictogram systems;

ii) definitions, terminology and warning labeling;

iii) presentation of information, including language, measurement systems, ingredients and sizes; and b) any other duties assigned to it by the Committee.

3. Pending the adoption of such harmonized standards, each Party shall apply its relevant labeling requirements in accordance with Article 15-06 and the other provisions of this Chapter.

Article 15-16. Approval Procedures Subcommittee.

1. The Parties establish the Approval Procedures Subcommittee, which reports to the Committee and shall be composed of competent representatives of each Party. The Parties, by mutual agreement, shall establish the procedures for the determination of the number and selection of their representatives.

2. The Subcommittee shall have the following functions:

a) develop a directory of representatives of relevant governmental authorities to serve as a point of contact and exchange of information on its approval procedures and keep it updated;

b) identify approval procedures whose adoption or application would cause specific problems for the other Party.

c) examine such specific problems with a view to reaching a mutually satisfactory agreement and making recommendations for their solution;

d) developing, where appropriate, equivalent approval procedures for goods and services that are subject to such requirements; and

e) any other duties assigned to it by the Committee.

Article 15-17. Subcommittee on Telecommunication Standardization Measures

1. The Subcommittee on Telecommunication Standardization Measures shall, within six months of the entry into force of this treaty, develop a work program, including a timetable, to make standardization measures compatible with respect to authorized equipment.

2. The Subcommittee may address other matters related to standards for telecommunications equipment or services and such other matters as it deems appropriate.

3. The Subcommittee shall take into account relevant work carried out by the Parties in other fora, as well as that of non-governmental standardization bodies.

Article 15-18. Technical Consultations.

1. When a Party is in doubt as to the interpretation or application of this Chapter, it may request a meeting of the Committee to seek a mutually satisfactory resolution of the dispute or have recourse to the dispute settlement mechanism provided for in Chapter XIX. The Parties may not use both avenues simultaneously.

2. When a Party decides to refer the matter to the Committee, it shall notify the Committee so that it may consider the matter or refer it to a working subgroup or other competent forum for the purpose of obtaining non-binding technical advice or recommendations.

3. The Committee shall consider any matter referred to it pursuant to paragraphs 1 and 2 as expeditiously as possible and shall bring to the attention of the Parties any technical advice or recommendations it develops or receives regarding that matter. Once the Parties receive the requested technical advice or recommendation from the Committee, they shall provide a written response to the Committee with respect to that technical advice or recommendation within a period to be determined by the Committee.

4. In the event that the technical recommendation issued by the Committee does not resolve the dispute between the Parties, the Parties may resort to the dispute settlement mechanism established in Chapter XIX. Unless the Parties agree otherwise, consultations held before the Committee or any of the subcommittees created shall constitute technical consultations for the purposes established in the dispute settlement mechanism pursuant to paragraph 2 of Article 19-06.

5. The technical information generated in the Committee may be considered in the event that consultations are established under the framework of the dispute resolution mechanism.

6. The Party asserting that a standardization measure of the other Party is inconsistent with the provisions of this Chapter shall prove the inconsistency.

Article 15-19. Handling of Hazardous Substances and Hazardous Wastes.

1. For the control and management of hazardous substances and hazardous wastes, the Parties shall apply the provisions, guidelines or recommendations of the United Nations Charter, the Basel Convention and the international agreements to which they are party, as well as their current legislation.

2. Each Party shall regulate, in accordance with its legislation, the introduction, acceptance, deposit, transport and transit through its territory of hazardous substances and hazardous, radioactive and other wastes of internal or external origin which, by their characteristics, constitute a danger to the health of the population or to the environment.

Article 15-20. Technical Cooperation.

1. At the request of a Party, the other Party may provide information or technical assistance, to the extent of its capabilities and on mutually agreed terms, in order to assist compliance with the provisions of this Chapter and to strengthen the activities, processes, systems and measures relating to standardization and metrology of that Party.

2. The activities referred to in paragraph 1 include:

a) the development of a mutual accreditation system for verification units and testing laboratories;

b) implementation of intercomparison programs to ensure that optimum conditions are maintained for the systems and methods to be used and evaluated;

c) strengthening the formal communication systems established in this chapter;

d) exchange of information on technical cooperation programs related to standardization- related measures carried out by a Party; and

e) identification of specific needs, such as:

i) the application of good manufacturing practices in the manufacture and approval of drugs, particularly those for human use;

ii) the application of good laboratory practices in the systems of analysis and evaluation established in the relevant international guides in force; and

iii) the development of common identification and nomenclature systems for ancillary health care goods and medical instruments; and

f) elaboration of training programs, training and organization of, among others, a common system for training, continuing education, training and evaluation of sanitary officers and inspectors.

Chapter XVI. INTELLECTUAL PROPERTY

Section A. General Provisions and Basic Principles

Article 16-01. Definitions.

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

Berne Convention: the Berne Convention for the Protection of Literary and Artistic Works (1971);

Geneva Convention: the Geneva Convention for the Protection of Producers of Phonograms Against Unauthorized Duplication of their Phonograms (1971);

Paris Convention: the Paris Convention for the Protection of Industrial Property (1967);

Rome Convention: the Rome Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations (1961);

Intellectual property rights: includes all categories of intellectual property that are subject to protection under this chapter, under the terms indicated therein;

nationals of the other Party: with respect to the relevant intellectual property right, persons who would meet the eligibility criteria for protection under the Rome Convention, the Berne Convention, the Geneva Convention, and the Paris Convention;

public: any group of individuals to whom it is intended to address and who are capable of perceiving communications or performances of works, regardless of whether they may do so at the same time and place, or at a different time and place, provided that such group is larger than a family and its immediate circle of acquaintances. However, the public shall not be understood as a group formed by a limited number of individuals having the same type of close relationships, which has not been formed for the primary purpose of receiving such performances and communications of works; and

encrypted program-carrying satellite signal: one that is transmitted in a form whereby the auditory or visual characteristics, or both, are modified or altered so as to prevent reception of the program carried on that signal by persons lacking equipment that is designed to eliminate the effects of such modification or alteration.

Article 16-02. Protection of Intellectual Property Rights.

1. Each Party shall grant in its territory to nationals of another Party adequate and effective protection and enforcement of intellectual property rights and shall ensure that measures designed to enforce such rights do not, in tum, become barriers to legitimate trade.

2. Each Party may provide in its legislation more extensive protection for intellectual property rights than that required by this Chapter, provided that such protection does not infringe the provisions of this Chapter.

3. The Parties shall be free to establish the appropriate procedure for implementing the provisions of this Chapter, within the framework of their own legal system and practice.

Article 16-03. Provisions on the Subject Matter.

In order to provide adequate and effective protection and defense of intellectual property rights, the Parties shall apply, at least, the rules contained in this Chapter and the substantive provisions of:

a) the Berne Convention;

b) the Geneva Convention;

c) the Rome Convention; and

d) the Paris Convention.

Article 16-04. National Treatment.

1. Each Party shall accord to nationals of another Party treatment no less favorable than that accorded to its own nationals with respect to the acquisition, protection and enforcement of the intellectual property rights referred to in this Chapter, subject to the exceptions already provided for in the Berne Convention, the Rome Convention and the Paris Convention.

2. No Party may require nationals of another Party, as a condition for the granting of national treatment under this Article, to comply with any formality or condition for acquiring copyright.

Article 16-05. Exceptions.

Each Party may have recourse to the exceptions set forth in Article 16-04 in connection with judicial and administrative proceedings for the protection and enforcement of intellectual property rights, including the designation of a legal domicile or a representative within the jurisdiction of the Party, provided that such exception:

a) necessary to ensure compliance with provisions not inconsistent with the provisions of this chapter; and

b) is not applied in such a way as to constitute a disguised restriction on trade.

Article 16-06. Most Favored Nation Treatment.

With respect to the protection of intellectual property rights, any advantage, favor, privilege or immunity granted by a Party to nationals of any other non-Party shall be accorded immediately and unconditionally to nationals of the other Party. Any advantage, favor, privilege or immunity granted pursuant to Article 4 of the Agreement on Trade-Related Aspects of Intellectual Property Rights, Annex 1C of the WTO Agreement, shall be exempt from this obligation.

Article 16-07. Control of Abusive or Anticompetitive Practices and Conditions.

Provided that they are consistent with the provisions of this Chapter, each Party may apply appropriate measures to prevent the abuse of intellectual property rights by right holders or the use of practices that unreasonably restrain trade or adversely affect the international transfer of technology.

Article 16-08. Cooperation to Eliminate Trade In Infringing Goods.

The Parties shall cooperate with each other with a view to eliminating trade in goods infringing intellectual property rights. To this end, they shall establish information services in their administration and exchange information on trade in infringing goods.

Section B. Copyright and Related Rights

Article 16-09. Protection of Copyright and Related Rights.

1. Each Party shall protect the moral and economic rights of authors of works covered by Article 2 of the Berne Convention, including any other works embodying an original expression within the meaning of that convention, such as computer programs, or compilations of data which by reason of their selection, arrangement, compendium, arrangement or arrangement of their contents constitute intellectual creations.

2. The protection conferred on compilations of data shall not extend to the data or materials themselves, nor shall it be granted to the prejudice of any copyright existing in such data or materials.

3. Each Party shall grant to authors or their successors in title the rights set forth in the Berne Convention, with respect to the works referred to in paragraph 1, including the right to authorize or prohibit:

a) graphic editing;

b) translation into any language or dialect;

c) adaptation and inclusion in phonograms, videograms, cinematographic films and other audiovisual works;

d) communication to the public;

e) reproduction by any means or in any form;

f) the first public distribution of the original and each copy of the work by sale, lease, loan or any other means;

g) the importation into the territory of a Party of copies of the work made without the authorization of the right holder; and

h) any form of use, process or system known or to be known.

4. At least, with respect to computer programs, the Parties shall confer on authors and their successors in title the right to authorize or prohibit the commercial rental to the public of the originals or copies of their copyrighted works. The authorization of the author or successor in title shall not be necessary when the copy of the computer program does not constitute in itself the essential object of the rental.

5. Each Party shall provide that for copyright and related rights:

a) any person acquiring or holding economic rights may freely and separately transfer them by contract for the purpose of exploitation and enjoyment by the transferee; and

b) any person who acquires and holds such economic rights by virtue of a contract, including contracts of employment involving the creation of any kind of work and phonograms, has the capacity to exercise those rights in his own name and to fully enjoy the benefits derived from such rights.

6. Each Party shall confine limitations or exceptions to the rights provided for in this Article to specific special cases that do not prevent the normal exploitation of the work, nor unreasonably prejudice the legitimate interests of the right holder.

7. The protection granted by this Article shall extend during the lifetime of the author. After his death, those who have legitimately acquired rights shall enjoy them for a term of at least 50 years. Where the term of protection of a work is calculated on a basis other than the life of a natural person, that term shall be:

a) not less than 50 years from the end of the calendar year of the authorized publication or disclosure of the work; or

b) in the absence of publication or authorized disclosure, 50 years from the end of the year in which the work was performed.

Article 16-10. Performers.

1. Each Party shall grant performers the right to authorize or prohibit:

a) the fixation of their unfixed performances and the reproduction of such fixation;

b) the communication to the public, transmission and retransmission by wireless means of their performances; and

c) any other form of use of their performances.

2. Paragraph 1 shall not apply once a performer has consented to the incorporation of his performance in a visual or audiovisual fixation.

3. Rights that have not been expressly transferred shall be deemed reserved in favor of the performer.

Article 16-11. Producers of Phonograms.

1. Each Party shall grant the producer of a phonogram the right to authorize or prohibit:

a) the direct or indirect reproduction, in whole or in part, of the phonogram;

b) the importation into the territory of a Party of copies of the phonogram made without the authorization of the producer; and

c) the first public distribution of the original and each copy of the phonogram by sale, lease or any other means.

2. Each Party shall confer on producers of phonograms and all other holders of rights in phonograms as determined by its law, the right to authorize or prohibit the commercial rental to the public of originals or copies of protected phonograms.

Article 16-12. Broadcasting Organizations.

1. Each Party shall grant broadcasting organizations the right to authorize or prohibit:

a) the fixation and reproduction of the fixations of its emissions;

b) retransmission and distribution by cable, fiber optics or any other means, as well as the communication to the public of its broadcasts; and

c) the reception of its emissions in connection with commercial activities.

2. Infringements of the rights referred to in paragraph 1 shall give rise to civil liability, whether or not in conjunction with criminal liability, in accordance with the legislation of each Party.

Article 16-13. Protection of Encrypted Program-carrying Satellite Signals.

Each Party shall establish as a cause of civil liability, whether or not in conjunction with criminal liability, in accordance with its legislation, the reception in connection with commercial activities, or the further distribution of an encrypted program-carrying satellite signal, which has been received without the authorization of the lawful distributor of the signal.

Article 16-14. Term of Protection of Related Rights.

The term of protection granted under this Chapter to performers and producers of phonograms may not be less than 50 years, counted from the end of the calendar year in which the fixation was made or the performance took place. The term of protection granted to broadcasting organizations may not be less than 20 years, counted from the end of the calendar year in which the broadcast took place.

Article 16-15. Limitations or Exceptions to Related Rights.

1. The protection provided for in this Chapter in respect of performers, producers of phonograms and broadcasting organizations shall leave intact and shall in no way affect the protection of the moral and economic rights of authors of literary or artistic works, nor may it be interpreted as undermining such protection.

2. with respect to the rights conferred by Articles 16-10, 16-11 and 16-12, each party may establish limitations or exceptions in the terms permitted by the Rome Convention.

Section C. Trademarks

Article 16-16. Subject Matter of Protection.

1. A trademark may be any sign or combination of signs capable of distinguishing the goods or services of one person from those of another, because they are considered sufficiently distinctive or capable of identifying the goods or services to which they are applied, as opposed to those of the same kind or class. trademarks shall include collective marks. each party may establish as a condition for the registration of a trademark that the signs be visually perceptible.

2. the nature of the goods and services to which a trademark is applied shall in no case be an obstacle to its registration.

Article 16-17. Publication.

In accordance with their legislation, the Parties shall publish each trademark prior to its registration or promptly thereafter, giving interested persons a reasonable opportunity to oppose or challenge its registration.

Article 16-18. Rights Conferred.

The owner of a registered trademark shall have the exclusive right to prevent any third party, without his consent, from using in the course of trade identical or similar signs for goods or services that are identical or similar to those for which the trademark is registered, where such use gives rise to a likelihood of confusion. In the event that an identical sign is used for identical goods or services, it shall be presumed that there is a likelihood of confusion. The aforementioned rights shall be granted without prejudice to prior existing rights and shall not affect the possibility of the Parties to recognize rights on the basis of use.

Article 16-19. Well-known Trademarks.

1. The Parties shall, ex officio, if their legislation so permits, or at the request of the interested party, refuse or invalidate the registration and prohibit the use of a trademark for goods or services that constitutes a reproduction, imitation or translation, liable to create confusion, of a trademark that the competent authority of the country of registration or use considers to be well known there and used for identical or similar goods or services. The same shall apply when the essential part of the mark constitutes the reproduction of such a well-known mark or an imitation liable to create confusion therewith.

2. It shall be understood that a trademark is well known when a determined sector of the public or of the commercial circles of the Party in which the notoriety is claimed, knows the trademark as a consequence of the commercial or promotional activities developed by a person who uses that trademark in relation to its products or services. For the purpose of proving the notoriety of the trademark, all means of evidence admitted in the Party in question may be used, including those national and from abroad.

3. The Parties shall not register as a trademark those signs equal or similar to a well known trademark that, when applied to any product or service, its use could indicate a connection with the owner of the well-known trademark, or harm the interests of the owner of the well- known trademark.

4. A minimum period of five years, as from the date of registration, shall be granted to claim the cancellation of such trademark. The Parties have the option to provide a time limit within which the prohibition of use must be claimed.

5. No time limit shall be set for claiming the cancellation or prohibition of use of trademarks registered or used in bad faith.

Article 16-20. Exceptions.

Each Party may provide limited exceptions to the rights conferred by a trademark, such as fair use of descriptive terms, provided that such exceptions take into account the legitimate interests of the trademark owner and third parties.

Article 16-21. Duration of Protection.

The initial registration of a trademark shall have a duration of 10 years from the date of filing of the application or from the date of its registration, according to the legislation of each Party, and may be renewed indefinitely for successive periods of 10 years, provided that the conditions for renewal are met.

Article 16-22. Requirement of Use.

1. Where a Party does not provide for a requirement of use of a trademark to maintain its registration, that Party shall provide for such requirement in its legislation within five years from the date of entry into force of this treaty. The registration of a mark may be declared lapsed or cancelled for non-use only after at least a continuous period of non-use of three years has elapsed, unless the owner of the mark demonstrates valid reasons supported by the existence of obstacles to use. Circumstances arising, independently of the will of the trademark owner, that constitute an obstacle to the use of the trademark, such as import restrictions or other governmental requirements applicable to goods or services protected by the trademark, shall be recognized as valid reasons for non-use.

2. A trademark shall be understood to be in use when the goods or services that it distinguishes have been placed in commerce or are available on the market, in the quantity and in the manner that normally corresponds, taking into account the nature of the goods or services and the modalities under which they are marketed.

3. For purposes of maintaining the use requirement, use of a mark by a person other than the owner of the mark shall be recognized when such use is subject to the owner's control.

Article 16-23. Other Requirements.

The use of a trademark in the course of business operations with special requirements, such as, for example, use with another trademark, use in a special form or use in a manner that impairs the ability of the trademark to distinguish the goods or services of one enterprise from those of other enterprises, shall not be complicated without justification. This provision shall not preclude the requirement that the name identifying the enterprise producing goods or services be used in conjunction but not in connection with the mark distinguishing the specific goods or services in question of that enterprise.

Article 16-24. Licenses and Assignment of Trademarks.

Each Party may establish conditions for the licensing and assignment of trademarks. The owner of a registered trademark shall have the right to assign it with or without the transfer of the enterprise to which the trademark belongs. Compulsory licenses shall not be permitted.

Section D. Patents

Article 16-25. Patentable Subject Matter.

1. Without prejudice to the provisions of paragraphs 2 and 3, patents shall be granted for inventions, whether products or processes, in all fields of technology, provided that they are new, result from an inventive step and are susceptible of industrial application.

2. Subject to the provisions of paragraph 3, there shall be no discrimination in the granting of patents, nor in the enjoyment of the respective rights, on the basis of the field of technology, the territory of the party in which the invention was made or whether the products were imported or produced locally.

3. Each Party may exclude from patentability inventions the commercial exploitation of which in its territory must be prevented in order to protect public order or morality, including for the protection of health or human, animal or plant life, or to avoid serious damage to nature or the environment, provided that such exclusion is not made merely because the exploitation is prohibited by its legislation.

4. Likewise, each Party may exclude from patentability plants and animals, except microorganisms and essentially biological processes for the production of plants or animals, other than non-biological or microbiological processes. However, the Parties shall provide for the protection of all plant varieties by patents, an effective sui generis system or a combination thereof. To the extent compatible with its legislation, without implying any commitment of adherence, each Party shall consider complying with the existing substantive provisions of the International Convention for the Protection of New Varieties of Plants (UPOV).

Article 16-26. Rights Conferred.

1. A patent shall confer upon its owner the following exclusive rights:

a) where the subject matter of the patent is a product, to prevent third parties, without its consent, from performing acts of: manufacture, use, offering for sale, sale or importation for the purposes of the product that is the subject matter of the patent; or

b) when the subject matter of the patent is a process, to prevent third parties, without his consent, from performing the act of using the process and the acts of: using, offering for sale, selling or importing for these purposes, at least the product obtained directly by means of said process.

2. Likewise, patent holders shall have the right to assign or transfer by any means the patent and to enter into licensing contracts.

Article 16-27. Conditions Imposed on Patent Applicants.

1. Each Party shall require the applicant for a patent to disclose the invention in a manner sufficiently clear and complete to enable persons skilled in the art to carry out the invention. Likewise, each Party may require that the applicant indicate the best mode of carrying out the invention known to the inventor at the date of filing of the application or, if priority is claimed, at the priority date claimed in the application.

2. Each Party may require a patent applicant to provide information relating to its applications for, and grants of, patents abroad.

Article 16-28. Exceptions.

Each Party may provide limited exceptions to the exclusive rights conferred by a patent, provided that such exceptions do not unreasonably conflict with the normal exploitation of the patent and do not unreasonably prejudice the legitimate interests of the patent owner, taking into account the legitimate interests of third parties.

Article 16-29. Other Uses without Authorization of the Right Holder.

Where the law of a Party permits other uses of the subject matter of a patent, other than those permitted under the preceding article, without the authorization of the right holder, including use by the government or by third parties authorized by the government, the following provisions shall be observed:

a) The authorization of such uses shall be considered on a case-by-case basis;

b) such uses may only be permitted where, prior to such use, the potential user has attempted to obtain the authorization of the right holder on reasonable commercial terms and conditions and such attempts have not been successful within a reasonable period of time. The Parties may waive this obligation in case of national emergency or other circumstances of extreme urgency, or in cases of public non-commercial use. However, in situations of national emergency or other circumstances of extreme urgency, the right holder shall be notified as soon as reasonably possible. In the case of public non- commercial use, where the government or contractor, without conducting a patent search, knows or has demonstrable reason to know that a valid patent is or will be used by or for the government, the rights holder shall be promptly informed;

c) the scope and duration of such uses shall be limited to the purposes for which it was authorized;

d) such uses shall not be exclusive;

e) such uses may not be assigned, except together with the part of the company that enjoys such uses;

f) such uses shall be authorized primarily to supply the domestic market of the authorizing Party;

g) authorization for such uses may be withdrawn subject to adequate protection of the legitimate interests of the persons who have received authorization for such uses, if the circumstances that gave rise to the authorization have disappeared and are not likely to recur. The competent authorities shall be empowered to examine, upon a substantiated request, whether such circumstances continue to exist;

h) the right holder shall be paid an adequate remuneration according to the circumstances of each case, taking into account the economic value of the authorization;

i) the legal validity of any determination regarding the authorization of such uses shall be subject to judicial review or independent review by a different higher authority;

j) any determination regarding the remuneration granted for such uses shall be subject to judicial review or independent review by a different authority;

k) the Parties shall not be obliged to apply the conditions set forth in subparagraphs b) and f), when such uses have been permitted to remedy practices that, as a result of judicial or administrative proceedings, have been determined to be anti-competitive. The need to correct anti-competitive practices may be taken into account in determining the amount of remuneration in such cases. The competent authorities shall have the power to refuse to revoke the authorization, if it appears likely that the conditions that gave rise to such authorization will recur; and

l) where such uses have been authorized to allow the exploitation of a patent (second patent), which cannot be exploited without infringing another patent (first patent), the following additional conditions shall be observed:

i) the invention claimed in the second patent must involve an important technical advance of considerable economic relevance with respect to the invention claimed in the first patent;

ii) the owner of the first patent shall be entitled to a cross-license, on reasonable terms, to exploit the invention claimed in the second patent; and

iii) the authorized use of the first patent may not be assigned without the assignment of the second patent.

Article 16-30. Revocation or Cancellation.

Judicial review of any decision to revoke or cancel a patent shall be available. Each Party may revoke or cancel a patent only when there are grounds that would have justified the refusal to grant it.

Article 16-31. Evidence In Cases of Infringement of Patented Processes.

1. Where the subject matter of a patent is a process for obtaining an identical product, the judicial authorities shall have the authority to order the defendant to prove that the process for obtaining a product is different from the patented process. Accordingly, each Party shall provide that, in any infringement proceeding, the defendant shall have the burden of proving that the allegedly infringing product was made by a process different from the patented process, at least in the following cases:

a) if the product obtained by the patented process is new; or

b) if there is a substantial likelihood that the identical product was manufactured by the process, and the patentee cannot establish by reasonable efforts which process was actually used.

2. The Parties shall be free to provide that the burden of proof referred to in paragraph 1 shall be on the alleged offender only if the condition set forth in subparagraph (a) is met or only if the condition set forth in subparagraph (b) is met.

3. In the presentation of evidence to the contrary, the legitimate interests of the defendants in the protection of their industrial and commercial secrets shall be taken into account.

Article 16-32. Duration of Protection.

The protection conferred by a patent shall not expire before a period of 20 years has elapsed, counted from the filing date of the application.

Section E. Utility Models

Article 16-33. Protection of Utility Models.

Each Party shall protect utility models in accordance with its legislation.

Section F. Industrial Designs

Article 16-34. Conditions and Duration of Protection.

1. Each Party shall grant protection to new or original industrial designs that are of independent creation. Each Party may provide that designs shall not be considered new or original if they do not differ to a significant degree from known designs or combinations of features of known designs. each party may provide that such protection shall not extend to designs based essentially on functional or technical considerations.

2. Each Party shall ensure that the requirements for obtaining industrial design protection, particularly as regards any cost, examination or publication, do not unreasonably impair the opportunity of a person to apply for and obtain such protection. parties shall be free to implement this obligation through industrial design law or through copyright law. 3. Each Party shall grant a period of protection for industrial designs of at least 10 years counted from the date of filing of the application.

Article 16-35. Rights Conferred.

1. The owner of a protected industrial design shall have the right to prevent third parties without his consent from

manufacturing, selling or importing articles bearing or incorporating a protected design or essentially a copy thereof, when such acts are carried out for commercial purposes.

2. The parties may provide for limited exceptions to the protection of industrial designs, provided that such exceptions do not unreasonably conflict with the normal exploitation of the protected industrial designs, nor unreasonably prejudice the legitimate interests of the owner of the protected design, taking into account the legitimate interests of third parties.

Section G. Undisclosed Information

Article 16-36. Protection of Undisclosed Information.

1. In ensuring effective protection against unfair competition, the parties shall protect undisclosed information in accordance with paragraph 2, and data that has been submitted to governments or official bodies, in accordance with Article 16-37.

2. Natural and legal persons shall have the possibility to prevent information that is legitimately under their control from being disclosed to third parties, or from being acquired or used by third parties without their consent, in a manner contrary to honest commercial practices, to the extent that such information:

a) secret, in the sense that, as a whole or in the precise configuration and composition of its elements, it is not generally known or readily accessible to persons within the circles that normally handle the type of information in question;

b) the information has a commercial value because it is secret; and

c) in the given circumstances, has been the subject of reasonable measures to keep it secret by the person lawfully in control of it.

3. In order to grant protection, each Party may require that a trade secret be contained in documents, electronic or magnetic media, optical discs, microfilms, films or other similar instruments.

4. No Party may limit the duration of protection for industrial or trade secrets, as long as the conditions described in paragraph 2 exist.

5. No Party shall discourage or prevent the voluntary licensing of trade secrets by imposing excessive or discriminatory conditions on such licenses, or conditions that dilute the value of trade secrets.

Article 16-37. Data Protection of Pharmaceutical or Agrochemical Goods.

Each Party shall, where it requires, as a condition of approving the marketing of pharmaceutical or agricultural chemical goods using new chemical ingredients, the submission of undisclosed test or other data that involve considerable effort to produce, protect such data from unfair commercial use. In addition, each Party shall protect such data from disclosure, except where necessary to protect the public or unless measures are taken to ensure that the data are protected from unfair commercial use.

Section H. Geographical Indications and Appellations of Origin

Article 16-38. Protection of Geographical Indications and Appellations of Origin.

1. Each Party shall protect geographical indications and appellations of origin, under the terms of its legislation.

2. In relation to geographical indications and appellations of origin, each Party shall establish the legal means for interested persons to prevent:

a) the use of any means in the designation or presentation of the product that indicates or suggests that the product in question comes from a territory, region or locality other than the true place of origin, in such a way as to mislead the public as to the geographical origin of the product; and

b) any other use that constitutes an act of unfair competition within the meaning of Article 10 bis of the Paris Convention.

3. The Parties shall, ex officio, if their legislation so permits, or at the request of an interested party, refuse or invalidate the registration of a trademark containing or consisting of a geographical indication or appellation of origin in respect of goods not originating in the territory indicated, if the use of such indication in the trademark for such goods in that Party is of such

a nature as to mislead the public as to the true place of origin.

4. Paragraphs 2 and 3 shall apply to any geographical indication or appellation of origin which, while correctly indicating the territory, region or locality in which the goods originate, gives the public a false idea that the goods originate in another territory, region or locality.

5. With respect to geographical indications and appellations of origin, each Party shall establish the means to prevent the importation, manufacture or sale of a good that uses a geographical indication or appellation of origin protected in another Party, unless it has been produced and certified in that Party, in accordance with the laws, regulations and standards applicable to that good.

Section I. Enforcement of Intellectual Property Rights Article

Article 16-39. General Obligations.

1. Each Party shall ensure that its legislation establishes procedures for the enforcement of intellectual property rights in accordance with the provisions of this Section that permit the adoption of effective measures against any infringing action of the intellectual property rights referred to in this Chapter, including expeditious remedies to prevent infringement and remedies that constitute an effective deterrent to further infringement. These procedures shall be applied in such a way as to avoid the creation of obstacles to legitimate trade, and shall provide for safeguards against their abuse.

2. Procedures relating to the enforcement of intellectual property rights shall be fair and equitable. Likewise, these procedures shall not be unnecessarily complicated or burdensome, nor shall they entail unjustified time limits or undue delays.

3. Decisions on the merits of a case shall be in writing and reasoned. They shall be made available at least to the parties to the proceeding without undue delay. They shall be based only on evidence on which such parties have been given an opportunity to be heard.

4. The parties to the proceedings shall be given the opportunity for a review by a judicial authority of final administrative decisions and, subject to the jurisdictional provisions in their legislation relating to the importance of a case, of at least the legal aspects of all first instance judicial decisions on the merits of the case. However, it shall not be mandatory to give them the opportunity to review acquittals in criminal cases.

5. It is understood that this section does not impose any obligation to establish a judicial system for the enforcement of intellectual property rights different from that already existing for the enforcement of laws in general, nor does it affect the ability of the Parties to enforce their laws in general. Nothing in this section creates any obligation with respect to the allocation of resources between intellectual property rights enforcement and general law enforcement.

Article 16-40. Fair and Equitable Procedures.

Each Party shall make available to right holders civil judicial procedures for the enforcement of all intellectual property rights referred to in this Chapter. Defendants shall be entitled to receive written notice in a timely manner and in sufficient detail, including the basis of the claim. The parties shall be authorized to be represented by independent counsel and the proceedings shall not impose unduly burdensome requirements as to mandatory personal appearances. All parties to such proceedings shall be duly entitled to substantiate their claims and present all relevant evidence. The procedure should provide for means to identify and protect confidential information, unless this would be contrary to existing constitutional requirements.

Article 16-41. Tests.

1. The judicial authorities shall have the authority to order that, where a party to the proceeding has presented reasonably available evidence sufficient to support its allegations, and has identified any evidence relevant to substantiate its allegations that is under the control of the opposing party, the opposing party shall provide such evidence, subject, in appropriate cases, to conditions that ensure the protection of confidential information.

2. Where a party to the proceeding voluntarily and without good cause refuses access to necessary information, or otherwise does not provide such information within a reasonable period of time or substantially impedes a proceeding relating to an enforcement action, the Parties may empower the judicial authorities to make preliminary and final determinations, affirmative or negative, on the basis of the information submitted to them, including the claim or allegation made by the party adversely affected by the denial of access to information, provided that the parties are given an

opportunity to be heard on the allegations or evidence.

Article 16-42. Injunctions.

1. The judicial authorities shall have the authority to order a party to the proceeding to desist from the alleged infringement, inter alia, to prevent imported goods infringing an intellectual property right from entering the channels of commerce within their jurisdiction, immediately after the goods are cleared through customs. Parties are not required to grant such authority in relation to protected subject matter that has been acquired or ordered by a person prior to knowing or having reasonable grounds to know that dealing in such subject matter would involve infringement of an intellectual property right.

2. Notwithstanding the other provisions of this section and provided that the provisions of this chapter specifically referring to use by the government or by third parties authorized by the government, without the consent of the right holder, are respected, the Parties may limit the remedies available against such use to the payment of compensation, in accordance with the provisions of Article 16-29(h). In other cases, the remedies provided for in this section shall apply or, where such remedies are inconsistent with law, declaratory judgments and appropriate compensation may be obtained.

Article 16-43. Damages.

1. The judicial authorities shall have the authority to order the infringer to pay the right holder adequate compensation for the damage suffered by the latter as a result of an infringement of his intellectual property right, where the infringer has been convicted in the corresponding judicial proceedings.

2. Likewise, the judicial authorities shall have the authority to order the infringer to pay the right holder's expenses, which may include appropriate attorney's fees. Where appropriate, the Parties may empower the judicial authorities to award compensation for profits or damages previously recognized, even if the infringer did not know or had no reasonable grounds to know that he was engaged in an infringing activity.

Article 16-44. Other Resources.

1. In order to provide an effective deterrent to infringement, the judicial authorities shall be empowered to order that goods found to be infringing be, without compensation, removed from the channels of commerce in such a way as to avoid causing damage to the right holder, or that they be destroyed, provided that this is not incompatible with constitutional provisions in force.

2. The judicial authorities shall also be empowered to order that the materials and instruments that have been predominantly used for the production of the infringing goods be removed, without compensation, from commercial channels in such a way as to minimize the risk of further infringements. The need for proportionality between the seriousness of the infringement and the measures ordered, as well as the interests of third parties, shall be taken into account when processing the corresponding requests.

3. With respect to counterfeit goods, the mere removal of the unlawfully affixed mark shall not be sufficient to allow their release into the commercial circuits, except in exceptional cases established by the legislation of each Party, such as those in which the authority provides for their donation to charitable institutions.

Article 16-45. Right to Information.

Unless it is disproportionate to the seriousness of the infringement, each Party may provide that the judicial authorities may order the infringer to inform the right holder of the identity of third parties who have participated in the production and distribution of the infringing goods or services, and of their distribution channels.

Article 16-46. Indemnification to the Defendant.

1. The judicial authorities shall have the authority to order a party to the proceedings, at whose request measures have been taken and who has abused the enforcement procedure, to adequately compensate the party on whom an obligation or restriction has been unduly imposed, for the damage suffered as a result of such abuse. Likewise, the judicial authorities shall be empowered to order the plaintiff to pay the defendant's expenses, which may include attorneys' fees.

2. In connection with the administration of any laws relating to the protection or enforcement of intellectual property rights, each Party shall exempt both the authorities and its officials from liability for appropriate remedial action only in the case of actions taken or intended in good faith for the administration of such laws.

Article 16-47. Administrative Procedures.

To the extent that civil remedies may be available as a result of administrative proceedings concerning the merits of a case, such proceedings shall follow principles substantially equivalent to those set forth in this section.

Article 16-48. Precautionary Measures.

1. The judicial authorities shall be empowered to order the adoption of prompt and effective precautionary measures aimed at:

a) to prevent the infringement of any intellectual property rights and, in particular, to prevent counterfeit goods from entering the channels of commerce within their jurisdiction, including imported goods, immediately after customs clearance; and

b) preserve relevant evidence related to the alleged infringement.

2. The judicial authorities shall be empowered to take precautionary measures, where appropriate, without having heard the other party to the proceedings, in particular where there is a likelihood that any delay would cause irreparable harm to the rights holder, or where there is a demonstrable risk of destruction of evidence.

3. The judicial authorities shall have the authority to require the plaintiff to produce such evidence as Is reasonably available to them to establish to their satisfaction to a sufficient degree of certainty that the plaintiff is the right holder and that his right is or will be imminently infringed, and to order the plaintiff to furnish a bond or equivalent security sufficient to protect the defendant and to prevent abuse.

4. Where precautionary measures have been taken without the other party to the proceedings having been heard, they shall be notified without delay to the affected party at the latest immediately after their implementation. At the request of the respondent, within a reasonable time after such notification, a review shall be held in which the right to be heard shall be recognized in order to decide whether such measures should be modified, revoked or confirmed.

5. The authority in charge of the execution of the precautionary measures may require the claimant to submit any additional information necessary for the identification of the assets in question.

6. Without prejudice to paragraph 4, interim measures taken under paragraphs 1 and 2 shall, at the request of the respondent, be revoked or otherwise terminated if proceedings leading to a decision on the merits of the case are not instituted within a reasonable period of time, to be established where national law so permits, by a determination of the judicial authority that has ordered the measures, and that in the absence of such determination shall not exceed 20 working days or 31 days, whichever is longer.

7. In cases where the precautionary measures are revoked or lapse due to action or omission of the plaintiff, or in those cases where it is subsequently determined that there was no infringement or threat of infringement of an intellectual property right, the judicial authorities shall have the authority to order the plaintiff, upon request of the defendant, to give the defendant adequate compensation for any damage caused by such measures.

8. To the extent that precautionary measures may be ordered as a result of administrative proceedings, such proceedings shall conform to principles substantially equivalent to those set forth in this section.

Article 16-49. Suspension of Customs Clearance by Customs Authorities.

Each Part:

a) shall adopt procedures so that a right holder, who has valid reasons to suspect that the importation of counterfeit trademark goods or pirated goods infringing copyright is being prepared, may submit to the competent authorities, a written complaint in order that the customs authorities suspend the release of such goods for free circulation, in accordance with Articles 16-50 to 16-58;

b) may authorize such a demand to be made in respect of goods involving other infringements of intellectual property rights, provided that the requirements of this section are complied with; and

c) may establish similar procedures for the customs authorities to suspend the release of such goods for export from its territory.

Article 16-50. Demand.

Any right holder initiating proceedings pursuant to Article 16-49 shall be required to submit sufficient evidence to satisfy the competent authorities that, according to the legislation of the country of importation, there is a presumption of infringement of his intellectual property right and to provide a sufficiently detailed description of the goods so that they can be readily recognized by the customs authorities. The competent authorities shall communicate to the applicant, within a reasonable period of time, whether they have accepted the application and, where they themselves establish it, the time limit for action by the customs authorities.

Article 16-51. Bond or Equivalent Guarantee.

1. The competent authorities shall have the authority to require the claimant to provide a bond or equivalent security, sufficient to protect the respondent and the competent authorities and to prevent abuse. Such bond or equivalent security shall not unduly deter recourse to these procedures.

2. Where, as a result of an application under articles 16-50 to 16-58, the customs authorities have suspended the release for free circulation of goods involving industrial designs, patents or undisclosed information, on the basis of a decision not taken by a judicial or other independent authority, and the time limit stipulated in article 16-53 has expired, the owner, importer or consignee of such goods shall have the right to obtain a precautionary measure without the authority duly empowered to do so, and if all other conditions required for importation have been met, the owner, importer or consignee of such goods shall be entitled to obtain the release for free circulation of such goods, without the issuance of a precautionary measure by the authority duly empowered for that purpose, and if all other conditions required for importation have been fulfilled, the owner, importer or consignee of such goods shall be entitled to obtain the clearance of such goods, upon the posting of a bond in an amount sufficient to protect the right holder in any case of infringement. The payment of such security shall be without prejudice to any other remedy available to the right holder. It shall also be understood that the bond shall be returned if the right holder does not exercise his right of action within a reasonable period of time.

Article 16-52. Notification of Suspension.

The importer and the claimant shall be promptly notified of the suspension of customs clearance of the goods, in accordance with Article 16-49.

Article 16-53. Duration of Suspension.

In the event that within a period not exceeding 10 working days from the communication of the suspension to the plaintiff by notice, the customs authorities have not been informed that a party to the proceedings other than the defendant has initiated proceedings leading to a decision on the merits of the case or that the authority duly empowered for that purpose has taken precautionary measures prolonging the suspension of customs clearance of the goods, the goods shall be released if all other conditions required for their importation or exportation have been fulfilled; in appropriate cases, the aforementioned period may be extended for a further 10 working days. If proceedings leading to a decision on the merits of the case have been initiated at the request of the defendant, a review shall be carried out within a reasonable time, including the right of the defendant to be heard, in order to decide whether such measures should be modified, revoked or confirmed. However, where the suspension of customs clearance is effected or continued pursuant to a precautionary judicial measure, the provisions of paragraph 6 of article 16-48 shall apply.

Article 16-54. Indemnification to the Importer and the Owner of the Goods.

The relevant authorities shall have the authority to order the claimant to pay the importer, the consignee and the owner of the goods adequate compensation for any damage to them caused by the unfounded detention of the goods or by the detention of goods that have been cleared in accordance with the provisions of article 16-53.

Article 16-55. Right of Inspection and Information.

Without prejudice to the protection of confidential information, the Parties shall empower the competent authorities to give the right holder sufficient opportunity to have any goods detained by the customs authorities inspected in order to substantiate his claims. Likewise, the competent authorities shall be empowered to give the importer equivalent opportunities to have such goods inspected. When a positive decision on the merits of the case has been taken, the Parties

may empower the competent authorities to communicate to the right holder the name and address of the consignor, the importer and the consignee, as well as the quantity of the goods in question.

Article 16-56. Ex Officio Action.

When the parties to the proceeding request the competent authorities to act ex officio and suspend the release of those goods in respect of which they have the presumption that they infringe an intellectual property right:

a) the competent authorities may, at any time, request from the right holder any information that may be useful to them in exercising that power;

b) the importer and the right holder shall be promptly notified of the suspension. If the importer appeals against it to the competent authorities, the suspension shall be subject, mutatis mutandis, to the conditions stipulated in article 16-53; and

c) the Parties shall exempt both the authorities and their officials from liability for appropriate precautionary measures only in the case of actions taken or intended to be taken in good faith.

Article 16-57. Resources.

Without prejudice to any other actions to which the right holder may be entitled and subject to the right of the defendant to appeal to a judicial authority, the competent authorities shall be empowered to order the destruction or disposal of the infringing goods, in accordance with the principles set out in Article 16-44. As regards counterfeit goods, the authorities shall not, save in exceptional circumstances, permit the same to be re-exported in the same state or subject them to a different customs procedure.

Article 16-58. Insignificant Imports.

Each Party may exclude from the application of Articles 16-49 to 16-57, small quantities of goods that are not of a commercial nature and are part of the personal baggage of travelers or are sent in small consignments.

Article 16-59. Criminal Proceedings.

1. Each Party shall establish criminal procedures and penalties, at least for cases of wilful trademark counterfeiting or copyright piracy on a commercial scale, which shall include imprisonment or the imposition of sufficiently dissuasive pecuniary penalties consistent with the level of penalties for offenses of comparable gravity.

2. Where appropriate, available sanctions shall also include the confiscation, forfeiture and destruction of the infringing property and of all materials and accessories predominantly used for the commission of the offense. In considering the issuance of such orders, the judicial authorities shall take into account the need for proportionality between the seriousness of the infringement and the measures ordered, as well as the interests of other persons including those of the right holder.

3. With respect to counterfeit goods, the mere removal of the unlawfully affixed mark shall not be sufficient to permit the release of the goods into the channels of commerce, except in exceptional cases to be established by the legislation of each Party, such as those in which the authority provides for their donation to charitable institutions. Each Party may provide for the application of criminal procedures and penalties in other cases of infringement of intellectual property rights, in particular when committed with malice and on a commercial scale.

Chapter XVII. TRANSPARENCY

Article 17-01. Information Center.

1. Each Party shall designate a unit or office as an information center to facilitate communication between the Parties on any matter covered by this treaty.

2. When requested by a Party, the information center of another Party shall indicate the unit or official responsible for the matter and provide such support as may be required to facilitate communication with the requesting Party.

Article 17-02. Publication.

Each Party shall ensure that its laws, regulations, procedures and administrative rulings of general application, which relate

to any matter covered by this treaty, are promptly published or made available for the information of the Parties and any interested party.

Article 17-03. Notification and Provision of Information.

1. Each Party shall, to the extent possible, notify the other parties of any existing or proposed measure that the Party considers may substantially affect or will substantially affect the interests of the other parties under the terms of this agreement. Such notification shall be made without prejudice to whether or not the measure is compatible with this treaty.

2. Each Party shall, at the request of another Party, provide information and promptly respond to its questions regarding any measure in force or planned.

Article 17-04. Guarantees of Hearing, Legality and Due Process.

1. The parties reaffirm the guarantees of hearing, legality and due process provided for in their respective legislation.

2. Each Party shall maintain judicial or administrative procedures for the review and, where appropriate, correction of final acts relating to this treaty.

3. Each Party shall ensure that in judicial and administrative proceedings relating to any measure affecting the application of this treaty, the essential procedural formalities are complied with and the legal cause of action is established and substantiated.

Chapter XVIII. TREATY ADMINISTRATION

Article 18-01. Administrative Commission.

1. The Parties establish the Administrative Commission, which shall be composed of the officials referred to in Annex 18-01(1) or by the persons designated by them.

2. The Commission shall have the following functions:

a) to ensure compliance with and the correct application of the provisions of the treaty;

b) evaluate the results achieved in the implementation of the treaty, monitor its development and recommend to the Parties the modifications it deems appropriate;

c) propose measures aimed at the proper administration and development of the treaty and its annexes;

d) contribute to the resolution of disputes arising from its interpretation and application;

e) recommend to the Parties the adoption of the necessary measures to implement its decisions;

f) fix the amounts of remuneration and expenses to be paid to the arbitrators, their assistants and experts, which shall be borne equally by the disputing Parties; and

g) to hear any other matter that may affect the operation of this treaty, or that may be entrusted to it by the Parties.

3. The Commission may:

a) establishing ad hoc or standing committees, working groups and expert groups, and assigning them authority;

b) seek the advice of persons or institutions with no governmental connection; and

c) to take any other action in the exercise of its functions.

4. The Commission shall establish its rules and procedures and all decisions shall be made by consensus.

5. The Commission shall meet at least once a year in regular session and, at the request of any Party, in special session. The ordinary sessions shall be chaired successively by each Party.

Article 18-02. Administrative Subcommittee.

1. The Parties hereby establish the Administrative Subcommittee, which shall be composed of the officials referred to in

Annex 18-02(1) or such other persons as they may designate.

2. The Subcommittee shall have the following functions:

a) oversee the work of all committees, subcommittees and working groups established in this treaty and included in annex 18-02(2);

b) to follow up on the decisions and agreements reached by the Commission;

c) prepare and review the technical dossiers necessary for making decisions and agreements within the framework of the treaty;

d) to act as technical secretariat at the meetings of the Commission;

e) designate the information center for each Party, in accordance with Article 17-01; and

f) to hear any other matter that may affect the operation of the treaty, which may be entrusted to it by the Commission.

3. The Subcommittee shall meet at least twice a year, alternating between the Parties. 4. The Subcommission shall present an annual report of its work to the Commission.

Article 18-03. Secretariat.

1. The Commission shall establish and supervise a Secretariat composed of national sections.

2. Each Party:

a) shall establish the permanent office of its national section;

b) will be responsible for:

i) the operation and costs of its section, and

ii) the remuneration and expenses payable to the arbitrators, their assistants and experts appointed in accordance with Chapter XIX;

c) designate the Secretary of its national section, who shall be the officer responsible for its administration; and d) shall notify the Commission of the address of its national section.

3. The Secretariat shall have the following functions:

a) provide assistance to the Commission and the Sub-Commission;

b) to provide administrative support to the arbitration tribunals established pursuant to chapter XIX;

c) on instructions from the Commission, support the work of committees, subcommittees and expert groups established pursuant to this treaty; and d) such other duties as may be entrusted to it by the Commission.

Annex 18-01. Officers of the Administrative Commission

The officers comprising the Commission shall be:

a) in the case of El Salvador: the Minister of Economy or his successor;

b) in the case of Guatemala: the Minister of Economy or his successor;

c) in the case of Honduras: the Secretary of State in the Offices of Industry and Commerce, or his successor; and

d) in the case of Mexico: the Secretary of Commerce and Industrial Development, or his successor.

Annex 18-02(1). Officers of the Administrative Subcommittee

The officers comprising the Subcommittee shall be:

a) in the case of El Salvador: the Vice Minister of Economy, or his successor;

b) in the case of Guatemala: the Vice Minister of Economy in charge of Integration Affairs, or his successor;

c) in the case of Honduras: the Undersecretary of Economic Integration and Foreign Trade, or his successor; and

d) in the case of Mexico: the Head of the Office of Latin America, Market Access and FTAA Negotiations, or his successor.

Annex 18-02(2). Committees and Subcommittees

Committee on Trade in Goods (article 3 -18)

Committee on Agricultural Trade (article 4 -10)

Committee on Sanitary and Phytosanitary Measures (article 5 - 10)

Committee on Regional Integration of Inputs (article 6 -19)

Committee of Origin (article 7 -12)

Committee on Cross-Border Trade in Services and Investment (Article 10-10)

Committee on Professional Services (annex on professional services)

Committee on Financial Services (Article 11-11)

Committee on Temporary Entry of Business Persons (Article 13-06)

Committee on Measures Relating to Standardization (Article 15-14)

Subcommittee on Labeling, Packaging and Packaging (Article 15-15)

Subcommittee on Approval Procedures (Article 15-16)

Subcommittee on Measures Relating to Telecommunication Standardization (Article 15-17)

Chapter XIX. SETTLEMENT OF DISPUTES

Article 19-01. Cooperation.

The Parties shall at all times endeavor to reach agreement on the interpretation and application of this treaty through cooperation and consultation, and shall endeavor to reach a mutually satisfactory solution of any matter that may affect its operation.

Article 19-02. Scope of Application.

Except as otherwise provided In this Treaty, the procedure of this Chapter shall apply:

a) to the prevention or settlement of all disputes between the Parties concerning the application or interpretation of this treaty; or

b) where a Party considers that an existing or proposed measure of another Party is or may be inconsistent with the obligations of this treaty or may cause nullification or impairment within the meaning of Annex 19-02.

Article 19-03. Dispute Settlement Under the WTO Agreement.

1. Disputes arising in connection with the provisions of this treaty and the WTO Agreement or the agreements negotiated pursuant to the latter may be settled in either forum, at the option of the complaining Party.

2. Once a dispute settlement proceeding has been initiated under Article 19-06 or under Article 6 of the Understanding on Rules and Procedures Governing the Settlement of Disputes, which is part of the WTO Agreement, the forum selected shall be exclusive of any other forum.

Article 19-04. Perishable Goods.

In disputes relating to perishable goods, the time limits established in this chapter shall be reduced by half, without

prejudice to the possibility that the disputing Parties, by mutual agreement, may decide to reduce them even further.

Article 19-05. Consultations.

1. Any Party may request in writing to the other Party or Parties that consultations be held with respect to any measure adopted or proposed, or any other matter that it considers may affect the operation of this treaty under the terms of Article 19-02.

2. The requesting Party, through its national section of the Secretariat, shall deliver a copy of the request to the other Parties.

3. Unless otherwise provided by the Commission, a third Party may participate in the consultations, subject to prior written notification through its national section of the Secretariat to the other Parties.

4. The consulting Parties:

a) shall examine with due diligence the inquiries made to them;

b) provide information that will make it possible to examine the manner in which the adopted or proposed measure could affect the operation of this treaty;

c) treat confidential information exchanged during consultations in the same manner as the Party that provided the information; and

d) shall endeavor to avoid any solution that adversely affects the interests of any other Party under this treaty.

Article 19-06. Intervention of the Commission, Good Offices, Conciliation and Mediation.

1. Any consulting Party may request in writing, through its national section of the Secretariat, that the Commission be convened whenever a matter is not resolved in accordance with Article 19-05 within 30 days of the delivery of the request for consultations.

2. A Party may also request in writing, through its national section of the Secretariat, that the Commission be convened when technical consultations have been carried out in accordance with the provisions of Articles 5 -13 and 15-18.

3. The requesting Party shall mention in the request the measure that is the subject of the complaint, indicate the provisions of this treaty that it considers applicable and submit the request, through its national section of the Secretariat, to the other Parties.

4. The Commission shall meet within 10 days of the filing of the request and in order to reach a mutually satisfactory resolution of the dispute, may:

a) convene technical advisors or set up such working groups or expert groups as it deems necessary;

b) use of good offices, conciliation, mediation or other alternative means of dispute resolution; or

c) formulate recommendations.

5. Unless it decides otherwise, the Commission may join two or more proceedings before it under this Article relating to the same measure. Likewise, it may join two proceedings concerning other matters before it under this article, when it considers it appropriate to examine them jointly.

Article 19-07. Request for the Establishment of the Arbitral Tribunal.

1. Any consulting party may request in writing the establishment of an arbitral tribunal when the matter has not been resolved within: a) within 30 days after the meeting of the commission pursuant to article 19-06, paragraph 4, or, if no such meeting has been held, within 30 days after the request for a meeting of the commission, or b) 30 days after the commission has met to deal with the most recent matter submitted for its consideration, when several proceedings have been accumulated in accordance with article 19-06, paragraph 5.

2. The requesting Party shall deliver the request, through its national section of the Secretariat, to the other Parties. Upon submission of the request, the Commission shall establish an arbitral tribunal.

3. A third Party shall have the right to participate as a complaining Party by delivering its intention, through its national section of the Secretariat, to the disputing Parties. The notice shall be delivered at the latest within seven days from the date on which a Party has filed the request for the establishment of the arbitral tribunal.

4. If a third Party decides not to intervene as a complaining Party in accordance with paragraph 3, it shall thereafter refrain from initiating with respect to the same matter, absent a significant change in economic or commercial circumstances:

a) a dispute settlement procedure in accordance with this chapter, or

b) a dispute settlement procedure in accordance with the Understanding on Rules and Procedures Governing the Settlement of Disputes, which forms part of the WTO Agreement, invoking grounds substantially equivalent to those that such Party could invoke under this treaty.

5. Unless otherwise agreed by the disputing Parties, the arbitral tribunal shall be composed and perform its functions in accordance with the provisions of this Chapter.

Article 19-08. List and Qualifications of Arbitrators.

1. Upon entry into force of this treaty, each Party shall appoint 10 arbitrators to the "List of Arbitrators from Mexico and El Salvador, Guatemala and Honduras". Likewise, the Parties, by mutual agreement, shall appoint five arbitrators from non-Party countries to the "Non-Party Arbitrators Roster".

2. The members of the lists:

a) will have expertise expertise o experience at law, international trade, other matters related to this treaty, or in the resolution of disputes arising from international trade agreements;

b) shall be selected strictly on the basis of their objectivity, reliability and sound judgment;

c) shall be independent of, not bound by, and not receive instructions from, the Parties; and

d) comply with the Code of Conduct set forth in Annex 19-08.

3. Persons who have intervened in a dispute, in the terms of paragraph 4 of article 19-06, may not be arbitrators for the same dispute.

Article 19-09. Integration of the Arbitral Tribunal.

1. The arbitral tribunal shall be composed as follows:

a) within 10 days of the request for the establishment of an arbitral tribunal pursuant to Article 19-07, each Party shall appoint an arbitrator from the "List of Arbitrators of Mexico and El Salvador, Guatemala and Honduras";

b) by mutual agreement, the Parties shall appoint the third arbitrator from the "List of Non- Party Arbitrators" within 10 days from the date on which the last of the two arbitrators referred to in a) above was appointed. The third arbitrator shall preside over the arbitral tribunal;

c) if a Party has not appointed its arbitrator within the 10-day period established in paragraph a), such appointment shall be made by lot between the Parties, at the request of the other Party, from among the arbitrators included in the "List of Arbitrators of Mexico and El Salvador, Guatemala and Honduras", who are nationals of the Party that has not appointed its arbitrator;

d) likewise, if within 10 days following the term established in paragraph b) there is no agreement between the Parties on the appointment of the third arbitrator, any Party may appoint the arbitrator from the "List of Non-Party Arbitrators"; and

e) by mutual agreement, the Parties may appoint an arbitrator not included in the lists referred to in Article 19-08.

2. In the event that a disputing Party is composed of two or more Parties, one of them, elected by mutual agreement, shall represent the other Parties with respect to the procedure set forth in paragraph 1.

Article 19-10. Model Rules of Procedure.

1. Unless otherwise agreed by the disputing Parties, the proceedings before the arbitral tribunal shall be governed by the Model Rules of Procedure contained in Annex 19-10.

2. The Commission may modify the Model Rules of Procedure.

3. Unless otherwise agreed by the Parties, the terms of reference of the arbitral tribunal shall be:

"To examine, in the light of the applicable provisions of the treaty, the dispute submitted for its consideration under the terms of the request for the meeting of the Commission, and to issue the preliminary report and the final report referred to in Articles 19-13 and 19-14."

4. If the complaining Party alleges that a matter has caused nullification or impairment within the meaning of Annex 19-02, the terms of reference shall so state.

5. Where a disputing Party requests that the arbitral tribunal make findings as to the extent of the adverse trade effects on any Party of the measure found to be inconsistent with this treaty or to have caused nullification or impairment within the meaning of Annex 19-02, the terms of reference shall so state.

Article 19-11. Participation of a Third Party.

A third Party, upon written notice through its national section of the Secretariat to the disputing Parties, shall have the right to attend all hearings, to make written and oral submissions to the arbitral tribunal and to receive written submissions from the disputing Parties.

Article 19-12. Information and Technical Advice.

On its own motion or at the request of a disputing party, the arbitral tribunal may seek information and technical advice from such persons or institutions as it deems appropriate.

Article 19-13. Preliminary Report.

1. The arbitral tribunal shall issue a preliminary report on the basis of the arguments and submissions made by the disputing Parties and any information it has received pursuant to Article 19-12.

2. Unless the disputing Parties agree otherwise, the arbitral tribunal shall, within 90 days after the appointment of the last arbitrator, submit to the disputing Parties a preliminary report containing:

a) findings of fact, including any arising from a request pursuant to paragraph 5 of Article 19- 10;

b) a determination as to whether the measure in question is or may be inconsistent with the obligations under this treaty, or is a cause for nullification or impairment within the meaning of Annex 19-02 or any other determination requested in the mandate; and

c) the final draft report.

3. The arbitrators may issue written opinions on matters on which there is no unanimity.

4. The disputing Parties may submit written comments to the arbitral tribunal on the preliminary report within 15 days of its submission.

5. In this case, after examining the written observations, the arbitral tribunal may, on its own motion or at the request of a disputing Party:

a) request the observations of any disputing Party;

b) conduct any due diligence it deems appropriate; or

c) reconsider the preliminary report.

Article 19-14. Final Report.

1. The arbitral tribunal shall notify the disputing Parties of its final report, agreed by majority vote, and, where appropriate, written opinions on issues on which there was no unanimity, within 30 days of the submission of the preliminary report.

2. Neither the preliminary nor the final report shall disclose the identity of the arbitrators who voted with the majority or the minority.

3. The disputing Parties shall confidentially communicate the final report to the Commission within five days of its notification, together with any written considerations that a disputing Party may wish to attach.

4. The final report shall be published within 15 days of its communication to the Commission in the Official Journal of each disputing Party.

Article 19-15. Compliance with the Final Report.

1. The final report shall be binding on the disputing Parties under the terms and within the time limits ordered by it, which shall not exceed three months from its communication to the Commission, unless the Parties agree otherwise.

2. Where the final report of the arbitral tribunal finds that the measure is incompatible with this treaty, the Party complained against shall refrain from implementing the measure or shall repeal it.

3. Where the final report of the arbitral tribunal finds that the measure is a cause for nullification or impairment within the meaning of Annex 19-02, it shall determine the level of nullification or impairment and may suggest such adjustments as it considers mutually satisfactory to the disputing Parties.

Article 19-16. Suspension of Benefits.

1. The complaining Party may suspend the Party complained against from the application of benefits under this treaty having equivalent effect to the benefits foregone, if the arbitral tribunal decides:

a) that a measure is incompatible with the obligations of this treaty and the Party complained against fails to comply with the final report within the time limit set by the arbitral tribunal; or

b) that a measure is a cause for annulment or impairment within the meaning of Annex 19-02 and the disputing Parties fail to reach a mutually satisfactory settlement of the dispute within the period of time fixed by the arbitral tribunal.

2. The suspension of benefits shall last until the Party complained against complies with the final report or until the disputing Parties reach a mutually satisfactory agreement on the dispute, as the case may be. However, if the Party complained against is made up of two or more Parties, and any of them complies with the final report, or reaches a mutually satisfactory agreement with the complaining Party, the complaining Party shall lift the suspension of benefits.

3. In considering the benefits to be suspended pursuant to this Article:

a) the complaining Party shall first seek to suspend benefits within the same sector or sectors that are affected by the measure, or by another matter that the arbitral tribunal has found to be inconsistent with the obligations under this treaty, or that would have caused nullification or impairment within the meaning of Annex 19-02; and

b) if the complaining Party considers that it is not feasible or effective to suspend benefits in the same sector or sectors, it may suspend benefits in other sectors.

4. At the written request of any disputing Party, upon notification to the other Parties through its national section of the Secretariat, the Commission shall establish an arbitral tribunal to determine whether the level of benefits suspended by the complaining Party pursuant to this Article is manifestly excessive. To the extent possible, the arbitral tribunal shall be composed of the same members as the arbitral tribunal that issued the final report referred to in Article 19-14.

5. The proceedings before the arbitral tribunal constituted for the purposes of paragraph 4 shall be conducted in accordance with the Model Rules of Procedure. The arbitral tribunal shall render its final decision within 60 days after the last arbitrator has been chosen, or within such other period of time as the disputing Parties may agree.

Article 19-17. Judicial and Administrative Instances.

1. The Commission shall endeavor to agree, as soon as possible, on an appropriate non-binding interpretation or response when:

a) a Party considers that a question of interpretation or application of this treaty arising out of or in connection with a judicial or administrative proceeding of another Party warrants interpretation by the Commission; or

b) a Party receives a request for an opinion on a question of interpretation or application of this treaty from a court or administrative body of that Party. The Party in whose territory the court or administrative body is located shall submit the Commission's response to them, in accordance with the procedures of that forum.

2. When the Commission is unable to agree on a response, any Party may submit its own opinion to the tribunal or administrative body, in accordance with the procedures of that forum.

Article 19-18. Alternative Means of Dispute Resolution.

1. Each Party shall promote and facllitate arbitration and other alternative means of settling international commercial disputes between private parties.

2. To this end, each Party shall have appropriate procedures to ensure the enforcement of arbitration agreements and the recognition and enforcement of arbitral awards rendered in such disputes.

Annex 19-02. Nullification and impairment

1. The Parties may have recourse to the dispute settlement mechanism of this Chapter when, by virtue of the application of a measure that does not contravene the treaty, they consider that the benefits that they could reasonably have expected to receive from the application of Chapters Ill, IV, V, VI, VII, VIII, IX, X, XV and XVI are nullified or impaired.

2. The Parties may not invoke nullification or impairment of the provisions of Chapters XI, XII, XIII and XIV.

Annex 19-08. CODE OF CONDUCT

OBJECTIVE

This Code of Conduct is established to ensure respect for the principles of integrity and impartiality that the Parties grant to the procedures of Chapter XIX of the Free Trade Agreement between the United Mexican States and the Republics of El Salvador, Guatemala and Honduras.

The fundamental objective of this code of conduct is that a candidate or member must disclose the existence of any interest, relationship or matter that might affect his or her independence or impartiality or that might reasonably create an appearance of impropriety or bias. An appearance of impropriety or bias exists when a reasonable person, with knowledge of all relevant circumstances that a reasonable inquiry might disclose, would conclude that the candidate's or member's ability to perform his or her duties with integrity, impartiality and in a competent manner is impaired.

However, this principle should not be interpreted in such a way that the burden of making detailed disclosures makes It impossible for jurists or business people to agree to serve as members, thus depriving the Parties and participants of those who may be the best members. Consequently, candidates and members should not be required to disclose interests, relationships or matters that have a trivial influence on the proceeding.

Candidates and members have a continuing obligation to disclose, throughout the proceeding, interests, relationships and matters that may be linked to the integrity or fairness of the dispute resolution system.

This code of conduct does not determine whether, or under what circumstances, the Parties will, based on the disclosures made, challenge or remove a candidate or member of an arbitral tribunal.

DEFINITIONS

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

assistant: a researcher or a person who provides support to a member, in accordance with the terms of his or her appointment;

candidate:

a) an individual whose name appears on a list established pursuant to Article 19-08; or

b) an individual being considered for appointment as a member of an arbitral tribunal pursuant to Article 19-09;

member: a member of an arbitral tribunal constituted in accordance with article 19-09;

personal: with respect to a member, persons, other than assistants, who are under his or her direction and control;

procedure:

a) a proceeding before an arbitral tribunal conducted in accordance with Chapter XIX; or

b) a proceeding involving a dispute arising under Chapter V or XV to which Chapter XIX applies; and

Secretariat: the Secretariat established pursuant to Article 18-02; and

2. Any reference in this code of conduct to an article, annex or chapter is understood to refer to the corresponding article, annex or chapter of the treaty.

Section A. Responsibilities with Respect to the Dispute Resolution System.

All candidates, members and former members shall maintain high standards of conduct so that the integrity and impartiality of the dispute resolution system is preserved.

Section B. Reporting Obligations.

1. Each candidate shall disclose any interest, relationship or matter that might affect his or her independence or impartiality or that might reasonably create an appearance of impropriety or bias in the proceeding. To this end, candidates shall make every reasonable effort to become aware of any such interests, relationships and matters.

2. Candidates shall disclose such interests, relationships and matters by completing the Initial Declaration to be provided to them by the Secretariat and submitting it to the Secretariat.

3. Without limiting the generality of the foregoing, each candidate shall disclose the following interests, relationships and matters:

a) any financial or personal interest of the candidate:

i) in the proceeding or its outcome; and

ii) in an administrative proceeding, a domestic judicial proceeding or other proceeding before an arbitral tribunal, involving issues that may be decided in the proceeding for which the candidate is being considered;

b) any financial interest of the candidate's employer, partner, associate or family member:

i) in the proceeding or its outcome; and

ii) in an administrative proceeding, a domestic judicial proceeding or other proceeding before an arbitral tribunal, involving issues that may be decided in the proceeding for which the candidate is being considered;

c) any relationship, present or past, of a financial, business, professional, family or social nature with any interested parties to the proceeding, or with their attorneys, or any such relationship with the candidate's employer, partner, associate or family member; and

d) any provision of services as a public defender, or as a legal representative, or otherwise, relating to any matter in controversy in the proceeding or involving the same assets.

4. Once appointed, members shall continue to make every reasonable effort to become aware of any interests, relationships or matters referred to in paragraph 1 and shall disclose them. The obligation to disclose is ongoing and requires a member to disclose any such interests, relationships and matters that may arise at any stage of the proceeding.

5. Each member shall disclose such interests, relationships and matters by communicating them in writing to the Secretariat for consideration by the appropriate Parties.

Section C. Performance of Duties of Nominees and Members.

1. Any candidate accepting appointment as a member shall be available to perform, and shall perform, the duties of a member fully and expeditiously throughout the proceedings.

2. Members shall ensure that the Secretariat is able to contact them at all reasonable times in order to perform the functions of the arbitral tribunal.

3. Every member shall perform his duties in a fair and diligent manner.

4. Each member shall comply with the provisions of Chapter XIX and the model rules of procedure.

5. No member shall deprive any other member of the right to participate in all aspects of the proceedings.

6. The members shall consider only those disputed issues that have arisen in the proceeding and are necessary to reach a decision. Except as otherwise provided in the above rules, no member shall delegate to another person the duty to decide.

7. Members shall take all reasonable steps to ensure that their assistants and staff comply with Sections A, B and F of this code of conduct.

8. No member shall establish ex parte contacts in the proceeding.

9. No candidate or member shall disclose matters relating to violations or potential violations of this Code of Conduct unless it is made to the Secretariat or is necessary to ascertain whether the candidate or member has violated or may violate the Code.

Section D. Independence and Impartiality of Members.

1. Each member shall be independent and impartial. Each member shall act fairly and avoid creating an appearance of dishonesty or bias.

2. No member may be influenced by self-interest, outside pressure, political considerations, public pressure, loyalty to a Party or fear of criticism.

3. No member may, directly or indirectly, acquire any obligation or accept any benefit that would in any way interfere, or appear to interfere, with the performance of its duties.

4. No member shall use his or her position on the arbitral tribunal for personal or private gain. A member shall avoid creating the impression that others can influence him or her. Members shall make every effort to prevent or discourage others from creating such influence.

5. No member shall allow his or her judgment or conduct to be influenced by present or past financial, business, professional, family or social relationships or responsibilities.

6. Each member shall avoid entering into any relationship or acquiring any interest, of a financial nature, which is likely to influence his or her impartiality or which might reasonably create an appearance of dishonesty or bias.

Section E. Specific Obligations.

A former member shall avoid creating the appearance that he or she was biased in the performance of his or her duties as a member or that he or she might benefit from the decision of the arbitral tribunal.

Section F. Confidentiality.

1. Members or former members shall never disclose or use information related to the proceeding or acquired during the proceeding, which is not in the public domain, except for purposes of the proceeding. In no event shall members or former members disclose or use such information to benefit themselves, to benefit others, or to adversely affect the interests of others.

2. No member shall disclose an order or decision of an arbitral tribunal prior to its issuance by the arbitral tribunal.

3. No member shall disclose a report of an arbitral tribunal issued pursuant to Chapter XIX prior to its publication by the Commission. Members or former members shall never disclose the identity of members who voted with the majority or minority in a proceeding conducted pursuant to Chapter XIX.

4. Members or former members shall never disclose the deliberations of an arbitral tribunal, or any opinion of a member, except when required by law.

Section G. Responsibilities of Attendees and Staff.

Sections A, B and F of this Code of Conduct also apply to assistants and staff supporting thearbitral tribunal.

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

PROCEDURE (title) (File number assigned by the Secretariat)

INITIAL STATEMENT

I have read the CODE OF CONDUCT FOR DISPUTE SETTLEMENT PROCEEDINGS OF CHAPTER XIX OF THE FREE TRADE AGREEMENT CONCLUDED BETWEEN THE UNITED MEXICAN STATES AND THE REPUBLICS OF EL SALVADOR, GUATEMALA AND HONDURAS. (Code of Conduct). I am fully aware that Section B of the Code of Conduct requires me to disclose interests, relationships and matters that could affect my independence or impartiality or that could reasonably create an appearance of dishonesty or bias in the above proceeding.

I have read the request for review by an arbitral tribunal filed in the above-entitled proceeding and have made every reasonable effort to become aware of the existence of any such interest, relationship or matter. I make the following declaration fully aware of my duties and obligations under the Code of Conduct.

1. I have no financial or personal interest in the above proceeding or its outcome, except as follows:

2. I have no financial or personal interest in any administrative proceeding, domestic judicial proceeding or other proceeding before an arbitral tribunal involving issues that may be decided in the above proceeding, except as follows:

3. I am not aware that my employer, partner, associate or any member of my family has an interest of a financial nature in the above proceeding or its outcome, except as follows:

4. I am not aware that my employer, partner, associate or any member of my family has an interest of a financial nature in an administrative proceeding, an internal judicial proceeding or other proceeding before an arbitral tribunal involving issues that may be decided in the above proceeding, except as follows:

5. I have no relationship, present or past, of a financial, business, professional, family or social nature with any of the parties to the above proceeding, or their attorneys, nor am I aware of any such relationship with my employer, partner, associate or family member, except as follows:

6. I have not rendered my services as a public defender, or as a legal representative, or otherwise, in a matter in controversy in the above proceeding or involving the same assets, except as follows:

7. I have no interests or relationships, other than those described above, nor have I become aware of any matter that could affect my independence or impartiality or that might reasonably create an appearance of dishonesty or bias, except as follows:

I acknowledge that, once appointed, I have a continuing obligation to make every reasonable effort to become aware of any interest, relationship or matter within the scope of Section B of the Code of Conduct, which may arise during any phase of the above procedure and to disclose it in writing to the Secretariat when I become aware of it.

Signature Name (typed name)

Annex 19-10. MODEL RULES OF PROCEDURE

DEFINITIONS

1. For the purposes of these Rules, the following definitions shall apply:

advisor: a person engaged by a Party to advise or assist it in connection with proceedings before an arbitral tribunal;

non-business day: with respect to a Party, all Saturdays and Sundays, and any other day designated by that Party as a non-business day and notified to the other Parties;

Party complained against: the Party or Parties against whom the claim is formulated, in the terms of the definition of complaining Party;

Disputing Parties: the Complaining Party and the Respondent;

Parties involved: the disputing Parties and a third Party;

Claimant Party: the Party making a claim, which may consist of one or more Parties:

a) in no case may Mexico make the claim jointly with any other Party; and

b) El Salvador, Guatemala and Honduras, individually or jointly, may only use this dispute settlement procedure to formulate claims against Mexico;

responsible section of the Secretariat: the national section of the Secretariat of the Party complained against. In the event that the Party complained against is made up of two or more Parties, one of its national sections of the Secretariat, chosen by lot, shall be the responsible section of the Secretariat;

Secretariat: the Secretariat established pursuant to Article 18-02; and

third Party: a Party, other than a disputing Party, that provides a written notification in accordance with Article 19-11.

MANDATE

2. The disputing Parties shall promptly deliver the Terms of Reference to the responsible section of the Secretariat, which shall immediately deliver them to the arbitral tribunal, once it has been established.

3. If the disputing Parties have not agreed on the terms of reference after 20 days from the date of delivery of the request for the establishment of the arbitral tribunal, at the request of any Party, a mandate in the terms of Article 19-10 shall be delivered to the disputing Parties and to the third Party, and to the arbitral tribunal, once it has been established.

WRITINGS AND OTHER DOCUMENTS

4. A Party or the arbitral tribunal, respectively, shall deliver any request, notice and other documents relating to the proceeding to the responsible section of the Secretariat, which in turn shall forward them as expeditiously as possible to the other Parties involved and to the arbitral tribunal.

5. To the extent possible, each Party involved shall attach an electronic copy of any request, notice, written submission or other document that it submits to a responsible section of the Secretariat.

6. The Parties involved shall deliver to their responsible section of the Secretariat the original and seven copies of each of their written submissions and, at the same time, shall make available to the Embassy of each of the other Parties involved a copy of the same.

7. No later than 10 days after the date on which the arbitral tribunal has been established, the complaining Party shall deliver to its responsible section of the Secretariat its initial written statement. Within 20 days after the date of delivery of the initial written statement, the Party complained against shall deliver its statement of defense to its responsible section of the Secretariat. The third Party shall deliver its submission to its responsible section of the Secretariat, within the same time limit within which the Party complained against must submit its submission.

8. In the case of any request, notice or other document related to the procedure that is not covered by rules 6 and 7, the Party involved shall deliver a copy to the other Parties involved by any means of electronic transmission.

9. Minor errors of form contained in an application, notice, brief or any other document related to the procedure may be corrected by submitting a new document that clearly identifies the changes made.

10. When the last day for delivery of a document to any section of the Secretariat is not a working day for that section, or if the offices of that section are closed on that day, by governmental regulation or due to force majeure, the document may be delivered on the following working day. Any delivery of documents relating to these rules shall be made within the normal business hours of the relevant offices where delivery is to be made.

OPERATION OF THE ARBITRAL TRIBUNAL

11. The meetings of the arbitral tribunals shall be presided over by its chairman who, by delegation of the members of the arbitral tribunal, shall have the power to make administrative and procedural decisions.

12. Except as otherwise provided in these rules, the arbitral tribunal shall perform its functions by any means of communication, including telephone, facsimile transmission or computer links.

13. Only the arbitrators may participate in the deliberations of the arbitral tribunal, unless the tribunal allows the presence, during such deliberations, of assistants, Secretariat personnel, interpreters or translators.

14. For procedural matters not covered by these rules, the arbitral tribunal may apply such procedural rules as it deems appropriate, provided that they are not inconsistent with this treaty.

15. If an arbitrator dies, resigns or is removed, a replacement shall be appointed, in the most expeditious manner possible, following the same selection procedure used for the appointment of the former.

16. The procedural time limits shall be suspended from the date on which the arbitrator dies, resigns or is removed until the date on which the substitute arbitrator joins the arbitral tribunal.

17. After consultation with the disputing Parties, the arbitral tribunal may modify the procedural time limits and make any other procedural or administrative adjustments that may be necessary in the proceedings, such as when an arbitrator is replaced or when the Parties are required to respond in writing to questions posed by the arbitral tribunal.

HEARINGS

18. The chairman of the arbitral tribunal shall fix the place, date and time of the hearing in consultation with the Parties concerned, the other members of the arbitral tribunal and the responsible section of the Secretariat. The responsible section of the Secretariat shall notify the Parties concerned in writing of the place, date and time of the hearing.

19. The hearing shall be held in the capital of the Party complained against.

20. With the consent of the disputing Parties, the arbitral tribunal may hold additional hearings.

21. All arbitrators shall be present at the hearings.

22. The following persons may be present at the hearing:

a) representatives of the Parties involved;

b) advisors of the Parties involved, provided that they do not address the arbitral tribunal and that neither they nor their employers or employers' employers, partners, associates or family members have any financial or personal interest in the proceeding;

c) the administrative staff of the Secretariat, interpreters, translators and stenographers; and

d) the arbitrators' assistants.

23. No later than five days before the date of the hearing, each Party involved shall deliver to the other Parties involved and to the responsible section of the Secretariat, a list of the persons who, on its behalf, will make oral arguments at the hearing, as well as of the other representatives or advisors who will be present at the hearing.

24. The arbitral tribunal shall conduct the hearing in the following manner and shall ensure that the complaining Party and the Party complained against have equal time:

Oral Arguments

a) Argument of the Complaining Party.

b) Argument of the Respondent.

c) Presentation of the third part.

Rejoinder and counter-rejoinder

d) Rejpinder of the Complaining Party.

e) Counter-rejoinder of the Respondent.

25. At any time during the hearing, the arbitral tribunal may put questions to the Parties involved.

26. The responsible section of the Secretariat shall take the necessary steps to ensure that the hearing is recorded in writing and, as soon as possible, shall provide the Parties involved, the other sections of the Secretariat and the arbitral tribunal with a copy of the transcript of the hearing.

ADDITIONAL DOCUMENTS

27. At any time during the proceedings, the arbitral tribunal may put written questions to any of the Parties involved. The arbitral tribunal shall deliver the written questions to the Party or Parties to whom they are addressed through the responsible section of the Secretariat. As expeditiously as possible, the responsible section of the Secretariat shall arrange for the delivery of copies of the questions to the other sections of the Secretariat and to any other Party concerned.

28. The Party concerned to which the arbitral tribunal asks written questions shall deliver a copy of its written answer to its national section of the Secretariat. As expeditiously as possible, that section of the Secretariat shall forward such reply to the responsible section of the Secretariat. Also as expeditiously as possible, the responsible section of the Secretariat shall arrange for the delivery of copies of the response to the other sections of the Secretariat and to the other Parties concerned. During the five days following the date of delivery, each Party concerned shall have the opportunity to submit written comments on the response document.

29. Within 10 days of the date of the hearing, the Parties involved may submit to their national section of the Secretariat a supplementary written submission on any matter that arose during the hearing.

BURDEN OF PROOF FOR INCOMPATIBLE MEASURES AND EXCEPTIONS

30. The Party asserting that a measure of another Party is inconsistent with the provisions of the treaty shall have the burden of proving such inconsistency.

31. The Party asserting that a measure is subject to an exception under the treaty shall have the burden of proving that the exception applies.

AVAILABILITY OF INFORMATION

32. The Parties shall maintain the confidentiality of hearings before an arbitral tribunal, deliberations and the preliminary report, as well as all written submissions to and communications with the arbitral tribunal, in accordance with procedures agreed from time to time between the representatives of the Parties.

EX PARTE CONTACTS

33. The arbitral tribunal shall refrain from meeting with a Party involved and from establishing contact with it in the absence of the other Parties involved.

34. No arbitrator shall discuss with one or more of the Parties involved any matter relating to the proceeding in the absence of the other arbitrators.

TECHNICAL ADVICE

35. No arbitral tribunal, either on its own motion or at the request of a Party concerned, may seek information or request technical advice from such persons or institutions as it deems appropriate more than 15 days after the date of the hearing.

36. Prior to the date of selection of the persons or institutions referred to in the preceding paragraph, the Parties concerned may submit to the arbitral tribunal written observations on the factual issues on which such persons or institutions are to express an opinion.

COMPUTATION OF DEADLINES

37. Where, under the treaty or these rules, any action, step or proceeding is required to be taken, or is required by the arbitral tribunal to be taken, within a specified period of time after, before or from a specified date or event, that specified date or the date on which that event occurs shall not be included in the calculation of the period of time.

38. When, as a consequence of Rule 10, a Party involved receives a document:

a) on a date other than that on which the same document is received by any other Party involved; or

b) of another involved Party on a date prior to or after the date on which it receives the corresponding document from a third involved Party; any period of time to begin to run with the receipt of such document shall be calculated from the date of receipt of the last such document.

ARBITRATION TRIBUNALS FOR SUSPENSION OF BENEFITS

39. These rules shall apply to arbitral tribunals established pursuant to section 19-16, paragraph 4, except for:

a) the Party requesting the establishment of the arbitral tribunal shall deliver its initial written submission to its section of the Secretariat within 10 days after the last arbitrator has been appointed;

b) the responding Party shall deliver its written submission to its section of the Secretariat within 15 days from the date of delivery of the initial submission;

c) subject to the time limits set forth in the treaty and these rules, the arbitral tribunal shall fix the time limit for the delivery

of any additional written submissions, including written rebuttals, so that each disputing Party has the opportunity to submit an equal number of written submissions; and

d) Unless otherwise agreed by the disputing Parties, the arbitral tribunal may decide not to hold hearings.

SECTION RESPONSIBLE FOR THE SECRETARIAT

40. The section responsible for the Secretariat:

a) provide administrative assistance to the arbitral tribunal;

b) remunerate and provide administrative assistance to experts, arbitrators and their assistants, stenographers or other persons engaged by it in connection with proceedings before an arbitral tribunal;

c) once its appointment has been confirmed, make available to the arbitrators copies of the treaty and other documents relating to the proceedings, such as these rules; and

d) keep indefinitely a copy of the complete file of the proceedings before an arbitral tribunal.

LISTS OF ARBITRATORS

4. The Parties shall communicate to each section of the Secretariat the integration of the lists established pursuant to Article 19-08. The Parties shall promptly notify each section of the Secretariat of any modification to the lists.

Chapter XX. EXCEPTIONS

Article 20-01. Definitions.

For the purposes of this chapter, a tax treaty shall be understood to mean a treaty to avoid double taxation or other international tax treaty or arrangement.

Article 20-02. General Exceptions.

1. Article XX of GATT 1994 and its interpretative notes are incorporated into and form an integral part of this treaty for the purposes of Chapters Ill, IV, VI, VII, VIII, IX and XV, except to the extent that any of its provisions apply to trade in services or investment.

2. Subparagraphs (a), (b) and (c) of Article XIV of the GATS, for purposes of Chapters X, XII and XV, are Incorporated into and form an integral part of this treaty, except to the extent that any of its provisions apply to trade in goods.

Article 20-03. National Security.

The provisions of this treaty shall not be interpreted as meaning:

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;

il) adopted in time of war or other emergency in international relations; or iil) 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 for the maintenance of international peace and security.

Article 20-04. Exceptions to Disclosure of Information.

The provisions of this treaty 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 its laws regarding, inter alia, 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 20-05. Taxation.

1. For purposes of this article, "tax measures" does not include:

a) a "customs duty", as defined in Article 2 -01; or

b) the measures listed in exceptions b), c) and d) of that definition;

2. Except as provided in this article, nothing in this treaty shall apply to taxation measures.

3. Nothing in this treaty shall affect the rights and obligations of either Party arising under any tax convention. In the event of any inconsistency between this treaty and any such treaty, the treaty shall prevail to the extent of the inconsistency.

4. Notwithstanding the provisions of paragraph 2:

a) Article 3-03, and such other provisions in this treaty 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 -14 shall apply to tax measures.

5. Article 14-11 shall apply to taxation measures, except that no investor may invoke that Article as a basis for a claim under Article 14-19 where it has been determined in accordance with this paragraph that the measure does not constitute an expropriation. The investor shall, at the time of making the notification referred to in Article 14-21, submit the matter to the competent authorities specified in Annex 20-05 for such authority to determine whether the measure does not constitute an expropriation. If the competent authorities do not agree to examine the matter or if, having agreed to examine the matter, they do not agree that the measure does not constitute an expropriation, within six months after the matter has been submitted to them, the investor may submit a claim to arbitration in accordance with Article 14-22.

Article 20-06. Balance of Payments and Safeguard.

1. Each Party may adopt or maintain a measure to suspend, for a reasonable periad of time, all or only some of the benefits contained in this treaty when:

a) the application of any provision of this treaty results in a serious economic and financial disruption in the territory of the Party, which cannot be adequately remedied by some alternative measure; or

b) the balance of payments of a Party, including the state of its monetary reserves, Is seriously threatened or faces serious difficulties.

2. The Party that suspends or intends to suspend benefits under paragraph 1 shall inform the other Parties as soon as possible:

a) the serious economic and financial disruption caused by the implementation of this treaty and, as appropriate, the nature and extent of the serious threats to or serious difficulties faced by its balance of payments;

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 and 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) shall be temporary and shall be progressively released as the balance of payments, or the economic and financial situation of the Party, as the case may be, improves;

d) shall be applied in such a way as to avoid discrimination between the Parties at all times; and

e) shall be consistent with internationally accepted criteria.

4. The Party that adopts a measure to suspend the benefits contained in this treaty shall inform the other Parties of the evolution of the events that gave rise to the adoption of the measure.

5. For the purposes of this article, "reasonable time" shall mean the time during which the events described in paragraph 1 persist.

Annex 20-05. Competent Authority

For the purposes of Article 20-05, the competent authority shall be:

a) in the case of El Salvador: the Ministry of Finance;

b) in the case of Guatemala: the Ministry of Public Finance and the Superintendency of Tax Administration;

c) in the case of Honduras: the Secretariat of State in the Office of Finance; and

d) in the case of Mexico: the President of the Tax Administration Service.

Chapter XXI. FINAL PROVISIONS

Article 21-01. Validity.

This treaty will be of indefinite duration and will enter into force between Mexico and El Salvador, Guatemala and Honduras, 30 days after they have respectively exchanged their corresponding instruments of ratification certifying that the necessary legal formalities have been completed.

Article 21-02. Future Negotiations.

Eighteen months after the entry into force of this treaty, the Parties will begin negotiations on a chapter on government procurement, which will ensure broad coverage and the application of the principle of national treatment between the Parties.

Article 21-03. Reservations.

This treaty shall not be subject to reservations or interpretative declarations at the time of its ratification or approval by the legislative body of each Party.

Article 21-04. Modifications.

The Parties may agree on any modifications to this Agreement, which shall be approved in accordance with the corresponding legal procedures of each Party and shall constitute an integral part of this Agreement. Such modifications shall enter into force on the day following the day on which the last notification that the corresponding procedures have been concluded Is exchanged.

Article 21-05. Accession.

1. Any country or group of countries may accede to this treaty subject to such terms and conditions as may be agreed upon between that country or group of countries and the commission, and once its accession has been approved in accordance with the applicable legal procedures of each of them.

2. The accession shall become effective in accordance with the provisions of the corresponding instrument.

Article 21-06. Denunciation

1. Any Party may denounce this treaty. The denunciation shall take effect 180 days after it is communicated to the other parties, without prejudice that the parties may agree on a different term.

2 in the case of the accession of a country or group of countries in accordance with the provisions of Article 21-05, notwithstanding that a Party has denounced the treaty, it shall remain in force for the other parties.

Article 21-07. Transitory Provisions.

1. As of the entry into force of this treaty, the partial scope agreements, hereinafter referred to as PSAs, signed between Mexico and El Salvador, Guatemala and Honduras are no longer in effect.

2. Notwithstanding the foregoing, with respect to Chapter VII, importers may request the application of the respective AAP for a period of 30 days from the entry into force of this treaty. For such purposes, the certificates of origin issued pursuant to the respective AAP must have been completed prior to the entry into force of this treaty, be in force, and be valid for the aforementioned period.

Done at Mexico City, on the twenty-ninth day of June of the year two thousand, in four original copies, all texts being equally authentic.-

The President of the United Mexican States, Ernesto Zedillo Ponce de León.- Signed.-

The President of the Republic of El Salvador, Francisco Guillermo Flores Pérez.- Signed.-

The President of the Republic of Guatemala, Alfonso Portillo Cabrera.- Signed.-

The Presidential Designee of the Republic of Honduras, William Handal Raudales.- Signed.-

Annex I

1. For the purposes of this Annex, the following definitions shall apply: international cargo for Mexican reservations, goods that have their origin or destination outside the territory of a Party; foreign exclusion clause for Mexican reserves, the express provision in the internal bylaws of a company, which establishes that foreigners will not be allowed, directly or indirectly, to be partners or own shares of the company;

CMAP the digits of the Mexican Classification of Activities and Products, as established in the Mexican Classification of Activities and Products, 1988 of the National Institute of Statistics, Geography and Informatics;

concession for Mexico's reserves, an authorization granted by the State to a person to exploit natural resources or provide a service, for which Mexican nationals and Mexican companies will be preferred over foreigners;

CPC the digits of the Central Product Classification (CPC), as established by the United Nations Statistical Office, Statistical Documents, Series M, No. 77, Provisional Central Product Classification, 1991; and

Mexican company for the Mexican reserves, a company incorporated under Mexican law.

2. A Party's Schedule indicates, in accordance with Articles 10-06 (1) and 14-09 (1), the reservations taken by a Party with respect to existing measures that are inconsistent with the obligations imposed by:

a) Articles 10-04 or 14-04 "National Treatment";

b) Articles 10-03 or 14-05 "Most favored nation treatment";

c) Article 10-05 "Local Presence";

d) Article 14-07 "Performance requirements"; or

e) Article 14-08 "Senior Management and Boards of Directors", and which, in certain cases, indicate commitments for immediate or future liberalization.

3. Each reserve establishes 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 the reserve has been taken;

c) Industrial Classification refers, where applicable, to the activity covered by the reservation, in accordance with national industrial classification codes. The Central Product Classification (CPC) is for illustrative purposes only;

d) Type of Reserve specifies the obligation mentioned in paragraph 2 on which a reserve is taken;

e) Level of Govemment indicates the level of government that maintains the measure on which the reservation is taken;

f) Measures identifies the laws, regulations or other measures, as qualified, where indicated, by the Description element, for which the reservation has been taken. A measure referred to in the Measures element:

i) means the measure, as modified, continued or renewed, as of the date of entry into force of this treaty, and

ii) includes any action subordinate to, adopted or maintained under the authority of, and consistent with, such action;

g) Description sets out the liberalization commitments, where these have been taken, as of the date of entry into force of this treaty, and the remaining non-conforming aspects of the existing measures on which the reservation is taken; and

h) Reduction Schedule indicates liberalization commitments, when made, after the date of entry into force of this treaty.

4. Ini nterpreting 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 Reduction Schedule element establishes a gradual reduction of the non-conforming aspects of the measures, this element shall prevail over all other elements;

b) 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

c) 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 this case, the other elements shall prevail to the extent of that discrepancy.

5. Where a Party maintains a measure requiring a service supplier to be a national, permanent resident or resident in its territory as a condition for the supply of a service in its territory, a reservation on a measure with respect to Articles 10-03, 10-04 or 10-05, or Articles 11-05, 11-06 or 11-07, shall operate as a reservation with respect to Articles 14-04, 14-05 or 14-07 with respect to such measure.

6. Notwithstanding the provisions of article 14-09 1 (a), (b) and (c), exclusively articles 14-04, 14-07 or 14-08, shall not apply to the activities listed by El Salvador in Section "B" of its list of reservations contained in this Annex, during the periods established in the respective reservations.

Once the above-mentioned periods have elapsed, the measures in force that El Salvador maintains in the listed activities, which are incompatible with Articles 14-04, 14-07 or 14-08, shall be consolidated in Section "A" of its list of reservations contained in this Annex, and shall be notified by El Salvador at the first meeting of the Committee on Cross-Border Trade in Services and Investment to be held after the expiration of the period established in the corresponding reservation.

El Salvador may not require, pursuant to any measure adopted after the entry into force of this Agreement and covered by Section "B" of El Salvador's Schedule, an investor of Mexico to sell or otherwise dispose of an investment existing at the time the measure becomes effective.

6 bis. Each reservation in Section "B" of the list of reservations of El Salvador contained in this Annex establishes 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 the reserve has been taken;

c) Industrial Classification refers, when pertinent to the activity covered by the reservation, according to the national industrial classification codes. For the purposes of Section "B" of the Schedule of El Salvador, CPC shall be understood as the digits of the Central Product Classification, as established by the United Nations Statistical Office, Statistical Documents, Series M, No. 77, Provisional Central Product Classification, 1991.

d) Type of Reserve specifies the obligation mentioned in paragraph 6 on which a reserve is taken;

e) Level of Government indicates the level of government that maintains the measure on which the reservation is taken;

f) Measures in Force identifies, for transparency purposes, the measures in force that apply to the sector, subsector or activities covered by the reservation, and that may be modified within the time period indicated in each of the reservations;

g) Description describes the coverage of the sector, sub-sector or activities covered by the reserve; and

h) Term establishes the period, as of the entry into force of this treaty, in which the articles reserved to the listed activities will not apply.

In the interpretation of the reservations contained in Section "B" of the list of reservations of El Salvador contained in this Annex, all elements shall be considered. The Term element in first place and the Description element in second place shall prevail over the other elements.

Annex I. Schedule of El Salvador

Section A.

Sector: All Sectors

Subsector:

Industrial Classification:

Type of Reservation: National Treatment (Article 14-04) Most-Favored-Nation Treatment (Article 14-05)

Level of Govemment: National

Measures: Commercial Code, Article 358

Law of the Superintendency of Corporations and Commercial Companies; Title Ill, Foreign Corporations, their Branches or Agencies, Articles 15, 18 and 22.

Description: Investment

Foreign companies wishing to carry out commercial activities in El Salvador or to establish agencies or branches, must submit an application for authorization to the Superintendency by means of a general and specially constituted attorney-in-fact; they must also constitute and maintain in the country sufficient assets for the commercial activity to be carried out in the Republic. In accordance with the requirements of the law, the office that exercises the surveillance of the State, if it deems it convenient, may grant authorization for the company to exercise commerce in the Republic. In this case, it will indicate a term for the company to begin its operations and will order the registration of the same in the Registry of Commerce of the place where the company establishes its main office. The most favored nation treatment exception will only apply with respect to Central American investors or investments.

Reduction Schedule: None

Sector: All sectors

Subsector:

Industrial Classification:

Type of Reservation: National Treatment (Article 14-04) Most-Favored-Nation Treatment (Article 14-05)

Level of Govemment: National

Measures: Constitution of the Republic, Articles 95 and 109

Description: Investment

The ownership of rural property may not be acquired by foreigners in whose countries of origin Salvadorans do not have equal rights, except in the case of land for industrial establishments.

Reduction Schedule: None

Sector: All sectors

Subsector:

Industrial Classification:

Type of Reservation: National Treatment (Article 14-04) Most-Favored-Nation Treatment (Article 14-05) Senior Management

and Boards of Directors (Article 14- 08)

Level of Govemment National

Measures: Constitution of the Republic, Article 115 Law Regulating the Practice of Commerce and Industry, Articles 3 and 4 Regulations of the Law Regulating the Practice of Commerce and Industry, Articles 2 and 10 Commercial Code, Article 6

Description: Investment Trade, industry and the provision of small services are the exclusive patrimony of Salvadorans by birth and natural Central Americans; consequently, foreign investors will not have access to such activities. Foreigners may not hold positions as administrators, directors, managers or representatives of small companies, whether commercial, industrial or service companies. The most favored nation treatment exception will only apply with respect to Central American investors or investments.

Reduction Schedule: None

Sector: Cooperative production associations

Subsector:

Industrial Classification:

Type of Reservation: National Treatment (Article 14-04)

Level of Govemment: National

Measures: Regulations of the General Law of Cooperative Associations; Title VI, Chapter I, Article 84.

Description: Investment

In production cooperative associations, at least three-quarters of the number of members must be Salvadoran.

Reduction Schedule: None

Sector: Fishing

Subsector:

Industrial Classification:

Type of Reservation: National Treatment (Articles 10-04 and 14-04). Most-favored-nation treatment (Articles 10-03 and 14-05) Local presence (Article 10-05)

Level of Govemment: National

Measures: Constitution of the Republic, Article 115

Law for the Promotion and Guarantee of Foreign Investment, Article 5 General Law on Fishing Activities, Articles 25, 26, 28, 37, 38 and 40

Regulations for the Application of the General Law on Fishing Activities, Articles 30 and 32

Description: Cross Border Services and Investment

Artisanal fishing may be exercised exclusively by: a) Salvadoran and Central American natural persons of origin residing in the country; b) cooperative associations; c) commercial companies. The mercantile societies, in order to be able to engage in artisanal fishing must prove that in the society participate or have shares in more than 90% Salvadoran natural persons and that, more than 60% of their partners, are artisanal fishermen by trade.

Technified maritime fishing in the inshore zones for pelagic and demersal species, and technified fishing in the offshore zone for demersal species, may be carried out by: a) Salvadoran and Central American natural persons of origin; b) associations cooperative associations; cc) the societies (9) Salvadoran mercantile companies in whose capital Salvadoran persons participate or have shares in more than 50%; this last circumstance must be proven by any reliable means of proof, in the opinion of the General Directorate.

Foreign governments may not participate or hold shares in companies that wish to engage in artisanal, technified fishing in the inshore zone for pelagic and demersal species; and in the offshore zone for demersal species.

All vessels engaged in artisanal and technified fishing must have Salvadoran registration.

Reduction Schedule: None

Sector: Fishing

Subsector: Aquaculture

Industrial Classification:

Type of Reservation: Local presence (Article 10-05)

Level of Govemment: National

Measures: General Law on Fishing Activities, Article 46.

Description: Cross-border services

Any natural or juridical person, foreigner with definitive residence in the country, may engage in aquaculture.

Reduction Schedule: None

Sector: Communications services

Subsector: Audiovisual services

Industrial Classification: CPC 871. Advertising services. CPC 96111 - Services related to promotional or advertising activities. CPC 9613. Radio and television services

Type of Reservation: National Treatment (Article 10-04) Most favored nation treatment (Article 10-03) Performance requirements (Article 14-07)

Level of Government: National

Measures: Decree of provisions to regulate the exploitation of works of an intellectual nature by means of public communication and the participation of Salvadoran artists in public shows. Legislative Decree No. 239, dated June 9, 1983, published in Official Gazette No. 111, Volume 279, dated June 15, 1983 Decree No. 18, Substitution of Articles 1 and 4 of Legislative Decree No. 239, dated June 9, 1983, published in Official Gazette No. 7, Volume 282, dated January 10, 1984.

Description: Cross Border Services and Investment

Commercial advertisements used in the country's public media must be 90% produced and recorded by national elements.

Commercial advertisements produced or recorded by Central American elements may be used in the media of El Salvador, provided that in the country where they originate the same reciprocity is proved for commercial advertisements produced or recorded in El Salvador. Commercial advertisements that do not meet the requirements mentioned in the two preceding paragraphs may only be broadcast in the countryâs public media, if they are advertisements of international products, brands or services imported or produced in the country under license and upon payment of a compensation fee of five thousand colones.

Reduction Schedule: None

Sector: Communications services

Subsector: Audiovisual services

Industrial Classification: CPC 9613. Radio and television service

Type of Reservation: National Treatment (Article 10-04)

Level of Govemment: National

Measures: Regulations for the Establishment and Operation of Radio Broadcasting Stations, Articles 16, 17 and 66.

Description: Cross-border services

Broadcasting stations must be managed by responsible operators, duly authorized Salvadorans by birth.

To be a radio broadcaster you must be a Salvadoran citizen.

Reduction Schedule: None

Sector: Communications services

Subsector: Audiovisual services

Industrial Classification: CPC 75241. Television program broadcasting services. CPC 75242 - Radio program broadcasting services

Type of Reservation: National Treatment (Article 14-04)

Level of Govemment: National

Measures: Telecommunications Law, Article 123

Description: Investment

Concessions and licenses for free reception broadcasting services shall only be granted to Salvadoran natural persons by birth or Salvadoran legal entities. In the case of Salvadoran juridical persons, the capital stock must be constituted with at least 51% of Salvadorans. This capital stock and its reforms must be reported to the General Superintendence of Electricity and Telecommunications (SIGET).

Reduction Schedule: None

Sector: Distribution services

Subsector: Intermediary services, wholesale and retail trade services.

Industrial Classification: CPC 622. Wholesale trade services. CPC 631. Retail food sales services. CPC 632. Retail sale services of non-food products

Type of Reservation: National treatment (Articles 10-04 and 14-04) Local presence (Article 10-05).

Level of Govemment: National

Measures: Constitution of the Republic, Article 95

Law for the Establishment of Free Stores in the Maritime Ports of El Salvador, Article 5

Description: Cross Border Services and Investment

Permits to organize commercial centers or establishments in the country's seaports shall be granted by the Minister of Finance. The location of the pavilions destined for such purpose shall be decided by the Autonomous Port Executive Commission (CEPA).

Natural or juridical persons may apply for the permits referred to in the preceding paragraph. The former must be Salvadoran, of legal age and of proven responsibility and honesty. In granting the permits, preference shall be given to Salvadorans by birth and Salvadoran juridical persons.

Reduction Schedule: None

Sector: Recreational, cultural and sporting services (except audiovisual services).

Subsector: Entertainment services (including theater, bands and orchestras and circuses).

Industrial Classification: CPC 96191 - Artistic services of theatrical producers, theater troupes, theater singers, bands and orchestras. CPC 96192 - Services provided by authors, composers, sculptors, entertainers and other artists, on an individual basis CPC 96194 - Circus, amusement park and other similar amusement services. CPC 96199. Other entertainment services n.e.c.

Type of Reservation: National Treatment (Article 10-04)

Level of Government: National

Measures: Migration Law, Articles 62-A and 62-B.

Legislative Decree No. 382 dated May 29, 1970; published in the Official Gazette No. 64, Volume 227, dated April 10, 1970 Executive Decree No. 16 dated May 12, 1970; published in the Official Gazette No. 87, Volume 227, dated May 18, 1970.

Description: Cross-border services

An artist is any person who performs individually or in the company of another or others, for the performance of music, singing, dancing, speech, show entertainment, whether he/she does it personally (live), in front of a more or less numerous audience, or by means of radio or television.

No foreign artist may perform remunerated acts of any kind without the express authorization of the Ministry of the Interior, which will previously hear the illustrative opinion of the legally established union (within 15 days), corresponding to the artistic activity to which the interested party is dedicated. Foreign artists shall pay in advance to the respective union a performance fee equivalent to 10% of the gross remuneration they receive in the country; if the advance payment is not possible, the contractor will have to render sufficient "caution" in favor of the respective union.

No foreign artist or group of artists may perform in the country for more than 30 consecutive days or at intervals, within a period of one year from the first day of their performance.

Reduction Schedule: None

Sector: Recreational, cultural and sporting services (except audiovisual services).

Subsector: Entertainment services (including theater, bands and orchestras and circuses).

Industrial Classification: CPC 96194. Circus, amusement park and other similar amusement services.

Type of Reservation: National Treatment (Article 10-04)

Level of Govemment: National

Measures: Decree No. 122, dated November 4, 1988, published in the Official Gazette No. 219, Volume 301, dated November 25, 1988, Article 3. Decree No. 193, dated March 8, 1989, published in the Official Gazette No. 54, Volume 302, dated November 17, 1989, Articles 1 and 2 Regulations for the Application of Legislative Decrees 122 and 193 Related to Circus Enterprises, Articles 1 and 2

Description: Cross-border services

Every foreign circus that enters and wishes to work in the national territory must request before the Ministry of the Interior, the corresponding authorization, which once granted must be made known to the Salvadoran Association of Circus Entrepreneurs (ASEC), before the circus begins its presentations. In the case of foreign circuses or similar shows, the performance fee shall be 2.5% of the gross admission, which is collected daily at the box office, to be settled and paid by the withholding system. Every foreign circus is obliged to provide to the ASEC, 3% of the gross income obtained from the sale of tickets for each presentation as well as 10% of the total income obtained from the sale to the public within the circus, of banners, caps, t-shirts, balloons, photographs and other kinds of objects. The foreign circus must provide sufficient surety in favor of the ASEC. Any foreign circus entering the country may only work in the city of San Salvador for a period of 15 days, extendable only once for another 15 days and must request the corresponding authorization from the Ministry of the Interior, which upon issuing it must immediately communicate it, before the circus authorized by the ASEC begins its presentation. A foreign circus that has performed in the country may only re-enter after at least one year has elapsed from the date of departure.

Reduction Schedule: None

Sector: Recreational, cultural and sporting services (except audiovisual services).

Subsector: Entertainment services (including theater, bands and orchestras and circuses).

Industrial Classification: CPC 96191. artistic services of theatrical producers, theater troupes, theater singers, bands and orchestras. CPC 96192 - Services provided by authors, composers, sculptors, entertainers and other artists on an individual basis CPC 96194 - Circus, amusement park and other similar amusement services. CPC 96199. Other entertainment services n.e.c.

Type of Reservation: National Treatment (Article 10-04) Performance requirements (Article 14-07)

Level of Govemment: National

Measures: Decree of provisions to regulate the exploitation of works of an intellectual nature by means of public

communication and the participation of Salvadoran artists in public shows. Legislative Decree No. 239, dated June 9, 1983, published in Official Gazette No. 111, Volume 279, dated June 15, 1983. Decree No. 18, Substitution of Articles 1 and 4 of Legislative Decree No. 239, dated June 9, 1983, published in the Official Gazette No. 7, Volume 282, dated January 10, 1984.

Description: Cross Border Services and Investment

In the case of public shows with the live participation of artists of any genre, the participation of nationals shall be 20% of the foreigners performing therein.

Reduction Schedule: None

Sector: Transportation services

Subsector: Maritime transport services

Industrial Classification: CPC 7211. Passenger Transportation CPC 7212. Freight transportation CPC 7213. Boat rental with crew CPC 7214. Towing and towing services. CPC 745. Support services related to maritime transportation.

Type of Reservation: National treatment (Article 10- 04) Local presence (Article 10- 05).

Level of Govemment: National

Measures: Navigation and Marine Law, Articles 10, 19, 20, 26, 27 and 32. Marine Regulatory Law, Articles 87, 89, 93, 94, 97, 97, 114, 128 and 129

Description: Cross-border services

Navigation and cabotage trade between ports of the Republic are reserved for vessels flying the national flag, but not between Central American ports; but may also be exercised by foreign vessels subject to the same conditions imposed on those flying the national flag, being subject in all respects to the laws and regulations of the Republic. In order to be considered as national, the vessels must fulfill the following conditions and requirements: a) be registered; b) use the national flag; c) be commanded by national or nationalized captains or patrons; d) have in their crew not less than 80% of Salvadoran seamen. The owner of a vessel who wishes to register it, must be a resident of the Republic.

The sailors who do not belong to any crew of traffic vessels and the loading laborers who form the guild, shall be in charge of the disembarkation and transshipment of foreign or national products, artifacts or merchandise in the authorized ports of the Republic.

Reduction Schedule: None

Sector: Air transport services

Subsector: Specialized air services

Industrial Classification:

Type of Reservation: National treatment (Article 10-04) Most favored nation treatment (Article 10-03).

Level of Govemment: National

Measures: Civil Aeronautics Law, Articles 60, 71 and 72.

Description: Cross-border services

Authorization is required to develop specialized air services; when these are of a permanent nature, an operating permit is required. These are subject to economic necessity tests, reciprocity and national air policy.

Reduction Schedule: None

Sector: Air transport services

Subsector: Support services related to air transportation

Industrial Classification: CPC 746. Services auxiliary to air transport. CPC 8868. Maintenance (aircraft repair and maintenance services during the period in which an aircraft is removed from service). - Pilots, co-pilots

Type of Reservation: National Treatment (Article 10-04) Most-Favored-Nation Treatment (Article 10-03)

Level of Govemment: National

Measures: Civil Aeronautics Law, Articles 22, 23 and 115.

Description: Cross-border services

The validation or recognition of licenses, certificates and authorizations issued by foreign aeronautical authorities for aeronautical technical personnel on board aircraft or on the ground will be carried out based on the principles of reciprocity.

Companies that have their bases of operations in El Salvador must operate their aircraft with pilots in command and co-pilots of Salvadoran nationality; foreign pilots may be hired, provided there Is reciprocity and they comply with the requirements established by the legislation in force.

Companies that at the date of establishing their bases of operations in El Salvador are operating with foreigners as pilots in command and co- pilots, may continue using their services as long as they meet the legal requirements for the granting of their licenses.

Reduction Schedule: None

Section B.

Annex I List of El Salvador Section B

Sector: Business services

Subsector: Professional services

Industrial Classification: CPC 862. accounting, auditing and bookkeeping services. CPC 86302. Corporate tax preparation and review services

Type of Reservation: National Treatment (Article 14-04) Performance requirements (Article 14-07) Senior Management and Boards of Directors (Article 14- 08)

Level of Govemment: National

Measures in force: Code of Commerce

Description: Investment

El Salvador reserves the right to adopt or maintain any measure with respect to investment in accounting, auditing and bookkeeping services as well as corporate tax preparation and review services.

Deadline: 2 years from the entry into force of this treaty.

Sector: Construction services

Subsector: Construction work

Industrial Classification: CPC 511. pre-construction work on building sites and construction CPC 512. Construction of buildings CPC 513. General construction work on civil engineering works CPC 514. Assembly and installation of prefabricated buildings CPC 515. Specialized construction work CPC 516. Installation work CPC 517. Finishing work on buildings

Type of Reservation: National Treatment (Article 14-04) Performance requirements (Article 14-07) Senior Management and Boards of Directors (Article 14- 08)

Level of Govemment: National

Measures in force:

Description: Investment

El Salvador reserves the right to adopt or maintain any measure with respect to the investment related to the construction works listed in the industrial classification element.

Deadline: 2 years from the entry into force of this treaty.

Sector: Transportation services

Subsector: Road transport services

Industrial Classification: CPC 7121. Other regular passenger transportation CPC 7122. Other non-scheduled passenger transportation CPC 7123. Freight transportation CPC 7124. Commercial vehicle rental with driver CPC 7441. Bus station services

Type of Reservation: National Treatment (Article 14-04) Performance requirements (Article 14-07) Senior Management and Boards of Directors (Article 14- 08)

Level of Govemment: National

Measures in force:

Description: Investment

El Salvador reserves the right to adopt or maintain any measure with respect to investment in the land transportation services subsector, limited to other scheduled passenger transportation, other non- scheduled passenger transportation, freight transportation, commercial vehicle rental with driver, and bus station services.

Deadline: 2 years from the entry into force of this treaty.

Annex I. Schedule of Guatemala

Sector: All sectors

Subsector:

Industrial Classification:

Type of Reservation: National Treatment (Article 14-04)

Level of Govemment: National

Measures: Decree No. 118-96 amending Decrees No. 38-71 and 48-72, Articles 1 and 2.

Description: Investment

They may only be beneficiaries of national lands, in the Department of Petén, by means of adjudication in property, lease or usufruct, the Guatemalans of origin, who are not owners of rustic real estate in any part of the national territory larger than 45 hectares and/or of industrial, mining or commercial enterprises that allow them the necessary means for their own subsistence and that of their families. Legal entities whose capital stock is 100% owned by persons who meet the requirements listed in the preceding paragraph may also be beneficiaries of land allotments in the Department of Petén.

Reduction Schedule: None

Sector: All sectors

Subsector:

Industrial Classification:

Type of Reservation: National Treatment (Article 14-04)

Level of Govemment: National

Measures: Supplementary Titling Law, Decree 49-79, Article 2.

Description: Investment

Only natural Guatemalans may obtain supplementary title to real estate; in the case of juridical persons, these must be composed of a majority or totally of Guatemalans, a circumstance that must be proven when making the respective request.

Reduction Schedule: None

Sector: All sectors

Subsector:

Industrial Classification:

Type of Reservation: National Treatment (Article 14-04)

Level of Govemment: National

Measures: Political Constitution of the Republic of Guatemala, Article 122.

Description: Investment

Foreigners need authorization from the Executive, to acquire in property, real estate located in urban areas and property on which there are rights registered in the General Register of Property, prior to March 1, 1956, located in: a) A three-kilometer strip of land along the oceans; b) 200 meters around the shores of the lakes; c) 100 meters on each side of the banks of navigable rivers; and d) 50 meters around fountains and springs that supply water to the population.

Reduction Schedule: None

Sector: All sectors

Subsector:

Industrial Classification:

Type of Reservation: National Treatment (Article 14-04)

Level of Govemment: National

Measures: Political Constitution of the Republic of Guatemala, Article 123. Ley Reguladora de las Areas de Reservas Territoriales del Estado de Guatemala, Decree 126-97, Article 5.

Description: Investment

Only Guatemalans of origin, or corporations whose partners have the same status, may be owners or possessors of real estate located in the 15 kilometers wide strip along the borders, measured from the dividing line. Urban properties and rights registered prior to March 1, 1956 are exempted.

The State may lease real estate located within the territorial reserve areas of the State to natural or juridical persons; in the case of the latter that are legally constituted in Guatemala.

Reduction Schedule: None

Sector: All sectors

Subsector:

Industrial Classification:

Type of Reservation: National Treatment (Article 14-04)

Level of Govemment: National

Measures: Commercial Code, Decree 2-70 and its amendments, contained in Decree 62-95, Article 215.

Description: Investment

In order for a company legally incorporated under foreign laws (foreign company) to establish itself in the country or have branches or agencies therein, it must constitute an assigned capital for its operations in the Republic and a bond in favor of third parties for a reasonable amount, not less than the equivalent in Quetzals of 50 thousand United States dollars, which shall be fixed by the Commercial Registry, which must remain in force during all the time that such company operates in the country.

Reduction Schedule: None

Sector: Forestry

Subsector:

Industrial Classification: CPC. 31 Timber extraction CPC. 88140 Services related to agriculture and timber extraction.

Type of Reservation: National Treatment (Article 14-04)

Level of Govemment: National

Measures: Political Constitution of the Republic of Guatemala, Article 126.

Description: investment The exploitation of all forest resources and their renewal shall correspond exclusively to Guatemalan persons, individuals or legal entities.

Reduction Schedule: None

Sector: Business services

Subsector: Professional services

Industrial Classification: CPC. 861 Legal Services (applies only to Notaries)

Type of Reservation: National treatment (Article 10- 04) Local presence (Article 10- 05).

Level of Govemment: National

Measures: Notarial Code, Decree 314, Art. 2.

Description: Cross-border services

To practice as a Notary Public it is required to be a natural Guatemalan, domiciled in the Republic and to have obtained the optional title in the Republic or the incorporation in accordance with the law.

Reduction Schedule: None

Sector: Business services

Subsector: Professional services

Industrial Classification:

Type of Reservation: National treatment (Article 10-04 and 14-04) Local presence (Article 10-05).

Level of Govemment: National

Measures: Code of Commerce Decree 2 -70, Article 213.

Description: Cross Border Services and Investment

The operation of foreign companies engaged in the rendering of professional services, for the exercise of which a legally recognized university degree, title or diploma is required, is prohibited. A foreign company is defined as a company incorporated abroad.

Reduction Schedule: None

Sector: Business services

Subsector: Professional services (customs brokers only)

Industrial Classification:

Type of Reservation: Most favored nation treatment (Article 10-03) National treatment (Article 10-04). Local presence (Article 10-05)

Level of Govemment: National

Measures: Decree Law 169, Protocol to the General Treaty on Central American Economic Integration containing the Central American Uniform Customs Code (CAUCA), published April 10, 1964 (Member countries: Guatemala, El Salvador, Honduras, Nicaragua and Costa Rica).

Description: Cross-border services

The natural person interested in being authorized as a customs broker must be a national of one of the CAUCA signatory States and be domiciled in the country where he/she carries out his/her activity.

Legal entities interested in being authorized as a customs agency must be domiciled in the country where they carry out their activity.

Reduction Schedule: None

Sector: Business services

Subsector: Professional services

Industrial Classification:

Type of Reservation: Most favored nation treatment (Article10-03).

Level of Govemment: National

Measures: Political Constitution of the Republic of Guatemala, Article 87 Statutes of the Universidad de San Carlos de Guatemala, Articles 135 and 136.

Description: Cross-border services

Degrees awarded by Central American universities will be fully valid in Guatemala once the basic unification of study plans has been achieved.

Only those with degrees or incorporated in the Universidad de San Carlos de Guatemala and those who are covered by international treaties accepted by Guatemala may practice liberal professions in Guatemala, provided there is reciprocity.

Reduction Schedule: None

Sector: Business services

Subsector: Professional services

Industrial Classification:

Type of Reservation: Most favored nation treatment (Article 10-03) Local presence (Article 10-05).

Level of Govemment: National

Measures: Convention on the Practice of University Professions and Recognition of University Studies, in force since July 7, 1962 (member countries: Guatemala, El Salvador, Honduras and Costa Rica) Articles: 1, 3, 4, 6, 9 and 10.

Description: Cross-border services

A Central American by birth who has obtained in any of the States party to the Convention on the Practice of University Professions and Recognition of University Studies, a professional degree or equivalent academic diploma, which legally qualifies him to practice a university profession, shall be admitted to the practice of such activities in the other member countries of the Convention, provided he complies with the same requirements and formalities that, for such practice, the laws of the State where he wishes to practice the profession in question require of its nationals who are university graduates. The foregoing provision shall be applicable as long as the interested party retains the nationality of one of the Central American countries.

The above provisions are applicable to Central Americans by birth who have obtained their university degree outside Central America, provided they have been incorporated into a Central American University legally authorized to do so.

The validity in each of the States party to this Convention of academic studies approved in the universities of any of the other States is recognized.

Provisional licenses shall be issued to Central American emigrants or persecuted for political reasons who wish to practice their professions or continue their university studies in any of the States party to this Agreement, until such time as the interested parties are able to obtain the necessary documentation. In order to grant them, the corresponding entities of each country shall follow summary information, in order to verify the necessary extremes.

To enjoy the benefits of this Agreement, Central Americans by naturalization must have resided continuously for more than five years in Central American territory, after obtaining naturalization.

For the purposes of this Instrument, it is understood that the expression "Central Americans by birth" includes all persons who enjoy the legal status of nationals by birth in any of the signatory States. Likewise, it is understood that the expression "Central Americans by naturalization" refers to those who, not being natives of any of the States that sign this Agreement, have been naturalized in any of them.

Reduction Schedule: None

Sector: Construction services and engineering services

Subsector: All subsectors

Industrial Classification: CPC. 511 Preliminary construction work on construction sites. construction CPC. 512 Construction work for building CPC. 513 Construction work for civil engineering CPC. 514 Assembly and installation of prefabricated buildings CPC. 515 Specialized construction work CPC. 516 Installation work

Type of Reservation: Most favored nation treatment (Article10-03).

Level of Govemment: National

Measures: General Treaty on Central American Economic Integration, Article XVI, in force since June 4, 1961 (Member countries: Guatemala, El Salvador, Honduras, Nicaragua and Costa Rica).

Description: Cross-border services

The Contracting States of the General Treaty on Central American Economic Integration shall grant the same treatment as to national companies, to companies of nationals of other signatory States engaged in the construction of roads, bridges, dams, irrigation systems, electrification, housing and other works aimed at the development of Central American economic infrastructure.

Reduction Schedule: None

Sector: Recreational, cultural and sporting services.

Subsector: Entertainment services (including film, theater, dance, music, recital, lecture, conference, circus, sporting events, bullfighting, cockfighting, bands and orchestras).

Industrial Classification: CPC. 96191 Artistic services of theatrical producers, theater troupes, theater singers, bands and orchestras CPC. 96192 Services provided by authors, composers and others, on an individual basis. CPC. 96194 Circus, amusement park services.

Type of Reservation: National Treatment (Article 10-04)

Level of Govemment: National

Measures: Public Entertainment Law, Decree 574, Articles 36, 37 and 49 Ministerial Agreement No. 592-99 of the Ministry of Culture and Sports.

Description: Cross Border Services and Investment

For the hiring of foreign ensembles, companies or artists, prior authorization must be obtained from the Dirección de Espectaculos.

For the presentation of international artists or artistic groups in Guatemala, a letter of consent from any of the legally recognized artists' unions in the country must be submitted, among other requirements.

In mixed performances, consisting of one or more films and a number of varieties, preference will be given, if the circumstances of the cast, program and contract permit, to national elements.

Reduction Schedule: None

Sector: Tourism and travel-related services

Subsector: Tour guide services

Industrial Classification: CPC. 7472 Tour guide services

Type of Reservation: National Treatment (Article 10-04) Local presence (Article 10-05)

Level of Govemment: National

Measures: Operation of Tourist Guides, Agreement no. 219-87, Article 6, of the Guatemalan Institute of Tourism (INGUAT).

Description: Cross-border services

The person providing services as a tour guide must be Guatemalan or resident.

Reduction Schedule: None

Sector: Transportation

Subsector: Air transportation

Industrial Classification: CPC. 731 Transportation of Passengers by Air (limited to aircraft pilots)

Type of Reservation: Most favored nation treatment (Article 10-03).

Measures: National Civil Aviation Law, Congressional Decree 100-97, Article 29.

Description: Cross-border services

Pilot licenses issued abroad will be accepted in accordance with international regulations and treaties ratified by Guatemala, as long as there is reciprocity in the treatment with the country where it was issued.

Reduction Schedule: None

Sector: Transportation

Subsecto: Road freight transportation. Road transportation of persons.

Industrial Classification: CPC. 7121 Other scheduled passenger transportation. CPC. 7122 Other non-scheduled passenger transportation CPC. 7123 Freight transportation

Type of Reservation: Most favored nation treatment (Article 10-03) National treatment (Article 10-04 and 14-04).

Level of Government: National:

Measures: Transportation Law, Decree 253, Article 4. Foreign Investment Law, Decree 9 -98, Article 19 Protocol to the General Treaty on Central American Economic integration, in force since August 16, 1995, Articles 15 and 28. Cargo Equipment Transportation Service Regulations, Governmental Agreement 135-94, Articles 3, 9 and 10. Chapter VIII of the Regulation of Extraurban Transportation Approved by Governmental Agreement of October 24, 1967, Article 77. Regulation of the Extraurban Road Passenger Transportation Service, Governmental Agreement 42-94, Articles 5 and 9. Regulation for the control of weights and dimensions of motor vehicles and their combinations, Governmental Agreement 1084-92, Article 8. Governmental Agreement of March 10, 1965, Articles 2 and 3

Description: Cross Border Services and Investment

The public service of transportation of passengers or cargo may be rendered by individuals, both nationals and foreigners. Additionally, such public service may also be rendered by legal entities, provided that at least 51% of their capital stock is contributed by Guatemalan shareholders.

No motor vehicle with foreign plates or license plates may transport commercial cargo between points within the national territory.

Exempt from the above prohibition are trailers or semi-trailers registered in any of the Central American States that temporarily enter the country.

Inter-Central American passenger transportation services may be operated by individual or legal companies, at least 51% of whose capital is made up of contributions from natural Central Americans. Cross-border services

Reduction Schedule:

Cross-border services

None

Investment

Foreign shareholders may contribute or invest in the capital stock of legal entities engaged in the transportation of passengers or cargo, in accordance with the following provisions:

1. As of January 1, 2001, with a maximum contribution of 51% of the respective capital stock.

2. As of January 1, 2004, with a contribution of 100% of the capital stock.

Sector: Transportation

Subsector:Land transportation Maritime transportation Air transportation

Industrial Classification: CPC. 7121 Other scheduled passenger transportation. CPC. 7122 Other non-scheduled passenger transportation CPC. 7123 Freight transportation. CPC. 7211 Transportation of passengers by sea CPC. 7212 Transportation of cargo by sea CPC. 731 Transportation of passengers by air CPC. 732 Transportation of cargo by air

Type of Reservation: Most favored nation treatment (Article10-03).

Level of Govemment: National

Measures: Multilateral Treaty on Central American Free Trade and Economic Integration, Article XV, in force since June 2, 1959 (Member countries: Guatemala, El Salvador and Nicaragua).

Description: Cross-border services

Maritime or air vessels, commercial or private, of any of the Contracting States shall be treated in the ports and airports open to international traffic of the other States on the same terms as the corresponding national vessels and aircraft. The same treatment shall be extended to passengers, crew and cargo of the other Contracting States.

Land vehicles registered in one of the signatory States shall enjoy in the territory of the other States, during their temporary stay, the same treatment as those registered in the visiting country.

Companies engaged in the provision of inter-Central American passenger and goods motor transport services in the signatory countries shall be accorded national treatment in the territories of the other States.

Vessels of any of the Contracting States providing services between Central American ports shall receive in the ports of the other States, the national treatment of cabotage.

Reduction Schedule: None.

Sector: Transportation

Subsector: Road freight transportation services by road

Industrial Classification: CPC. 7123 Freight Transportation

Type of Reservation: Most favored nation treatment (Article 10-03).

Level of Govemment: National

Measures: Resolution No. 64-98, approved by the Council of Ministers Responsible for Economic Integration and Regional Development (COMRIEDRE), on January 19, 1998.

Description: Cross-border services

A reciprocal and non-discriminatory treatment mechanism is established for cargo transportation services among the six member states of the Tegucigalpa Protocol (Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama), which includes the following:

a. Full freedom of transit through its territories for means of land cargo transportation of goods destined from Panama to any Central American country, and from any Central American country to Panama.

b. Freedom of transit implies the guarantee of free competition in the contracting of transportation without prejudice to the country of origin or destination and national treatment to the transportation of all States in the territory of any of them, with the origins and destinations indicated above.

Reduction Schedule: None

Annex I. Schedule of Honduras

Sector: All Sectors

Subsector: All subsectors

Type of Reservation: National Treatment (Article 14-04)

Industrial Classification:

Level of Govemment: National

Measures: Constitution of the Republic, Title III, Chapter II, Article 107, Decree No. 131. Law for the Acquisition of Urban Property in the Areas delimited by Article 107 of the Constitution of the Republic of Mexico. Decree No. 90-90, Articles 1 and 4. Law for the Declaration, Planning and Development of Tourism Zones, Decree No. 968, Title V, Chapter V, Article 16.

Description: Investment

State, communal, communal or privately owned lands located in the area bordering neighboring States, or on the coast of both seas, within an extension of forty kilometers towards the interior of the country, and those of the islands, keys, reefs, breakwaters, rocks, sirtes and sandbanks, may only be acquired or owned or held under any title by Hondurans by birth, by companies composed entirely of Honduran partners and by State institutions, under penalty of nullity of the respective act or contract.

Notwithstanding the above, the acquisition of urban real estate indicated above, by natural persons that are not Honduran by birth and by companies that are not integrated in their totality by Honduran partners, when they are destined to tourist projects, of economic development, social development or of public interest qualified and approved by the Secretariat in the Offices of Tourism, is allowed.

In the case of foreign renters who use the land exclusively for their habitation, they may obtain the use, enjoyment or usufruct of it, according to leasing contracts or other contractual forms not transferring ownership for a term of up to forty (40) years, which may be extended. Such contracts and their extensions must be previously approved by the Secretariat of Tourism.

The Executive Power, through the Secretariat of State in the Offices of Government and Justice, may establish all kinds of restrictions, modalities or prohibitions for the acquisition, use, enjoyment and usufruct of land by persons who are not Honduran by birth or by companies that are not integrated in their totality by Honduran partners, for fundamental reasons of national convenience in those urban areas located in the bordering zones with neighboring countries.

Reduction Schedule: None

Sector: All Sectors

Subsector: All subsectors

Industrial Classification:

Type of Reservation: Local presence (Article 10-05)

Level of Govemment: National

Measures: Commercial Code, Chapter IX, Articles N. 308 and 310.

Description: Cross-border services

In order for a company incorporated under foreign laws to engage in the practice of commerce in Honduras, it must:

a) To have permanently in the Republic at least one representative with broad powers to carry out all legal acts and businesses that are to be celebrated and take effect in the national territory.

b) To constitute a patrimony for the commercial activity to be carried out in the Republic.

Companies that do not have their legal domicile in Honduras are considered companies incorporated under foreign laws.

Reduction Schedule: None

Sector: All Sectors

Subsector: All subsectors

Industrial Classification:

Type of Reservation: National Treatment (Article 14-04)

Level of Govemment: National

Measures: Constitution of the Republic of Honduras, Title VI, Chapter I, Article 337, Decree No. 131. Regulations of the Investment Law, Chapters I and VI, Articles 3 and 49 (definitions), Agreement No. 345-92.

Description: Investment

Small-scale industry and commerce are the heritage of Hondurans. Foreign investors may not engage in small-scale industry and commerce, except in those cases in which they have acquired a letter of naturalization as Hondurans, and must present documentation evidencing the respective naturalization, provided that there is reciprocity in their country of origin.

The investment excluding land, buildings and vehicles shall not exceed the equivalent of one hundred and fifty thousand lempiras (Lps 150,000.00).

Reduction Schedule: None

Sector: All sectors

Subsector: All subsectors

Industrial Classification:

Type of Reservation: National Treatment (Article 14-04)

Level of Govemment: National

Measures: Law of Cooperatives of Honduras, Title II, Chapter I, Article 10, Decree No. 65-87 dated May 20, 1987.

Description: Investment

Non-Honduran cooperatives may operate in the country with prior permission from the governing body of the cooperative movement, which will be taken into account:

a) The economic and social desirability of cooperative expansion.

b) The assurance that the regional or subsidiary does not harm the interests of another Honduran cooperative organized in the area or region in question.

c) Reciprocity in the country of origin.

Reduction Schedule: None

Sector: All sectors

Subsector: All subsectors

Industrial Classification:

Type of Reserve: Local presence (Article 10-05)

Level of Govemment: National

Measures: Law for the Promotion and Development of Public Works and National infrastructure, Chapter |, Articles 6 and 7, Decree 283-98 Labor Code, Article 544.

Description: Cross-border services

Bids of foreign companies, partnerships and consortiums shall be admissible in public bids or auctions and public, national or international tenders, provided that, when the modality for the rendering of the public service so requires and is so determined in the bidding documents, they are obliged, if awarded, to incorporate a commercial company domiciled in

Honduras for the purpose of rendering the services under the terms and conditions set forth in the respective bidding documents; and if applicable, the contract or license.

Reduction Schedule: None

Sector: All sectors

Subsector: All subsectors

Industrial Classification:

Type of Reservation: Most favored nation treatment (Article 10-03).

Level of Govemment: National

Measures: Decree No. 177-94, dated March 01, 1995.

Description: Cross-border services

Progressive integration of services of diverse nature (applies to Guatemala, El Salvador, Nicaragua, Costa Rica and Panama).

Reduction Schedule: None

Sector: Agricultural

Subsector:

Industrial Classification: CPC Section 0

Type of Reservation: National Treatment (Article 14-04)

Level of Govemment: National

Measures: Law for the Modemization and Development of the Agricultural Sector Article 79, amended by Legislative Decree No. 31-9. Agrarian Reform Land Allocation Regulations, Article 2, Agreement No. 2124-92.

Description: Investment

In order to be an adjudicator of agrarian reform lands, peasants, men or women, must be Honduran by birth.

The beneficiaries of the agrarian reform may only be natural persons, farmers' cooperatives, farmers' associative companies.

Reduction Schedule: None

Sector: Fishing

Subsector: River, lake and maritime.

Industrial Classification: CPC 04 Fish and other fishery products.

Type of Reservation: National Treatment (Articles 10-04 and 14-04).

Level of Govemment: National

Measures: Decree No. 154, Fisheries Law, Chapters I, III, IV. Agreement No. 345-92, Investment Law Regulations, Chapter VI, Article 50.

Description: Cross Border Services and Investment

For exploitation or profit purposes, only Honduran residents and Honduran legal entities in which at least fifty-one percent (51%) of the capital belongs to Hondurans may obtain fishing permits or licenses. Only Hondurans by birth may be skippers or captains of fishing vessels of any species.

Only vessels flying the Honduran flag may engage in fishing activities in territorial waters.

Reduction Schedule: None

Sector: Communications Services

Subsector: Private courier services

Industrial Classification: CPC 7511. Postal Services.

Type of Reservation: Most favored nation treatment (Article 10-03) National treatment (Articles 10-04 and 14-04) Local presence (Article 10-05).

Level of Govemment: National

Measures: Article 3 Organic Law of the Honduran Postal Company, Decree No. 120-93 Article No. 1, 4 and 7 of the Regulatory Regulations for the Provision of Courier Services by Private Companies, Approved by the Board of Directors of the Honduran Postal Company and Published In the Official Gazette La Gaceta on August 17, 1996.

Description: Cross-border services

Private courier service is understood to be the type of registered postal service, provided independently of the official national and international mail networks, which requires the application and adoption of special characteristics for the admission, collection and delivery of mail and other postal items, transported by sea or air, at the national and international level.

No natural or legal person may provide private courier services without first obtaining a license from HONDUCOR. Nor may they provide the services of admission, sorting and delivery of mail items.

Authorization is required to exercise the private courier service. The provision of national and international private courier service will be granted to natural or legal persons by means of a license. For the granting of a license it is required, among other requirements, to be declared as a sole trader in the case of natural persons, or to be constituted as a mercantile company, and duly authorized to exercise commerce in Honduras.

For each branch to be established, an operating or business permit is required for the main establishment and each of the branches, issued by the corresponding municipalities; otherwise, a certificate of processing will be accepted.

Private courier services shall be subject to the application of the principle of equitable reciprocity.

Investment

Investment in private courier services shall be governed by the following rules:

a) Preferably, investment in this area will be reserved for Hondurans by birth.

b) Legal entities in which 60% of the partners or associates are Honduran by birth and that their granted and paid-in capital is not less than 60% of the total invested capital may also participate in this category.

c) However, exceptionally and in cases qualified by the Board of Directors of HONDUCOR, it may authorize foreign investment in those cases in which, according to the above paragraphs, Hondurans do not qualify.

Foreign private investment will be authorized, registered and supervised by HONDUCOR; it will be complementary and never a substitute for investments of national origin.

Reduction Schedule: None

Sector: Communications Services

Subsector: Telecommunications

Industrial Classification: Telecommunications Services (except 7524) CPC 752.

Type of Reservation: Most favored nation treatment (Article 10-03).

Level of Govemment: National

Measures: Decree No. 177-94 published in the Official Gazette "la Gaceta" on March 1, 1995.

Description: Cross-border services

Establishes facilities for the establishment, operation, maintenance, expansion and modernization of regional telecommunications systems (applicable to Guatemala, El Salvador, Nicaragua and Costa Rica).

Reduction Schedule: None

Sector: Communications Services

Subsector: Telecommunications

Industrial Classification: CPC 752. telecommunications services.

Type of Reservation: National Treatment (Article 10-04)

Level of Govemment: National

Measures: Telecommunications Sector Framework Law Chapter I, Article No. 26, Decree No. 185-95. General Regulations of the Framework Law of the Telecommunications Sector, Agreement No. 89-97 published on August 2, 1997. Article 93, Title Ill, Chapter I, Agreement No. 89/97.

Description: Cross-border services

Foreign governments may not participate directly in the provision of public telecommunications services.

Reduction Schedule: None

Sector: Communications Services

Subsector: Telecommunications

Industrial Classification: Telecommunication services (exclusively telecommunication services). carriers, telex, telephony and telegraphy).

Type of Reservation: National Treatment (Articles 10-04 and 14-04).

Level of Govemment: National

Measures: Decree No. 244-98 of September 19, 1998, published in the Diario Oficial la Gaceta on October 02, 1998, Article 1. Decree No. 89-99 of June 30, 1999, Article 4

Description: Cross Border Services and Investment

Empresa Hondureña de Telecomunicaciones (HONDUTEL) has been granted a concession to provide national and international telecommunications services throughout the territory of the Republic of Honduras, such as: carrier services, telex, telephony and telegraphy, including telegraph services in those places where there is no other means of communication with the rest of the country. HONDUTEL will enjoy exclusivity until December twenty-fourth (24) of the year two thousand five (2005) to operate such services.

Empresa Hondureña de Telecomunicaciones (HONDUTEL) Is authorized to associate with a selected strategic investor, under the condition that the latter acquires fifty-one percent (51%) of the shares representing the capital of Compafila Hondurefia de Telecomunicaciones, S.A. de C.V. (COHONDETEL, S.A. de C.V.).

Reduction Schedule: As of December 25, two thousand five (2005) HONDUTEL will not have exclusive rights to operate national and international telecommunications services, such as: carrier services, telex, telephony and telegraphy, including telegraphy services in those places where there is no other means of communication with the rest of the country.

Sector: Communications Services

Subsector: Telecommunications

Industrial Classification: Telecommunications Services (except 7524) CPC 752.

Type of Reservation: National Treatment (Article 14-04)

Level of Govemment: National

Measures: Decree No. 244-98 dated September 19, 1998, published in the Diario Oficial la Gaceta on October 02, 1998, Articles 6 and 15. Decree No. 89-99 of June 30, 1999, Articles 4 and 9.

Description:Investment

Empresa Hondureña de Telecomunicaciones (HONDUTEL) is authorized to associate with a strategic investor under the

condition that the latter acquires fifty-one percent (51%) of the shares representing the capital of Compañía Hondureña de Telecomunicaciones S.A. de C.V. (COHONDETEL, S.A. de C.V.).

During the process of capitalization of Compafifa Hondurefia de Telecomunicaciones SA de CV (COHONDETEL, SA de CV) and the start of its operations, HONDUTEL will continue to operate the telecommunications system, including the expansion plan foreseen until that date.

Compafifa Hondurefia de telecomunicaciones SA de CV (COHONDETEL, SA de CV), is obliged to expand rural telephony in all communities of five hundred (500) or more inhabitants, requiring for each community the installation of at least two

(2) public telephones or community system telephones within the exclusivity period, in accordance with the terms and conditions set forth in the concession contract; it is also obligated to maintain and reestablish the telegraphy system in those communities that have or had this system, while the permanent telephone system is being installed and that are distant from population centers.

Reduction Schedule: None

Sector: Communications Services

Subsector: Telecommunications

Industrial Classification: CPC 752. Telecommunications Services

Type of Reservation: Local presence (Article 10-05)

Level of Government: National

Measures: Decree No. 185-95 Telecommunications Sector Framework Law, Title III, Chapter I, Article 25. Agreement No. 89/97 General Regulations of the Telecommunications Sector Framework Law, Title Ill, Chapter I, Il, IV, V, Articles 90, 93, 124 and 148.

Description: Cross Border Services

For the rendering of telecommunications services, a concession (basic public carrier and final services), permit (complementary services, radio communication, broadcasting and private networks, as well as private services) or registration (value added services) granted by CONATEL is required. Notwithstanding the foregoing, services that require the use of the radio electric spectrum will also require a license granted by CONATEL.

In order to apply for the respective enabling titles (concession, permit, registration and license), foreign companies must indicate domicile in the country and appoint a legal representative also domiciled in the country, who will assume all the responsibilities required by law.

Reduction Schedule: None

Sector: Communications Services

Subsector: Radio, television and newspaper services.

Industrial Classification: CPC 7524. Program broadcasting services CPC 9613. Radio and television services CPC 96211. Printed news supply services CPC 96220. News agency services to radio stations CPC 96231. News reporting services to television stations CPC 96232. Live news agency services for television stations. CPC 96290. Other news agency services

Type of Reservation: Senior corporate management and boards of directors (Article 14- 08)

Level of Government: National

Measures: Decree No. 131, Constitution of the Republic of Honduras, Chapter Il, Article 73, third paragraph. Decree No. 6, Law of Broadcasting of Thought, Chapter IV, Article 30

Description: Investment

The management of printed, radio or televised newspapers and the intellectual, political and administrative orientation thereof shall be exercised exclusively by Hondurans by birth.

Foreigners may not direct journalistic publications, written or spoken.

Reduction Schedule: None

Sector: Construction and related engineering services

Subsector: All subsectors

Industrial Classification: CPC 511. pre-construction work on building sites. and construction CPC 512. Construction of buildings CPC 513. General construction work on civil engineering works CPC 514. Assembly and installation of prefabricated buildings CPC 515. CPC 516. Installation work CPC 517. Finishing work on buildings

Type of Reservation: Most favored nation treatment (Article 10-03) National treatment (Articles 10-04 and 14-04). Local presence (10-05)

Level of Govemment: National

Measures: Organic Law of the College of Architects of Honduras and its Regulations. Organic Law of the College of Agronomists of Honduras and its Regulations Organic Law of the College of Civil Engineers of Honduras and its Regulations Organic Law of the College of Mechanical, Electrical and Chemical Engineers of Honduras and its Regulations.

Description: Investment

Civil Engineering

National consulting or construction firms are considered to be those where at least 70% of the capital stock is held by Honduran nationals.

Cross-border services

The Contracting States of the General Treaty on Central American Economic Integration shall grant the same treatment as to national companies, to companies of other signatory States engaged in the construction of roads, bridges, dams, irrigation systems, electrification, housing and other works tending to the development of Central American economic infrastructure.

Architecture

All foreign architectural construction companies or architectural consultants are required to register and classify themselves provisionally in the Intercollegiate Committee for Registration and Classification of Construction Companies and Consultants in Engineering and Architecture, for each specific project, as a prior step to register with the College of Architects of Honduras (CAH), and may not participate in public or private bids or tenders for the provision of professional services other than the object of registration. In case of being favored, the firm must register definitively in the Colegio de Arquitectos de Honduras, for the execution of the specific project.

Foreign firms engaged in architecture shall be registered with the Honduran Association of Architects only for specific projects and may not execute other projects or works for which they are not authorized.

Agricultural Engineering

All foreign construction or consulting companies are required to register and be provisionally classified in the Intercollegiate Committee for Registration and Classification of Engineering Construction Companies, for each specific project as a previous step to be able to register in the College of Agricultural Engineers of Honduras and be able to participate in public or private bids and tenders for the provision of professional services. In case of being favored, it will have to register definitively in the College of Agronomists, after the respective qualification for the execution of specific projects.

Foreign companies whose purpose Is to engage in the exercise of activities proper to the agronomic profession, in accordance with the provisions of the law, will be registered prior classification in the Intercollegiate Committee for Registration and Classification of Construction Companies and Engineering Consultants, only for specific projects and may not execute other projects or works for which they were not authorized.

Mechanical, Electrical and Chemical Engineering

Foreign companies engaged in mechanical, electrical or chemical engineering will be registered in the Intercollegiate Committee for Registration and Classification of Construction Companies only for specific projects and may not execute other projects or works for which they were not authorized.

All foreign construction or consulting mechanical, electrical or chemical engineering companies are required to register and be provisionally classified in the Intercollegiate Committee for the Registration and Classification of Construction Companies for each specific project as a prior step to be able to register in the College of Mechanical, Electrical and Chemical Engineers (CIMEQH) and be able to participate in public or private bids and tenders for professional services. In case of being favored,

it will have to register definitively in the CIMEQH.

Civil Engineering

Foreign companies engaged in civil engineering shall be registered in the Intercollegiate Committee for the Registration and Classification of Construction Companies only for specific projects and may not execute other projects or works for which they are not authorized.

All foreign construction companies or civil engineering consulting firms are required to register and be provisionally classified in the Intercollegiate Committee for Registration and Classification of Construction Companies for each specific project as a prior step to be able to register in the College of Civil Engineers of Honduras (CICH) and be able to participate in public or private bids and tenders for the provision of professional services. In case of being favored, the company must register definitively in the College of Civil Engineers for the execution of the specific project.

For the registration of foreign construction or consulting companies for the execution of a specific project, it is required that the company is authorized to do business in Honduras. A copy of the contract for the execution of the specific project is also required. In addition, authorization from the CICH is required for foreign technical personnel to work in Honduras.

A foreign firm will be considered an advisor when a national consulting or construction company presents or directly negotiates an offer of professional services and proposes to the project owner the use of the services of a foreign firm as Advisor, which must participate in the project in a limited way, either in the conceptual stages of the project or in certain areas of the project with specialized personnel.

When a national firm contemplates the use of a foreign advisory firm, the latter must be provisionally registered, according to the usual procedure, prior to the presentation or negotiation of the offer in which the foreign firm is included and a registration fee.

A foreign firm will be qualified as an advisor when it meets the following requirements:

a) thatis proposed as such by a national firm;

b) that the services and professional relationships of the foreign firm are performed through the national firm;

c) that the contractual relationship of the foreign firm is only with the domestic firm;

d) that the services of the foreign firm are rendered in its country of origin or on a limited periodic basis in Honduras;

e) that the scope of the foreign firm's services be limited to conceptual aspects of a project or specific aspects of limited areas of the project;

f) that the personnel provided by the foreign firm in its services be highly specialized and may not be stationed in Honduras for continuous periods of more than three months per specialty;

g) that the cost of the services rendered by the foreign firm is of a reduced amount in comparison with the total value of the Contract and that therefore it is evident to the Board of Directors of the Colegio de Ingenieros Civiles de Honduras, CICH, that the same will not cover the costs involved in the definitive registration. For this aspect the Board of Directors of the CICH, will analyze the concepts of unit rates, salaries, general expenses and fees of the contracts of the foreign and national firm; and

h) the foreign firms shall provide the ICHC with any other element that may be useful to the Board of Directors for its qualification.

If the Board of Directors of the CICH, based on the requirements of the preceding article, deems that the foreign firm qualifies as an advisor, it may authorize said firm to provide its advice without the usual definitive registration being required.

In order for a foreign firm to definitively provide its services as an advisory firm, it must request the respective authorization from the Colegio for each specific project. The advisory firm must not be operating in Honduras on a contractual basis directly, or operate as an advisory firm continuously for several years in different projects simultaneously.

In the event that a foreign firm is used as advisor in different projects in the country, the Board of Directors of the CICH will evaluate the participation of the firm in all projects from a given period, as a single project for the same period. If from the examination of such projects it appears that the firm is earning a reasonable amount of fees, it will be required to register definitively for a specific project.

If the foreign firm is authorized by the Board of Directors of the CICH to provide its services as advisor, it will be issued a certificate as such for a specific project upon payment of the amount of the project and for each foreign professional proposed by the foreign firm during the time they are assigned to the specific project, plus an initial fee for each one of them.

There are differentiated rates for foreigners for the registration of companies in the College of Civil Engineers of Honduras.

Reduction Schedule: None

Sector: Distribution Services

Subsector: Representatives, distributors and agents of domestic and foreign companies. Vehicle sales, maintenance and repair services

Industrial Classification: CPC 61. Motor vehicles and motorcycles (excluding 6120 and 61220) CPC 622. CPC 63. Retail trade services; personal and household goods repair services (excluding 6330.) CPC 96113. Services incidental to the distribution of motion pictures or video tapes

Type of Reservation: Local presence (Article 10-05) National treatment (Article 14- 04).

Level of Govemment: National

Description: Law on Representatives, Distributors and Agents of Domestic and Foreign Companies, Decree No. 549 Chapter I, Article 4. Amended by Decree No. 804. Agreement No. 669-79 Regulation of the Law of Representatives, Distributors and Agents of National and Foreign Companies, Article 2.

Measures: Cross Border Services and Investment

To become a licensee you need: a) be Honduran or a Honduran corporation; b) be affiliated to the corresponding Chamber of Commerce; c) license issued by the Ministry of Industry and Commerce. To engage in representation, agency or distribution, natural persons must be incorporated as sole traders. A Honduran company shall be deemed to be that in whose capital stock a purely Honduran investment predominates, in a proportion of not less than fifty-one percent (51%).

Reduction Schedule: None

Sector: Distribution Services

Subsector: Installation and operation of petroleum-derived liquid fuel stations and depots. Automotive gasoline. Diesel. Kerosene. LPG.

Industrial Classification: CPC 613. Retail sale of fuel. CPC 62271. Wholesale trade services of solid, liquid and gaseous fuels and related products. CPC 63297 - Retail sale of gas oil, bottled gas, coal and wood

Type of Reservation: Local presence (Article 10-05) National treatment (Article 14- 04).

Level of Govemment: National

Measures: Decree No. 319, Transportation Law, Chapter II, Article 11. Decree No. 549 Law of Representatives, Distributors and Agents of National and Foreign Companies, Chapter I and VI, Articles 4 and 25 Decree No. 804, reforming Article 4 of the Law of Representatives, Distributors and Agents of National and Foreign Companies Agreement 000489, Regulations for the Installation and Operation of Stations and Deposits of Liquid Fuels Derived from Petroleum, Chapter IV, Article 19

Description: Cross Border Services and Investment

The establishment of fuel stations and fuel depots is subject to authorization by the General Directorate of Transportation of the Secretariat of Public Works, Transportation and Housing (SOPTRAVI). The owners or lessees of service stations authorized to sell petroleum products to consumers are considered distributors. In this sense, the capital limits established in the Law of Representatives and Distributors and Agents of National and Foreign Companies are applicable, which consider a Honduran company to be that in whose capital stock a purely Honduran investment predominates, in a proportion of not less than fifty-one percent (51%). The persons natural persons should be incorporated as a sole trader, a Honduran company will be considered to be one whose capital stock is not less than fifty-one percent. In order to obtain the installation and operation permits, a deed must be presented that proves the condition of a legally constituted company or sole trader.

Reduction Schedule: None

Sector: Education Services

Subsector:Private schools. Private universities. Pre-school education services (kindergartens) Private primary education services. Private secondary education services. Private higher education services (Universities) Special Programs

Industrial Classification: CPC 921. Primary education services. Secondary education services CPC 923. Higher education services CPC 923.

Type of Reservation: National treatment (Article 10- 04) Local presence (Article 10- 05). Senior Management and Boards of Directors (Article 14- 08)

Level of Govemment: National

Measures: Constitution of the Republic, Decree No. 131, Title tll, Chapter Vill, Articles 151 to 160. Organic Law of Education, Decree No. 79, Article 65. Higher Education Law, Decree No. 142-89, Section A and B, Chapter V, Articles 15 c) and ch); 20 ch) and 32. Teacher's Salary Scale Law, Article 4 Primary Education Regulations, Agreement No. 4118EP, Articles 140, 150, 151 and 152. Secondary Education Regulations, Agreement No. 4118EP, Articles 502, 503, 504, 505 and 506. General Regulations of the Law on Higher Education, Article 64 b) and 70 a) Regulations of the investment Law, Agreement No. 345-92, Article No. 51.

Description: Investment

Management and supervisory positions in educational institutions may only be held by Honduran teachers by birth.

Cross-border services

The teaching of the Constitution, civic education, geography and history of Honduras may only be carried out by Honduran teachers by birth. Honduran juridical persons, created especially for this purpose, are recognized as having the initiative to promote the foundation of private centers or universities in accordance with the Constitution and the laws. Authorization from the Ministry of Public Education of Honduras is required for the provision of services of private kindergartens, schools, institutes and academies. In order to obtain the authorization, among other requirements, a certification that legal status has been obtained. The creation and operation of public or private higher education centers requires the approval of the Higher Education Council after the opinion of the Executive Technical Council. The centers of Higher Education by their nature and constitution may be Public or state and Private or private, when they are constituted as associations or civil foundations or mercantile societies and any other form of association, whether national or foreign. In order to submit an application for the creation, organization and operation of state or public centers, the constitution and legal organization of the applicant must be accredited.

In order to teach at any of the levels of the educational system referred to in the law, it is required to have a teaching degree and be a Honduran citizen by birth, natural or naturalized, except in cases where there is no national personnel trained to teach special subjects at the middle and teacher level. Teachers without a teaching degree shall have the status of interim teachers.

In order to register in the Teachers' Scale, it is required to be Honduran by birth, natural or naturalized.

In order for a foreigner to teach in secondary education, he/she must be legally incorporated.

Reduction Schedule: None

Sector: Education Services

Subsector: Private schools. Preschool education services (kindergartens) Private elementary education services Private secondary education services Special programs

Industrial Classification: CPC 921. Primary education services CPC 922. Secondary education services

Type of Reservation: National treatment (Article 10-04) Local presence (Article 10-05).

Level of Govemment: National

Measures: Organic Law of Education, Decree No. 79, Article 64. General Regulations for Secondary Education, Article 110 Teacher's Statute Law No. 136-97, Articles 7 and 8.

Description: Cross-border services

In order to teach at any of the levels of the educational system referred to in the Organic Law of Education, it is required to

have a teaching degree and be a Honduran citizen by birth, natural or naturalized, except in cases where there is no national personnel trained to teach special subjects at the secondary and magisterial levels. Teachers without a teaching degree shall have the status of interim teachers.

To enter the teaching career it is required to be Honduran by birth. Central American teachers and teachers of other nationalities may enter the teaching career, as long as there is reciprocity in their country of origin. In order for a foreigner to teach in secondary education, he/she must be legally incorporated.

Reduction Schedule: None

Sector: Leisure Services

Subsector: Musical artists

Industrial Classification: CPC 96192. services provided by actors, composers, sculptors, performing artists and other individual artists (musical artists only)

Type of Reservation: National Treatment (Article 10-04) Performance requirements (Article 14-07)

Level of Govemment: National

Measures: Law for the Protection of Musical Artists, Decree No. 123, Articies 1, 2, 3, 4, 7 and 8.

Description: Cross Border Services and Investment

The foreign musical artists to eventually work in Honduras either individually or as a group must previously pay to the most representative musical union of the country a TEN PERCENT (10%) of their fees as a "pass fee" and the employer or lessee must hire for the same show musical artists of the country, at least in equal conditions of number, quality and fees, according to established rates or to be established in the locality in question.

When there are no musical artists available in equal conditions of number, class and fee according to the opinion of the syndicate, only the aforementioned fee shall be paid, but if the employer or lessee does not wish the services of national artists, a FORTY PERCENT (40%) of the fees agreed upon for foreign musical artists shall be paid as a pass- through fee. If there are national musical artists available in the locality in question, in the same act the employer or lessee shall agree with the union the occupation of these under the conditions foreseen in the preceding article. For this purpose, the union shall consult with the national musical groups and shall apply in each case a rotating system table to be established by locality or by zone as it deems convenient.

If the fees of the foreign musicians, according to the respective contracts, are lower than those established in the locality, for the purposes of payment of the "pass through fee", the percentages determined in the preceding paragraphs shall be calculated according to the local rates.

Prior to the entry of the foreign musical artists, the contracting party of the same or whoever represents them must obtain from the union indicated in the first paragraph its written authorization to perform in the country. Said authorization shall be given with sight of the respective contract and prior payment of the amount of money that corresponds to deduct from the fees in accordance with the percentages indicated according to the case.

Music artists are excluded from the above economic obligations when they perform for social welfare or essentially cultural purposes, either âon their own initiative or under the sponsorship of national or foreign public or private entities. Foreign musical artists who enter the country to perform occasionally under the protection of this law, shall not be subject to the prohibition to perform lucrative work, as provided in Article 4 of the Immigration Law.

Reduction Schedule: None

Sector: Recreational, Cultural and Sporting Services.

Subsector: Soccer championships and competitions

Industrial Classification: CPC. 96412 Sports entertainment organization services

Type of Reservation: Most favored nation treatment (Article 10-03) National treatment (Article 10-04). Local presence (Article 10-05)

Level of Govemment: National

Measures: Regulations of Championships and Competitions Liga Nacional de Futbol No. Aficionado de Primera División.

Description: Cross-border services

For the registration of foreign players, a certificate issued by the Ministry of the Interior and Justice stating that the residency document is being processed shall be required.

Each affiliated club may register a maximum of four (4) foreign players, one of whom must be of Central American nationality.

Reduction Schedule: None

Sector: Recreational, cultural and sporting services.

Subsector: Gambling casinos (includes roulette, checkers, cards, point and bank, baccarat, slot machines and other similar games).

Industrial Classification: CPC 96492. Gambling and betting services.

Type of Reservation: National treatment (Article 10-04) Local presence (Article 10- 05).

Level of Government: National

Description: Decree No. 488, Law on Gambling Casinos, Article 3-Agreement No. 520 Regulation of the Law on Gambling Casinos.

Measures: Cross-border services

Only Hondurans by birth and legal entities constituted in accordance with the laws of the country may apply to the executive branch for a license to operate gambling casinos.

Reduction Schedule: None

Sector: Services Provided to Businesses

Subsector: Customs brokers and customs agencies

Industrial Classification: CPC 87909. Other business services n.e.c.

Type of Reservation: National Treatment (Articles 10-04 and 14-04) Local presence (Article 10-05)

Level of Government: National

Measures: Customs Law, Decree No. 212-87, Title IX, Chapter I, First and Third Section, Articles 176, 177, 180 and 182.

Description: Cross Border Services and Investment

In order to operate in the country's customs offices, customs agencies must register with the Ministry of Finance, which will authorize their operation as long as they have the professional services of a customs broker with a valid and legally issued license. In order to obtain a customs broker's license, it is required to be a Honduran citizen by birth and to be in full exercise of his/her civil rights.

Customs brokers are required to keep an office open at the place where the customs office or customs offices where they perform their duties are located.

The auxiliary employees designated by the customs broker to manage in his name and on his behalf, procedures before the customs administrations, must be Honduran citizens by birth and in the full exercise of their civil rights.

Reduction Schedule: None

Sector: Services Provided to Businesses

Subsector: General warehousing services

Industrial Classification: CPC 742. General warehousing

Type of Reservation: Local presence (Article 10-05)

Level of Govemment: National

Measures: Agreement No. 1055, Regulation of General Warehouses of Deposits, Article 3.

Description: Cross-border services

In order to provide the services of general bonded warehouses, a corporation with fixed capital and sole purpose must be incorporated in Honduras.

Reduction Schedule: None

Sector: Services Provided to Businesses

Subsector: Investigation and security services

Industrial Classification: CPC 873. investigative and security services

Type of Reservation: Local presence (Article 10-05) National treatment (Article 14-04) Senior Management and Boards of Directors (Article 14- 08)

Level of Govemment: National

Measures: Organic Law of the National Police, Article 91, Decree No. 156-98.

Description: Cross Border Services and Investment

The Secretariat of State in the Office of Security, subject to the opinion of the respective Directorate, may authorize the operation of private security services (preventive surveillance services, private investigation services and training services for its members).

Foreign companies requesting permission to provide private security services must associate with Honduran companies engaged in the same activity and appoint a Honduran manager by birth.

Reduction Schedule: None

Sector: Transportation

Subsector: Water transportation: coastal shipping

Industrial Classification: CPC 72. water transportation services

Type of Reservation: Most favored nation treatment (Article 10-03). Local presence (Article 10-05) National Treatment (Article 14-04)

Level of Govemment: National

Measures: Decree No. 167-94, dated January 2, 1995, Organic Law of the National Merchant Marine, Title fil, Chapters 1, Il and Vil, Articles 40 to 42 and 48. Agreement No. 000764, Maritime Transportation Regulations of December 13, 1997.

Description: Cross Border Services and Investment

Cabotage navigation is understood to be that which, not being inland navigation, is carried out between ports or points located within the national territory.

Cabotage navigation for mercantile purposes is reserved to Honduran merchant vessels. Exceptionally, when there are no Honduran merchant vessels or they are not available and for the time that such circumstance lasts, the General Directorate of the National Merchant Marine may authorize that foreign merchant vessels foreign merchant vessels, at in particular of Central American nationality, may provide cabotage services in Honduras. The shipping company must be incorporated in accordance with the laws of the country, at least 51% of its subscribed and paid-up capital stock must belong to Honduran citizens, and the company's domicile must be in the country.

Reduction Schedule:None

Sector: Transportation

Subsector: Air transport services

Industrial Classification:CPC 73. air transport services.

Type of Reservation: National Treatment (Article 14-04) Senior Management and Boards of Directors (Article 14-08)

Level of Government: National

Measures: Decree No. 146, Civil Aeronautics Law, Chapter X, Second, Third and Fourth Sections, Articles 75 to 102. Agreement No. 001518, Regulation of Operating Certificates and Provisional Permits for the Provision of Air Services for Domestic and International Public Transportation of Passengers, Cargo and Mail.

Description: Investment

Only Honduran natural or juridical persons may register in the Honduran Aeronautical Administrative Registry aircraft destined for public transport service or aerial work for remuneration.

Only natural or juridical persons of Honduran nationality shall have the right to operate public transportation air services, whether scheduled or non-scheduled, domestic or international, by means of aircraft flying the flag of Honduras.

The legal entities referred to in the preceding paragraph must also meet the following requirements:

a) at least 51% of its capital must be owned by Hondurans; and

b) The effective control and management of the company must also be in the hands of Hondurans.

Air services of public transportation between any two points of the national territory are reserved to Honduran aircraft.

Reduction Schedule: None

Sector: Transportation

Subsector: Air transport services (limited to aircraft registration, specialized air services, and aeronautical technical personnel).

Industrial Classification: CPC 73. Air transport services (limited to registration) of aircraft, specialized air services and aeronautical technical personnel)

Type of Reservation: Most favored nation treatment (Article 10-03) National treatment (Article 10-04).

Level of Govemment:National

Measures: Decree No. 146, Civil Aeronautics Law, Chapter X, Second, Third and Fourth Sections, Articles 75 to 102. Agreement No. 001518, Regulation of Operating Certificates and Provisional Permits for the Provision of Air Services for Domestic and International Public Transportation of Passengers, Cargo and Mail.

Description: Cross-border services

Only Honduran natural or juridical persons may register in the Honduran Aeronautical Administrative Registry aircraft destined for public transport service or aerial work for remuneration.

To perform private services for remuneration, authorization is required from the Ministry of Public Works, Transportation and Housing and to be a Honduran individual or legal entity.

Only Honduran aeronautical technical personnel, will be able to exercise in Honduras remunerated activities of national aeronautics. In the absence of such personnel, pilots or other foreign technical personnel may be allowed to exercise such activities, giving preference in this case to personnel from any other country of the Central American isthmus.

Reduction Schedule: None

Sector: Transportation

Subsector: Rail

Industrial Classification: CPC 711. Railroad transportation service

Type of Reservation: National Treatment (Article 14-04)

Level of Govemment: National

Measures: Decree No. 48, Constitutive Law of the National Railroad of Honduras, Chapters | and VIII, Articles 1, 32 and 34, Article 12 amended by Decree No. 54.

Description: Investment

The National Railroad of Honduras (Ferrocarril Nacional de Honduras) is an autonomous agency of the State with legal personality, its own assets and indefinite duration.

If the National Railroad chooses to establish subsidiary companies, it is empowered to oversee and supervise the operation of such companies. In special cases, the National Railroad may sell such subsidiary companies to private entrepreneurs of Honduran nationality who will be in charge of continuing to provide the same services.

To be a manager of Ferrocarril Nacional, you must be Honduran by birth.

The auditor, who will be a certified public accountant, must be Honduran by birth.

Reduction Schedule: None

Sector: Transportation

Subsector: Land transportation services by road

Industrial Classification: CPC 712. other land transportation services

Type of Reservation:Most favored nation treatment (Article 10-03). National Treatment (Articles 10-04, 14-04) Local Presence (Article 10-05)

Level of Govemment: National

Measures: Decree No. 319, Transportation Law, Articles 3, 5 and 17. Transportation Law Regulations, Article 7.

Description: Cross Border Services and Investment

The right to provide the internal transportation service is reserved exclusively to Honduran natural or juridical persons, of public or private interest.

The international public transport service may also be provided by foreign companies on the basis of the principle of equitable reciprocity. An operating certificate or permit issued by the Executive Power or by the General Directorate of Transportation, respectively, is required for the rendering of land transportation services. The operating certificate and the permit shall be granted to Hondurans by birth and to legal entities in whose capital stock national investment predominates. In any case, the net Honduran capital may not be less than 51% of the capital stock.

Transportation services and activities shall be subject to the following conditions:

a) The internal public transportation service may only be provided by Hondurans and legal entities incorporated in Honduras, in accordance with national laws and whose capital at least 51% belongs to Hondurans. In equal conditions, preference will be given to Hondurans by birth.

b) The international passenger and cargo service will be preferably provided by Honduran individuals or legal entities, who may do so by themselves or in combination with foreign companies. Such agreements must be approved by the General Directorate of Transportation. These provisions do not affect the agreements and treaties entered into by Honduras with other States as well as the principle of equitable reciprocity.

Reduction Schedule: None

Sector: Transportation

Subsector: Land transportation services by road

Industrial Classification: CPC 712. other land transportation services

Type of Reservation: Most favored nation treatment (Article 10-03).

Level of Govemment: National

Measures: Decree No. 177-94 of March 1, 1995.

Description: Cross-border services

The government of the Republic of Honduras has the discretion to issue licenses and authorizations on the basis of reciprocity.

Reduction Schedule: None

Sector: Transportation

Subsector: Road freight land transportation services

Industrial Classification: CPC 7123. Freight transportation

Type of Reservation: Most favored nation treatment (Article 10-03).

Level of Government: National

Measures:Resolution No. 64-98 (COMRIEDRE), approved by the Council of Ministers Responsible for Economic Integration and Regional Development on January 19, 1998.

Description: Cross-border services

A reciprocal and non-discriminatory treatment mechanism is established for cargo transportation services among the six member states of the Tegucigalpa Protocol (Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama), which includes the following:

a) Full freedom of transit through its territories for means of land cargo transportation of goods destined from Panama to any Central American country, and from any Central American country to Panama.

b) Freedom of transit implies the guarantee of free competition in the contracting of transportation without prejudice to the country of origin or destination and national treatment to the transportation of all States in the territory of any of them, with the origins and destinations indicated above.

Reduction Schedule: None

Annex I. Schedule of Mexico

Sector: All sectors

Industrial Classification:

Type of Reservation: National Treatment (Article 14-04)

Level of govemment: Federal

Measures: Political Constitution of the United Mexican States, Article 27 Foreign investment Law, Official Gazette, December 27, 1993, Title Il, Chapters I and Il. Regulations of the Foreign Investment Law and the National Registry of Foreign Investments, D.O.F., November 1998, Title Two.

Description: Investment

Foreigners or foreign companies may not acquire direct ownership of land and water within a 100 kilometer strip along the borders and 50 kilometers along the beaches (the Restricted Zone). Mexican companies without a foreigner exclusion clause may acquire ownership of real estate used for non-residential activities located in the Restricted Zone, and must give notice of such acquisition 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 ownership of real estate for residential purposes located in the Restricted Zone.

Mexican companies without a foreigner exclusion clause may acquire, in accordance with the procedure described, rights for the use and exploitation of real estate in the Restricted Zone, which are intended for residential purposes. Said procedure will also apply to nationals or foreign companies for the same case in accordance with the following: 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 constituting real rights over them.

Use and exploitation of the real estate located in the Restricted Zone shall be understood as the rights to the use or enjoyment thereof, including, as the case may be, the obtaining of fruits, products and, in general, any yield resulting from the operation and lucrative exploitation through third parties or the trust institution.

The duration of the trusts referred to in this reserve will be for a maximum period of fifty years, which may be extended at the request of the interested party.

The SRE may at any time verify compliance with the conditions, presentation and veracity under which the permits are granted.

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 that intend to acquire real estate outside the Restricted Zone, must previously present before the SRE, a written document in which they agree to consider themselves Mexican nationals for such purposes and waive the right to invoke the protection of their governments with respect to such property.

Reduction Schedule: None

Sector: All sectors

Subsector:

Industrial Classification:

Type of Reservation: National Treatment (Article 14-04)

Level of govemment: Federal

Measures: Foreign investment Law, Official Gazette, December 27, 1993, Title VI, Chapter Iil.

Description: investment

The National Foreign Investment Commission (CNIE), in order to determine the convenience of authorizing the applications submitted for its consideration for the acquisition or establishment of investments in the restricted activities, in which such authorization is required, in accordance with this Annex, shall take into account 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; or d) In general, the contribution to increasing the competitiveness of Mexico's productive plant.

The CNIE, in deciding on the merits of an application, may only impose Performance Requirements that do not distort international trade and are not prohibited by the Performance Requirements Article of the Investment Chapter.

Reduction Schedule: None

Sector: All sectors

Subsector:

Industrial Classification:

Type of Reservation: National Treatment (Article 14-04)

Level of Govemment: Federal

Measures: Foreign investment Law, Diario Oficial, December 27, 1993, Title I, Chapter Iil. As qualified by the element Description

Description: investment A favorable resolution of the National Foreign Investment Commission (CNIE) is required for Mexican companies in which the foreign investment intends to participate, directly or indirectly, in a proportion greater than 49 percent of their capital stock, only when the total value of the assets of the companies in question, at the time of submitting the acquisition request, exceeds the applicable threshold.

Reduction Schedule: For investors and investments from El Salvador, Guatemala and. Honduras the applicable threshold for the review of the acquisition of a Mexican company will be US$150 million as of January 1, 2003. Beginning January 1, 2004, the thresholds will be adjusted annually according to the nominal growth rate of Mexico's Gross Domestic Product, as published by the National Institute of Statistics, Geography and Informatics.

Sector: All sectors

Subsector:

Industrial Classification:

Type of Reservation: National treatment (Article 14-04) Senior corporate management and boards of directors (Article 14-08).

Level of Government: Federal

Measures: Political Constitution of the United Mexican States, Article 25 General Law of Cooperative Societies, Official Gazette, August 3, 1994, Title I, Sole Chapter. Foreign Investment Law, Official Gazette, December 27, 1993, Title I, Chapter III.

Description: Investment

No more than 10 percent of the members of a Mexican production cooperative may be foreigners.

Foreigners may not hold management or general administration positions in cooperative societies.

Reduction Schedule: None

Sector: All sectors

Subsector:

Industrial Classification:

Type of Reservation: National Treatment (Article 14-04)

Level of Government: Federal

Measures: Federal Law for the Promotion of Microindustry and Handicraft Activity, Official Gazette, July 22, 1991, Chapters I, II and III.

Description: Investment

Only Mexican nationals may apply for a certificate to qualify as a micro- industrial enterprise.

A Mexican "micro-industrial enterprise" may not have as partners persons of foreign nationality.

The Federal Law for the Promotion of Microindustry and Artisanal Activity defines a "microindustrial enterprise" as, among other things, one that has up to 15 workers, is engaged in the transformation of goods and whose annual sales do not exceed the amounts periodically determined by the Ministry of Commerce and Industrial Development, which will be published in the Official Gazette of the Federation.

Reduction Schedule: None

Sector: Agriculture, livestock, forestry and logging activities.

Subsector: Agriculture, livestock or forestry

Industrial Classification: CMAP 1111 Agriculture CMAP 1112Livestock and hunting (limited to livestock) CMAP 1200 Forestry and logging

Type of Reservation: National Treatment (Article 14-04)

Level of Government: Federal

Measures: Political Constitution of the United Mexican States, Article 27. Agrarian Law, Official Gazette, July 7, 1993, Titles V and VI. Foreign Investment Law, Official Gazette, December 27, 1993, Title I, Chapter III.

Description: Investment

Only Mexican nationals or Mexican companies may own land intended for agricultural, livestock or forestry purposes. Such companies must issue a special series of shares ("T" shares), which represent the value of the land at the time of acquisition. Investors of the other Parties or their investments may only acquire up to 49 percent participation in the series "T" shares.

Reduction Schedule: None

Sector: Retail Trade of non-food products in specialized establishments

Subsector:

Industrial Classification: CMAP 623087 Retail trade of firearms, cartridges and ammunition CMAP 612024 Wholesale trade not elsewhere classified (limited to firearms, cartridges and ammunition)

Type of Reservation: National Treatment (Article 14-04)

Level of Government: Federal

Measures: Foreign investment Law, Diario Oficial, December 27, 1993, Title I, Chapter III.

Description: Investment

Investors of the other Parties or their investments may only acquire up to 49 percent of the participation in an enterprise established or to be established in the territory of Mexico that is engaged in the sale of explosives, firearms, cartridges, ammunition and fireworks, not including the acquisition of explosives for industrial and extractive activities, or the manufacture of explosive mixtures for the consumption of such activities. For purposes of determining this maximum limit of participation, foreign investment that is indirectly carried out in this activity through Mexican companies with a majority of Mexican capital will not be computed, provided that the latter are not controlled by the foreign investment.

Reduction Schedule: None

Sector: Communications

Subsector: Entertainment services (broadcasting, MDS/MMDS_ multipoint distribution systems, continuous music, DTH and DBS, and high-definition television).

Industrial Classification: CMAP 941104 Private production and transmission services. private radio program production and broadcasting (limited to radio program production and broadcasting, MDS/MMDS and continuous music) CMAP 941105 Private television program production, transmission and replay services (limited to television program transmission and replay, MDS/MMDS, direct distribution systems (DTH and DBS) and high definition television).

Type of Reservation: National treatment (Articles 10-04 and 14-04) Local presence (Article 10-05).

Level of Government: Federal

Measures: Constitución Polftica de los Estados Unidos Mexicanos, Article 32 Ley de Vias Generales de Comunicación, Diario Oficial, February 19, 1940, Book I, Chapter III. Federal Telecommunications Law, Official Gazette, June 7, 1995, Chapter III, Section I. Federal Radio and Television Law, Diario Oficial, January 19, 1960, Title Ill, Chapter 1. Regulations of the Federal Law of Radio and Television and the Law of the Cinematographic Industry Regarding the Content of Radio and Television Transmissions, Official Gazette, January 19, 1960, Title Ill. Foreign investment Law, Official Gazette, December 27, 1993, Title I, Chapter Il.

Description: Cross Border Services and Investment

A concession granted by the Ministry of Communications and Transportation is required to provide broadcasting services, MDS/MMDS multipoint distribution systems, continuous music, DTH and DBS and high-definition television.

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. This reservation does not apply to the production, sale or licensing of radio or television program rights.

Reduction Schedule: None

Sector: Communications

Subsector: Entertainment services (broadcasting, multipoint distribution systems (MDS/MMDS) and cable television).

Industrial Classification: CMAP 941104 Private production and broadcasting of programs of. radio (limited to radio program production and broadcasting, MDS/MMDS and continuous music) CMAP 941105 Private television program production, transmission and replay services (limited to television program production, transmission and replay, MDS/MMDS, direct distribution systems (DTH and DBS), high- definition television and cable television)

Type of Reservation: National Treatment (Article 10-04) Performance requirements (Article 14-07)

Level of Government: Federal

Measures: Federal Radio and Television Law, Official Gazette, January 19, 1960 Title IV, Chapter Ill. Regulations of the Federal Law of Radio and Television and the Law of the Cinematographic Industry Regarding the Content of Radio and Television Transmissions, Official Gazette, January 19, 1960, Title Ill. Cable Television Service Regulations, Diario Oficial, January 18, 1979, Chapter VI.

Description: Cross Border Services and Investment

In order to protect copyrights, the licensee of a commercial radio broadcasting station or cable television system requires prior authorization from the Ministry of the Interior to import in any form radio or television programs for the purpose of rebroadcasting or distributing them in the territory of Mexico.

Authorization will be granted provided that the application is accompanied by documentation evidencing the copyright(s) for the retransmission or distribution of such programs.

Reduction Schedule: None

Sector: Communications

Subsector: Entertainment services (limited to broadcasting, transmission and multipoint distribution systems (MDS/MMDS) and cable television).

Industrial Classification: CMAP 941104 Private production and broadcasting of programs of. radio (limited to radio program production and replay, MDS/MMDS and continuous music) CMAP 941105 Private television program production, transmission and replay services (limited to television program production, transmission and replay, MDS/MMDS, direct distribution systems (DTH and DBS), high- definition television, cable television and broadcasting)

Type of Reservation: National Treatment (Article 10-04) Performance requirements (Article 14-07)

Level of Government: Federal

Measures: Federal Radio and Television Law, January 19, 1960, Title IV, Chapter III and Chapter V. Regulations of the Federal Law of Radio and Television and the Law of the Cinematographic Industry IndustryLaw Relatedto to Content of Radio and Television Broadcasts, January 19, 1960, Title Il! Regulations for Cable Television Service, January 18, 1979, Chapter VI.

Description: Cross Border Services and Investment

The use of Spanish language or Spanish subtitles is required in advertisements broadcast or otherwise distributed in 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, distribution by cable or multipoint distribution systems of radio and television programs, except when the Ministry of the Interior authorizes the use of another language.

The majority of the time of the daily broadcast programming that uses personal performance should be covered by Mexican nationals.

In Mexico, radio or television announcers and entertainers who are not Mexican nationals must obtain authorization from the Mexican Ministry of the Interior to engage in such activities.

Reduction Schedule: None

Sector: Communications

Subsector: Entertainment services (cable television).

Industrial Classification: CMAP 941105 Private production, transmission and TV program replay (limited to cable TV)

Type of Reservation: National treatment (Articles 10-04 and 14-04) Local presence (Article 10-05).

Level of Government: Federal

Measures: Constitución Política de los Estados Unidos Mexicanos, Article 32 Ley de Vías Generales de Comunicación, Diario Oficial, February 19, 1940, Book I, Chapter III. Nationality Law, Diario Oficial, June 21, 1993, Chapter I, Il and IV Federal Law of Radio and Television, Diario Oficial, January 19, 1960, Title III, Chapters 1, I and Ill. Foreign Investment Law, Official Gazette,

December 27, 1993, Title, I, Chapter Iil. Federal Telecommunications Law, Official Gazette, June 7, 1995, Chapter III. Cable Television Service Regulations, Diario Oficial, January 18, 1979, Chapter Il.

Description: Cross-border services

A concession granted by the Ministry of Communications and Transportation is required to build and operate, or only operate, a cable television system. Such concession may only be granted to Mexican nationals or Mexican companies. Investment Investors from El Salvador, Guatemala and Honduras or their investments may only acquire up to 49 percent of the participation in companies established or to be established in the territory of Mexico that own or operate cable television systems or that provide cable television services. For purposes of determining this maximum limit of participation, foreign investment that Is indirectly carried out in this activity through Mexican companies with a majority of Mexican capital will not be computed, provided that the latter are not controlled by the foreign investment.

Reduction Schedule: None

Sector: Communications

Subsector: Services y networks networks of public telecommunications networks

Industrial Classification: CMAP 720006 Other telecommunications services (limited to. marketers)

Type of Reservation: National Treatment (Articles 10-04 and 14-04). Most-Favored-Nation Treatment (Article 10-03) Local Presence (Article 10-05)

Level of Government: Federal

Measures: Constitución Polftica de los Estados Unidos Mexicanos, Article 32 Ley de Vías Generales de Comunicación, Diario Oficial, February 19, 1940. Federal Telecommunications Law, Official Gazette, June 7, 1995, Chapter Il, Section IV, Art.30 and Section V and Chapter IV, Section III Public Telephony Service Regulations, Official Gazette, December 16, 1996, Chapter IV.

Description: Cross Border Services and Investment

Marketing companies are those that, without owning or possessing the means of transmission, provide telecommunications services to third parties through the use of capacity leased from a_ public telecommunications network concessionaire.

A permit granted by the Secretarfa de Comunicaciones y Transportes (SCT) Is required to provide telecommunications marketing services. Only companies incorporated under Mexican law may obtain such a permit.

Unless expressly approved by the SCT, public telecommunications network concessionaires may not participate, directly or indirectly, in the capital of a telecommunications commercialization company.

The establishment and operation of marketing companies must invariably be subject to the respective regulatory provisions. The SCT will not grant permits for the establishment of a trading company until the corresponding regulations are issued.

International traffic must be routed through the facilities of a company with a concession granted by the SCT.

Reduction Schedule: None

Sector: Communications

Subsector: Public telecommunications networks and services

Industrial Classification: CMAP 720006 Other telecommunications services (limited to. maritime telecommunication, packet and circuit- switched data transmission services, facsimile services, private leased circuit services, mobile paging services and vehicle and object tracking services)

Type of Reservation: National Treatment (Articles 10-04 and 14-04). Most-Favored-Nation Treatment (Article 10-03) Local Presence (Article 10-05)

Level of Government: Federal

Measures: Constitución Política de los Estados Unidos Mexicanos, Article 32 Ley de Vías Generales de Comunicación, Diario Oficial, February 19, 1940, Book I, Chapter III. Federal Telecommunications Law, Official Gazette, June 7, 1995, Chapter III, Section I, Il and IV. Art. 30 Foreign Investment Law, Official Gazette, December 27, 1993, Title I, Chapter III Satellite Communication Regulations, Official Gazette, August 1, 1997.

Description: Cross Border Services and Investment

A concession granted by the Secretariat de Comunicaciones y Transportes (SCT) is required to provide packet and circuit switched data transmission services; private leased circuit services; paging services; vehicle and other object location services; to install, install, operate, maintain, maintain, and operate install, operate Â° operate networks networks telecommunications networks; for occupy positions geostationary orbital positions and satellite orbits assigned to the country and to exploit their respective frequency bands; and to exploit the rights to broadcast and receive signals of frequency bands associated with foreign satellite systems that cover and may provide services in the national territory. Only Mexican nationals or Mexican companies may obtain such concession.

Registration with the SCT is required to provide public facsimile service.

A concession is required to use, exploit or exploit frequency bands of the radio electric spectrum in Mexican national territory. Concessions on frequency bands of the spectrum for specific uses will be granted through public bidding.

International traffic must be routed through the facilities of a company with a concession granted by the SCT.

Private network operators that intend to commercially exploit the services must obtain a concession granted by the SCT, adopting such networks to the character of public telecommunications network.

Telecomunicaciones de México has exclusive rights to Intelsat and Inmarsat links. Services other than international long distance that require the use of satellites until 2002 must use Mexican satellite infrastructure.

Mexico reserves the right to maintain any measure with respect to investment in maritime telecommunications.

Investors of the other Parties or their investments may participate up to 49 percent in concessionary enterprises providing packet and circuit switched data transmission services, private leased circuit services, paging services, vehicle and other object location services.

For purposes of determining this maximum limit of participation, foreign investment that is indirectly carried out in these activities through Mexican companies with a majority of Mexican capital will not be computed, provided that the latter are not controlled by the foreign investment.

Reduction Schedule: None

Sector: Communications

Subsector: Public telecommunications services and networks (telephony).

Industry Classification: CMAP 720003 Telephone services (includes telephone services. cellular in the "A" and "B" bands) CMAP 720004 Telephone booth services CMAP 502003 Telecommunications installations

Type of Reservation: National Treatment (Articles 10-04 and 14-04). Most-Favored-Nation Treatment (Article 10-03) Local Presence (Article 10-05)

Level of Government: Federal

Measures: Political Constitution of the United Mexican States, Article 32 Federal Telecommunications Law, Official Gazette, June 7, 1995, Chapter lll, Section I, If and IV. Article 30. Ley de Vias Generales de Comunicaci6n, Diario Oficial, February 19, 1940, Book I, Chapter lll. Foreign Investment Law, Official Gazette, December 27, 1993, Title I, Chapter III. Regulation of the Public Telephony Service, Official Gazette, December 16, 1996, Chapter IV. Satellite Communication Regulations, Official Gazette, August 1, 1997.

Description: Cross-border services

The telecommunication services covered by this reservation, whether or not they are provided to the public, involve the actual time of transmission of the information supplied to the user between two or more points, with no point-to-point change in the form or content of the user's information.

A concession granted by the Ministry of Communications and Transportation (SCT) is required to provide telephone services; to install, operate or exploit public telecommunications networks; to occupy geostationary orbital positions and satellite orbits assigned to the country and exploit their respective frequency bands; and to exploit the rights to broadcast and receive signals of frequency bands associated with foreign satellite systems that cover and may provide services in Mexican territory. Only Mexican nationals or Mexican companies may obtain such concession.

A permit issued by the SCT is required to establish, operate or exploit a public telephone commercialization company. Only

Mexican nationals or Mexican companies may obtain such permit.

Private network operators that intend to commercially exploit the services must obtain a concession granted by the SCT, adopting such networks to the character of public telecommunications network.

Public telecommunications networks include facllities for providing telephone services.

A concession is required to use, exploit or exploit frequency bands of the radio electric spectrum in Mexican national territory. Concessions on frequency bands of the spectrum for specific uses will be granted through public bidding.

International traffic must be routed through the facilities of a company with a concession granted by the SCT.

Telecomunicaciones de México has exclusive rights to Intelsat and Inmarsat links. Services other than international long distance that require the use of satellites until 2002 must use Mexican satellite infrastructure.

Investment

Investors of the other Parties or their investments may participate up to 49 percent in concessionary companies that provide telephone services, telephone booth services and telecommunications facilities. For purposes of determining this maximum limit of participation, foreign investment that is indirectly carried out in these activities through Mexican companies with a majority of Mexican capital will not be computed, provided that the latter are not controlled by the foreign investment.

A favorable resolution from the National Foreign Investment Commission is required for foreign investment to participate, directly or indirectly, in the provision of cellular telephony services in a percentage greater than 49 percent.

Reduction Schedule: None

Sector: Communications

Subsector: Transportation and Telecommunications

Industry Classification: CMAP 7200 Communications CMAP 7100 Transport

Type of Reservation: National Treatment (Article 14-04)

Level of Government: Federal

Measures: General Roads of Communication Law, Official Gazette, February 19, 1940, Book I, Chapters Ill and V. Ports Law, Official Gazette, July 19, 1993, Chapter IV. Ley de Navegación, Diario Oficial, January 4, 1994, Title I, Chapter I. Ley Reglamentaria del Servicio Ferroviario, Diario Oficial, May 12, 1995, Chapter II, Section Three. Civil Aviation Law, Official Gazette, May 12, 1995, Chapter III, Section Three. Airports Law, Official Gazette, December 22, 1995, Chapter IV Roads, Bridges and Federal Transportation Law, Official Gazette, December 22, 1993, Title 1, Chapter Ill. Federal Telecommunications Law, Official Gazette, June 7, 1995, Chapter I and Ill, Section Six. Telecommunications Regulations, Official Gazette, October 29, 1990, Chapter III.

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.

Resduction Schedule: None

Sector: Construction

Subsector:

Industry Classification: CMAP 501322 Construction for the conveyance of petroleum and petroleum derivatives (limited only a specialized contractors) CMAP 503008 Oil and gas exploration and drilling services and work (limited to specialty contractors only)

Type of Reservation: National Treatment (Article 14-04)

Level of Government: Federal

Measures: Constitución Política de los Estados Unidos Mexicanos, Article 27 Ley Reglamentaria del Artículo 27 Constitucional en el Ramo del Petróleo, Diario Oficial, November 29, 1958. Foreign Investment Law, Official Gazette, December 27, 1993,

Title I, Chapter III. Reglamento de la Ley Reglamentaria del Articulo 27 Constitucional en el Ramo del Petróleo, Diario Oficial, August 25, 1959, Chapter I, V, IX and XI.

Descrition: Investment

Risk-sharing contracts are prohibited.

Prior approval from the National Foreign Investment Commission is required for an investor of the other Parties or its investments to acquire, directly or indirectly, more than a 49 percent interest 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 pipelines for the transportation of oil and its derivatives.

Reduction Schedule: None

Sector: Construction

Subsector: Land transportation and water transportation

Industrial Classification: CMAP 501421 Marine and waterway works. CMAP 501422 Construction of road and land transportation facilities

Type of Reservation: National treatment (Article 10-04) Local presence (Article 10-05).

Level of Government: Federal

Measures: Constitución Política de los Estados Unidos Mexicanos, Article 32 Ley de Caminos, Puentes y Autotransporte Federal, Diario Oficial, December 22, 1993, Title I Chapter Ill. Ports Law, Official Gazette, July 19, 1993, Chapter IV. Navigation Law, Official Gazette, January 4, 1994, Title I, Chapter Il.

Description: Cross-border services

A concession granted by the Ministry of Communications and Transportation 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.

Reduction Schedule: None

Sector: Energy

Subsector: Petroleum products

Industrial Classification: CMAP 626000 Retail trade of gasoline and diesel fuel (includes oils, lubricants and additives for sale at gas stations)

Type of Reservation: National Treatment (Article 14-04)

Level of Government: Federal

Measures: Foreign investment Law, Official Gazette, December 27, 1993, Title I, Chapter Il. Reglamento de la Ley Reglamentaria del Articulo 27 Constitucional en el Ramo del Petróleo, Diario Oficial, August 25, 1959, Chapters I, II, Ill, V, VII, X and XI.

Description: Investment

Only Mexican nationals and Mexican companies with a foreigner exclusion clause may acquire, establish or operate gas stations for the sale or retail distribution of gasoline, diesel, lubricants, additives or oils.

Reduction Schedule: None

Sector: Energy

Subsector: Petroleum products

Industrial Classification: CMAP 623050Retail trade of liquefied petroleum gas.

Type of Reservation: National Treatment (Article 14-04)

Level of govemment: Federal

Measures: Ley Reglamentaria del Artículo 27 Constitucional en el Ramo del Petróleo, Diario Oficial, November 29, 1958. Foreign Investment Law, Official Gazette, December 27, 1993, Title I, Chapter II. Reglamento de la Ley Reglamentaria del Articulo 27 Constitucional en el Ramo del Petróleo, Diario Oficial, August 25, 1959, Chapters I, IX and XI. Liquefied Petroleum Gas Distribution Regulation, Official Gazette, November 25, 1993, Chapters II, III and V.

Description: Investment

Only Mexican nationals and Mexican companies with a foreigner exclusion clause may distribute, transport, store or sell liquid petroleum gas, and install fixed deposits.

Reduction Schedule: None

Sector: Energy

Subsector: Petroleum products (fuel supply, aircraft lubricants and railway equipment).

Industrial Classification:

Type of Reservation: National Treatment (Article 14-04)

Level of Government: Federal

Measures: Foreign investment Law, Diario Oficial, December 27, 1993, Title I, Chapter III.

Description: Investment

Investors of the other Parties or their investments may participate up to 49 percent in the capital of a Mexican company that supplies fuels and lubricants for ships, aircraft and railway equipment. For purposes of determining this maximum limit of participation, foreign investment that is indirectly carried out in this activity through Mexican companies with a majority of Mexican capital will not be computed, provided that the latter are not controlled by the foreign investment.

Reduction Schedule: None

Sector: Printing, publishing and allied industries

Subsector: Newspaper Publishing

Industrial Classification: CMAP 342001Publishing of Newspapers

Type of Reservation: National Treatment (Article 14-04)

Level of Government: Federal

Measures: Foreign investment Law, Diario Oficial, December 27, 1993, Title I, Chapter III. As qualified by the element Description

Description: Investment

Investors of the other Parties or their investments may, directly or indirectly, hold 100 percent of the participation in an enterprise established or to be established in the territory of Mexico that is engaged in the printing and/or distribution of a newspaper that is simultaneously published outside the territory of Mexico. Investors of the other Parties or their investments may only acquire up to 49 percent of the participation in enterprises established or to be established in the territory of Mexico that print and/or publish newspapers for exclusive circulation in the national territory.

For purposes of determining this maximum limit of participation, foreign investment that is indirectly carried out in this activity through Mexican companies with a majority of Mexican capital will not be computed, provided that the latter are not controlled by the foreign investment.

For purposes of this reserve, a newspaper is considered to be one that is published at least five days a week.

Reduction Schedule: None

Sector: Manufacturing industry

Subsector: Fireworks explosives, fireworks, firearms and cartridges.

Industrial Classification: CMAP 352236 Manufacture of explosives and fireworks. CMAP 382208 Manufacturing of firearms

and cartridges

Type of Reservation: National Treatment (Article 14-04)

Level of Government: Federal

Measures: Foreign Investment Law, Diario Oficial, December 27, 1993, Title I, Chapter III.

Description: Investment

Investors of other Parties or their investments may only acquire up to a 49 percent participation in companies established or to be established in the territory of Mexico that manufacture explosives, fireworks, firearms, cartridges and ammunition, not including the acquisition and use of explosives for industrial and extractive activities, nor the manufacture of explosive mixtures for the consumption of such activities.

For purposes of determining this maximum limit of participation, foreign investment that is indirectly carried out in this activity through Mexican companies with a majority of Mexican capital will not be computed, provided that the latter are not controlled by the foreign investment.

Reduction Schedule: None

Sector: Manufacturing of goods

Subsector:

Industrial Classification:

Type of Reservation: Performance Requirements (Article 14-07)

Level of Government: Federal

Measures: Foreign Trade Law, Diario Oficial, December 27, 1993, Title I, Title I, Chapters I, II and III, and Title III. Customs Law, Diario Oficial, December 30, 1989, Title III, Chapter IV, Title IV, Chapters I and III. Decree Establishing Temporary Import Programs for the Production of Export Articles (PITEX Decree), Diario Oficial, May 3, 1990.

Description: Investment

Persons authorized by the Ministry of Commerce and Industrial Development to operate under the P/TEX Decree must export at least:

a) 30 percent of their total annual sales to be allowed to temporarily import duty-free from:

i) machinery, equipment, instruments, molds and durable tooling intended for the production process, and equipment used for the handling of materials directly related to the export goods, and

ii) apparatus, equipment, accessories and others related to the production of export goods including those for research, industrial safety, quality control, communication, personnel training, information technology and environmental purposes; and

b) 10 percent of their total annual sales or five hundred thousand U.S. dollars per year to be allowed temporary duty-free importation of:

i) raw materials, parts and components that are totally destined to integrate export goods;

ii) containers, packages, containers, containers and boxes of trailers that are intended entirely to contain export goods; and

iii) fuels, lubricants, auxiliary materials, repair tools and equipment consumed in the production of an export commodity.

Reduction Schedule: Effective January 1, 2001, such persons will not be required to comply with the percentage requirements indicated in the element Description.

Sector: Manufacturing of goods

Subsector:

Industrial Classification:

Type of Reservation: Performance Requirements (Article 14-07)

Level of Government: Federal

Measures: Foreign Trade Law, Diario Oficial, December 27, 1993, Title I, Title I, Chapters I, II and Ill, Title III. Decree for the Promotion and Operation of Highly Exporting Companies (ALTEX Decree), Diario Oficial, May 3, 1990.

Description: Investment

"Direct exporters", as defined in the ALTEX Decree, authorized by the Secretarfa de Comercio y Fomento Industrial to operate under such decree must export at least 40 percent of their total annual sales or US$2 million.

"Indirect exporters", as defined in the AL TEX Decree, authorized by the Secretarfa de Comercio y Fomento Industrial to operate under such decree must export at least 50 percent of their total annual sales.

Reduction Schedule: Beginning January 1, 2001, direct exporters and the indirect costs will not be subject to the percentage requirements indicated in the Description element.

Sector: Manufacturing of goods

Subsector: Automotive industry

Industral Classification: CMAP 383103 Manufacture of parts and accessories for system. automotive electrical CMAP 3841 Automotive industry CMAP 384121 Car and truck body and trailer manufacture and assembly CMAP 384122 Manufacture of cars and trucks CMAP 384123 Manufacture of parts for the system transmission system parts for cars and engines and its parts for trucks CMAP 384124 Manufacturing of parts for the system suspension system parts for cars and trucks CMAP 384125 Manufacture of parts and accessories for automotive and truck braking systems CMAP 384126 Manufacture of other parts and accessories for automobiles and trucks

Type of Reservation: Performance Requirements (Article 14-07)

Level of Government: Federal

Measures: Decree for the Promotion and Modemization of the Automotive Industry, Official Gazette, December 11, 1989 (Automotive Decree). Agreement that Determines Rules for the Application of the Decree for the Promotion and Modemization of the Automotive Industry, Official Gazette, November 30, 1990.

Description: Investment

As indicated in the Automotive Decree and in the Agreement that Determines Rules for the Application of the Decree for the Promotion and Modemization of the Automotive Industry, the performance requirements that are contrary to Article 14-07 (Performance Requirements).

Reduction Schedule: Pursuant to the deadlines contained in the Automotive Decree and in the Agreement that Determines Rules for the Application of the Decree for the Promotion and Modemization of the Automotive Industry .

Sector: Manufacturing of goods

Subsector: Maquiladora industry

Industrial Classification:

Type of Reservation: Performance Requirements (Article 14-07)

Level of Government: Federal

Measures: Customs Law, Diario Oficial, December 30, 1989, Title IV, Chapters I and III, Title V, Chapter Il, and Title VI. Decree for the Promotion and Operation of the Maquiladora Export Industry, Diario Oficial, December 22, 1989.

Description: Investment

Persons authorized by the Ministry of Commerce and Industrial Development to operate under the Decree for the Promotion and Operation of the Maquiladora Export Industry may not sell in the domestic market more than 80 percent of the total value of their exports made the previous year.

A maquiladora's sales to the domestic market may not be the value of the company's annual exports from January 1, 2000, exceeded 85 percent of the total value of its annual exports in the previous year.

Reduction Schedule: Beginning January 1, 2001, sales by the maquiladora industry to the domestic market will not be

subject to any percentage requirement.

Sector: Fishing

Subsector:

Industrial Classification: CMAP 1300 Fishing

Type of Reservation: National Treatment (Article 10-04) Most-Favored-Nation Treatment (Article 10-03) Local Presence (Article 10-05)

Level of Government: Federal

Measures: Constitución Política de los Estados Unidos Mexicanos, Article 32. Ley de Pesca, Diario Oficial, June 25, 1992, Chapters I and II. Navigation Law, Diario Oficial, January 4, 1994, Title II, Chapter I. Regulations of the Fisheries Law, Diario Oficial, July 21, 1992, Chapters I, III, IV, V, VI, IX and XV.

Description: Cross-border services

A concession or permit issued by the Secretarfa del Medio Ambiente, Recursos Naturales y Pesca (SEMARNAP) is required to engage in 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 flying the flag of a foreign country that provide equivalent treatment to Mexican flag vessels to perform or carry out fishing activities in the exclusive economic zone. Only Mexican nationals and Mexican companies may obtain authorization from SEMARNAP to fish on the high seas in Mexican flag vessels, set gear, collect larvae, postlarvae, hatchlings, 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 as determined by the teaching programs of the countryâs fisheries education institutions.

Reduction Schedule: None

Sector: Fishing

Subsector:

Industrial Classification: CMAP 130011 Ocean fishing. WCF 130012 Coastal fishing WCF 130013 Freshwater fishing

Type of Reservation: National Treatment (Article 14-04) Most-Favored-Nation Treatment (Article 14-05)

Level of Government: Federal

Measures: Fisheries Law, Official Gazette, June 25, 1992, Chapters I, II and IV. Navigation Law, Official Gazette, January 4, 1994, Title III, Chapter I Federal Maritime Law, Official Gazette, January 8, 1986, Title I and Chapter I. National Water Law, Official Gazette, December 1, 1992, Title I and Title IV, Chapter I. Foreign Investment Law, Official Gazette, December 27, 1993, Title I, Chapter III. Reglamento de la Ley de Pesca, Diario Oficial, July 21, 1992, Chapters II, III, V, VI, IX and XV. Fisheries Agreement between the United Mexican States and the Republic of Cuba, July 21, 1976.

Description: Investment

With respect to enterprises established or to be established in the territory of Mexico, which carry out fishing in fresh water, coastal and in the exclusive economic zone, not including aquaculture, the investors of the other Parties or their investments may only acquire up to 49 percent of the participation in such enterprises.

For purposes of determining this maximum limit of participation, foreign investment that Is indirectly carried out in this activity through Mexican companies with a majority of Mexican capital will not be computed, provided that the latter are not controlled by the foreign investment. With respect to enterprises established or to be established in the territory of Mexico that engage in deep-sea fishing, prior approval of the National Foreign Investment Commission is required for investors of the other Parties or their investments to acquire, directly or indirectly, more than 49 percent of the participation in such enterprises.

Reduction Schedule: None

Sector: Agricultural services

Subsector:

Industrial Classification: CMAP 971010 Provision of agricultural services.

Type of Reservation: National treatment (Article 10-04) Local presence (Article 10-05).

Level of Government: Federal

Measures: Constitución Política de los Estados Unidos Mexicanos, Article 32 Ley Federal de Sanidad Vegetal, Diario Oficial, January 5, 1994, Chapter IV. Reglamento de la Ley de Sanidad Fitopecuaria de los Estados Unidos Mexicanos, Diario Oficial, January 18, 1980, Chapter VII.

Description: Cross-border services

A concession granted by the Ministry of Agriculture, Livestock and Rural Development is required to apply pesticides.

Only Mexican nationals or Mexican companies may obtain such concession.

Reduction Schedule: Three years after the entry into force of this treaty:

a) the concession requirement will be replaced by the permit requirement; and

b) the citizenship requirement will be eliminated.

Sector: Educational services

Subsector: Private schools

Industrial Classification: CMAP 921101 Private preschool education services. CMAP 921102 Private elementary education services CMAP 921103 Private secondary education services CMAP 921104 Private higher secondary education services CMAP 921105 Private higher education services CMAP 921106 Private educational services combining preschool, elementary, secondary, middle and high school and higher education.

Type of Reservation: National Treatment (Article 14-04)

Level of Government: Federal

Measures: Foreign Investment Law, Official Gazette, December 27, 1993, Title I, Chapter III. Law for the Coordination of Higher Education, Official Gazette, December 29, 1978, Chapter II. General Education Law, Official Gazette, July 13, 1993, Chapter III.

Description: Investment

Prior approval of the National Foreign Investment Commission is required for investors of the other Party or their investments to acquire, directly or indirectly, more than 49 percent of the participation in an enterprise established or to be established in the territory of Mexico that provides private preschool, primary, secondary, middle, high school, higher and combined education services.

Reduction Schedule: None

Sector: Professional, technical and specialized services

Subsector: Physicians

Industrial Classification: CMAP 9231 Medical, dental and veterinary services provided by the private sector (limited to medical and dental services)

Type of Reservation: National Treatment (Article 10-04)

Level of Government: Federal

Measures: Federal Labor Law, Official Gazette, April 1, 1970, Chapter I.

Description: Cross-border services

Only Mexican nationals with a license to practice medicine in Mexico may be hired to provide medical services to the personnel of Mexican companies.

Reduction Schedule: None

Sector: Professional, technical and specialized services

Subsector: Specialized personnel

Industrial Classification: CMAP 951012 Customs, customs brokers y services from agencies customs and representation (limited to import and export shipment declarations)

Type of Reservation: National Treatment (Articles 10-04 and 14-04).

Levl of Government: Federal

Measures: Customs Law, Diario Oficial, December 30, 1989, Title II, Chapter I and III, and Title VII, Sole Chapter. Foreign investment Law, Official Gazette, December 27, 1993, Title I, Chapter II.

Measures: Cross Border Services and Investment

Only Mexicans by birth may be customs brokers. Only customs agents acting as consignees or agents of a specific importer or exporter, as well as customs agents, may carry out the procedures related to the clearance of the goods of such importer or exporter.

Investors of the other Parties or their investments may not participate, directly or indirectly, in a customs agency.

Reduction Schedule: None

Sector: Professional, technical and specialized services

Subsector: Specialized Services (Public Brokers)

Type of Reservation: National Treatment (Articles 10-04 and 14-04).

Level of Government: Federal

Measures: Federal Public Brokerage Law, Official Gazette, December 29, 1992, Article 8. Foreign Investment Law, Official Gazette, December 27, 1993, Title I, Chapter II.

Description: Cross Border Services and Investment

Only Mexican nationals may be authorized to act as public brokers.

Public brokers may not associate with any person who is not a public broker in Mexico to provide a public brokerage service. A public broker has functions such as:

a) act as a mediating agent to transmit and exchange proposals between two or more parties and to advise on the conclusion or adjustment of any commercial contract;

b) to act as an expert appraiser;

c) to provide legal advice to traders in the activities of the trade;

d) act as arbitrator at the request of the parties in the settlement of disputes of a commercial nature; and

e) act as notary public to record contracts, agreements, acts and facts of a commercial nature.

Reduction Schedule: None

Sector: Professional, technical and specialized services

Subsector: Professional Services

Industrial Classification: CMAP 951002 Legal services (includes foreign legal consultants).

Type of Reservation: National Treatment (Articles 10-04 and 14-04). Most-favored-nation treatment (Articles 10-03 and 14-05)

Level of government: Federal

Measures: Ley Reglamentaria del Articulo 5 Constitucional, relativo al ejercicio de las profesiones en el Distrito Federal, Diario Oficial, May 26, 1945. Ley de Inversión Extranjera, Diario Oficial, December 27, 1993, Title 1, Chapter II.

Description: Investment

A favorable resolution of the National Foreign Investment Commission is required for foreign investment to participate directly and indirectly, in a percentage greater than 49 percent in companies established or to be established in the territory of Mexico that provide legal services. Cross-border services When there is no treaty on the matter, the professional practice of foreigners will be subject to reciprocity in the place of residence of the applicant and to the fulfillment of the other requirements established by Mexican law. Except as set forth in this reservation, only attorneys licensed to practice in Mexico may participate in a law firm incorporated in the territory of Mexico. Lawyers licensed to practice in El Salvador, Guatemala and Honduras may associate with lawyers licensed to practice in Mexico. The number of lawyers authorized to practice in El Salvador, Guatemala and Honduras who are partners in a partnership in Mexico may not exceed the number of lawyers authorized to practice in Mexico who are partners in that partnership. Lawyers licensed to practice in El Salvador, Guatemala and Honduras may practice and provide legal advice on Mexican law, provided they comply with the requirements for the practice of law in Mexico.

A law firm established by a partnership between lawyers licensed to practice in El Salvador, Guatemala and Honduras and lawyers licensed to practice in Mexico may hire as employees lawyers licensed to practice in Mexico.

Reduction Schedule: None

Sector: Professional, technical and specialized services

Subsector: Professional services

Industrial Classification: CMAP 9510 Professional, technical and specialized services. (limited to professional services)

Type of Reservation: Most favored nation treatment (Article 10-03) National treatment (Article 10-04). Local presence (Article 10-05)

Level of Government: Federal

Measures: Ley Reglamentaria del Artículo 5 Constitucional, Relativo al Ejercicio de las Profesiones en el Distrito Federal, Diario Oficial, May 26, 1945, Chapter Ill, Section Three, Chapters IV and V. General Population Law, Diario Oficial, January 7, 1974, Title Ill, Chapter III. Reglamento de la Ley Reglamentaria del Articulo 5 Constitucional, relativo al ejercicio de las profesiones en el Distrito Federal, Chapter Ill, Diario Oficial, October 1, 1945.

Description: Cross-border services

Subject to the provisions of the international treaties to which Mexico is a party, foreigners may practice in the Federal District the professions established in the Regulatory Law of Article 5 of the Constitution regarding the Practice of Professions in the Federal District.

When there is no treaty on the matter, the professional practice of foreigners will be subject to reciprocity in the place of residence of the applicant and to the fulfillment of the other requirements established by Mexican law.

Foreign professionals must have a domicile in Mexico. Domicile shall be understood as: the place where the subject may hear and receive notifications and documents.

Reduction Schedule: None

Sector: Religious services

Subsector:

Industrial Classification: CMAP 929001Services of religious organizations.

Type of Reservation: Local presence (Article 10-05) Senior Management and Boards of Directors (Article 14- 08)

Level of Government: Federal

Measures: Law on Religious Associations and Public Worship, Official Gazette, duly 15, 1992, Title II, Chapters I and II.

Description: Cross-border services

In order to obtain constitutive registration, religious associations must prove that they have carried out religious activities in the Mexican Republic for at least five years and have established their domicile in Mexico.

Investment

Representatives of religious associations must be Mexican nationals.

Reduction Schedule: None

Sector: Transportation

Subsector: Air transportation

Industrial Classification: CMAP 384205 Manufacture, assembly and repair of aircraft (limited to aircraft repair).

Type of Reserve: Local presence (Article 10-05)

Level of Govemment: Federal

Measures: Civil Aviation Law, Official Gazette, May 12, 1995, Chapter III Regulation of Aeronautical Workshops, Official Gazette, April 20, 1988, Chapter I.

Description: Cross-border services

A permit granted by the Ministry of Communications and Transportation is required for the establishment and operation of aeronautical workshops and training centers.

Reduction Schedule: None

Sector: Transportation

Subsector: Air transportation

Industrial Classification: CMAP 973301 Air navigation services. CMAP 973302 Airport and heliport administration services

Type of Reservation: National treatment (Articles 10-04 and 14-04) Local presence (Article 10-05).

Level of Govemment: Federal

Measures: Constitución Política de los Estados Unidos Mexicanos, Article 32 Ley de Vías Generales de Comunicación, Diario Oficial, February 19, 1940, Book I, Chapters I, II and III. Foreign investment Law, Official Gazette, December 27, 1993, Title I, Chapter III. Nationality Law, Official Gazette, June 21, 1993. Civil Aviation Law, Official Gazette, May 12, 1995, Chapters I and IV Airports Law, Official Gazette, December 22, 1995, Chapter Ill.

Description: Cross Border Services and Investment

A concession granted by the Ministry of Communications and Transportation is required to build and operate, or only operate airports and heliports. Only Mexican corporations may obtain such concession. Prior approval from the National Foreign Investment Commission (CNIE) is required for an investor of the other Parties or its investments to acquire, directly or indirectly, more than 49 percent of the participation of a company established or to be established in the territory of Mexico that is a concessionaire or permit holder of public service aerodromes. The CNIE must consider, when making its decisions, that national and technological development is favored, and that the sovereign integrity of the nation is safeguarded.

Reduction Schedule: None

Sector: Transportation

Subsector: Air transportation

Industrial Classification: CMAP 713001 Transportation services in aircraft with national registration plates. CMAP 713002 Air cab transport services

Type of Reservation: National Treatment (Article 14-04) Senior Management and Boards of Directors (Article 14- 08)

Measures: Civil Aviation Law, Official Gazette, May 12, 1995, Section Three Foreign Investment Law, Official Gazette, December 27, 1993, Title I, Chapter III. As qualified by the element Description

Description: Investment

Investors of the other Parties or their investments may only acquire up to 25 percent of the voting shares of an enterprise

established or to be established in the territory of Mexico that provides commercial air services in Mexican-registered aircraft. The president and at least two- thirds of the board of directors and two-thirds of the senior management positions of such enterprises must be Mexican nationals.

For purposes of determining this maximum limit of participation, foreign investment that Is indirectly carried out in this activity through Mexican companies with a majority of Mexican capital will not be computed, provided that the latter are not controlled by the foreign investment. 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.

Reduction Schedule: None

Sector: Transportation

Subsector: Specialized air services

Industry Classification:

Type of Reservation: National treatment (Articles 10-04 and 14-04) Local presence (Article 10-05). Senior Management and Boards of Directors (Article 14- 08)

Level of Government: Federal

Measures: Foreign investment Law, Diario Oficial, December 27, 1993, Title I, Chapter III.
Civil Aviation Law, Official Gazette, May 12, 1995, Chapters I, Il, IV and IX, As qualified by paragraphs 2, 3, 4 and 5 of the Description element, as follows.

Description: Cross-border services

1) A permit granted by the Ministry of Communications and Transportation (SCT) is required to provide all specialized air services in Mexican territory.

2) A person of El Salvador, Guatemala and Honduras may obtain such a permit to provide in Mexican territory, subject to compliance with Mexican safety rules, the services of flight training, forest fire control, fire fighting, glider towing, parachuting, aerial advertising, scenic flights, aerial services for construction and aerial transportation of logs.

3) Such permit shall not be granted to persons from El Salvador, Guatemala and Honduras to provide specialized aerial inspection, surveillance, mapping, photography, topography and spraying services.

Investment

4) Investors of the other Parties or their investments may only acquire up to 25 percent of the voting shares of enterprises established or to be established in the territory of Mexico that provide specialized air services using Mexican-registered aircraft. The president and at least two-thirds of the board of directors and two-thirds of the senior management positions of such enterprises must must be Mexican nationals . Only Mexican nationals and Mexican companies with 75 percent of shares owned or controlled by Mexican nationals, and where the president and at least two-thirds of the senior management positions are Mexican nationals, may register aircraft in Mexico.

5) For purposes of determining this maximum limit of participation, foreign investment that is indirectly carried out in this activity through Mexican companies with a majority of Mexican capital will not be computed, provided that the latter are not controlled by the foreign investment.

Reduction Schedule: None

Sector: Transportation

Subsector: Water transportation

Industrial Classification: CMAP 973203 Comprehensive port administration.

Type of Reservation: National Treatment (Article 14-04)

Level of Government: Federal

Measures: Ports Law, Official Gazette, July 19, 1993, Chapters IV and V. Foreign Investment Law, Official Gazette, December 27, 1993, Title I, Chapter III.

Description: Investment

Investors of the other Parties or their investments may participate up to 49 percent in the capital of a Mexican company that is authorized as an integral port administrator. For purposes of determining this maximum limit of participation, the foreign investment that, indirectly, is carried out in this activity through Mexican companies with a majority of Mexican capital will not be computed, as long as the latter are not controlled by the foreign investment.

An integral port administration exists when the planning, programming, development and other acts related to the goods and services of a port are entrusted in their entirety to a mercantile company, by means of a concession for the use, exploitation and exploitation of the goods and the rendering of the respective services.

Reduction Schedule: None

Sector: Transportation

Subsector: Water transportation

Industrial Classification: CMAP 384201 Boat building and repairing.

Type of Reservation: National treatment (Article 10- 04) Local presence (Article 10-05).

Level of Government: Federal

Measures: Constitución Política de los Estados Unidos Mexicanos, Article 32 Ley de Vías Generales de Comunicación, Diario Oficial, February 19, 1940, Book I, Chapters I, II and III, Book III, Chapter XV. Navigation Law, Official Gazette, January 4, 1994, Title 1, Chapter II Nationality Law, Official Gazette, June 21, 1993, Chapter Il. Ports Law, Official Gazette, July 19, 1993, Chapter IV.

Description: Cross-border services

A concession granted by the Ministry of Communications and Transportation is required to establish and operate, or only operate, a shipyard. Only Mexican nationals and Mexican companies may obtain such concession.

Reduction Schedule: None

Sector: Transportation

Subsector: Water transportation

Industrial Classification: CMAP 973201 Loading and unloading services, related to the. water transportation (includes operation and maintenance of docks; coastal loading and unloading of vessels; marine cargo handling; operation and maintenance of wharves; vessel cleaning; stevedoring; transfer of cargo between vessels and trucks, trains, pipelines and docks; port terminal operations)

Type of Reservation: National treatment (Articles 10-04 and 14-04) Local presence (Article 10-05).

Level of Government: Federal

Measures_ Political Constitution of the United Mexican States, Article 32. Navigation Law, Official Gazette, January 4, 1994, Title I, Chapter II and Title II, Chapters IV and V. Ports Law, Official Gazette, July 19, 1993, Chapters II, IV and VI. Ley de Vías Generales de Comunicaci6n, Diario Oficial, February 19, 1940, Book I, Chapters I, II and III. Reglamento para el Uso y Aprovechamiento del Mar Territorial, Vías Navegables, Playas, Zona Federal Maritimo Terrestre y Terrenos Ganados al Mar, Diario Oficial, August 21, 1991, Chapter II, Section II. Ley de Inversión Extranjera, Diario Oficial, December 27, 1993, Title I, Chapter III. As qualified by the Description element in Investment

Description: Cross-border services

A concession granted by the Ministry of Communications and Transportation (SCT) is required to build and operate, or only operate, maritime terminals, including docks, cranes and related activities. Only Mexican nationals and Mexican companies may obtain such concession.

A permit issued by the SCT is required to provide warehousing and stevedoring services. Only Mexican nationals and Mexican companies may obtain such permit.

Investment

Prior approval from the National Foreign Investment Commission is required for an investor of the other Party or its investments to own, directly or indirectly, more than 49 percent of the equity interest in an enterprise established or to be established in the territory of Mexico that provides the following services to third parties: port services to vessels for their inland navigation operations, such as towing, mooring of ropes and launching.

Reduction Schedule: None

Sector: Transportation

Subsector: Water transportation

Industrial Classification: CMAP 973203 Pilotage port services.

Types of Reservation: National Treatment (Article 14-04)

Level of Government: Federal

Measures: Navigation Law, Official Gazette, January 4, 1994, Title III, Chapter II. Foreign investment Law, Official Gazette, December 27, 1993, Title 1, Chapter III. Ports Law, Official Gazette, July 19, 1993, Chapters IV and VI.

Description: Investment

Investors of the other Parties or their investments may participate up to 49 percent in Mexican companies engaged in providing port pilotage services to vessels for inland navigation operations.

For purposes of determining this maximum limit of participation, foreign investment that is indirectly carried out in this activity through Mexican companies with a majority of Mexican capital will not be computed, provided that the latter are not controlled by the foreign investment.

Reduction Schedule: None

Sector: Transportation

Subsector: Water transportation

Industrial Classifciation: CMAP 712011 Offshore marine transportation service. CMAP 712012 Coastal maritime transportation service CMAP 7120130cean and coastal towing service CMAP 712021 Water and lake transportation service CMAP 712013Water and lake transportation service CMAP 712014 Water transport service CMAP 712022 Inland port transportation service

Type of Reservation: National Treatment (Articles 10-04 and 14-04). Most-favored-nation treatment (Articles 10-03 and 14-05) Federal

Measures: Navigation Law, Diario Oficial, January 4, 1994, Title III, Chapter I Foreign Investment Law, Diario Oficial, December 27, 1993, Title I, Chapter III. Federal Law of Economic Competition, Official Gazette, December 24, 1992, Chapter IV. Decree for the Promotion and Modernization of the Automotive Industry, Official Gazette, December 11, 1989 (Automotive Decree). Agreement that Determines Rules for the Application of the Decree for the Promotion and Modemization of the Automotive Industry, Official Gazette, November 30, 1990. As qualified by the element Description

Description: Cross Border 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 Economic Competition Commission (CFCE), may reserve, in whole or in part, certain international deep-sea cargo transportation, so that it may only be carried out by Mexican shipping companies, with Mexican vessels or vessels reputed as such, when the principles of free competition are not respected and the national economy is affected.

The operation and exploitation of inland navigation vessels is reserved to Mexican shipowners with Mexican vessels. When there are no suitable and available Mexican vessels, or the public interest so requires, the SCT may grant to Mexican shipowners, temporary navigation permits to operate and exploit with foreign vessels, or in case there are no interested Mexican shipowners, it may grant these permits to foreign shipping companies.

The operation and exploitation of vessels in coastal navigation may be carried out by Mexican or foreign shipowners, with Mexican or foreign vessels. In the case of foreign shipping companies or vessels, a permit will be required from the SCT, after verifying the existence of reciprocity and equivalence conditions with the country where the vessel is registered and

with the country where the shipping company has its registered office and its real and effective place of business.

The amounts of freight contracted with Salvadoran, Guatemalan and Honduran companies will be considered as contracted with Mexican companies for the purposes of Article 22 of the Agreement that Determines Rules for the Application of the Decree for the Promotion and Modemization of the Automotive Industry and its subsequent amendments.

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 CFCE, 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 Parties or their investments may participate in the capital of a Mexican shipping company established or to be established up to 49 percent, which is engaged in the commercial exploitation of vessels for inland navigation and cabotage, with the exception of tourist cruises and the exploitation of dredges and naval artifacts for the construction, conservation and operation of ports.

For purposes of determining this maximum limit of participation, foreign investment that Is indirectly carried out in this activity through Mexican companies with a majority of Mexican capital will not be computed, provided that the latter are controlled by the Mexican investment.

Prior approval from the National Foreign Investment Commission is required for investors of the other Parties or their investments to hold, directly or indirectly, more than

49 percent interest in shipping companies established or to be established in the territory of Mexico, engaged in the operation of vessels exclusively in deep-sea traffic.

Reduction Schedule: None

Sector: Transportation

Subsector: Pipelines other than those transporting energy.

Industrial Classification.

Type of Reservation: National treatment (Article 10-04) Local presence (Article 10-05).

Level of Government: Federal

Measures: Constitución Política de los Estados Unidos Mexicanos, Article 32 Ley de Vías Generales de Comunicación, Diario Oficial, February 19, 1940, Book I, Chapters I, II and III. National Water Law, Official Gazette, December 1, 1992, Title 1, Chapter II, Title IV, Chapter II. Nationality Law, Official Gazette, June 21, 1993, Chapter II.

Description: Cross-border services

A concession, granted by the Ministry of Communications and Transportation, is required to construct and operate pipelines that transport goods other than energy or basic petrochemical products. Only Mexican nationals and Mexican companies may obtain such concession.

Reduction Schedule: None

Sector: Transportation

Subsector: Specialized personnel

Industrial Classification: CMAP 951023 Other skilled personnel services (limited to. captains; pilots; skippers; machinists; mechanics; airfield commanders; port captains; harbor pilots; personnel who crew any vessel or aircraft flying a Mexican flag or having a Mexican merchant flag or insignia).

Type of Reservation: National Treatment (Article 10-04)

Level of Government: Federal

Measures: Political Constitution of the United Mexican States, Article 32.

Description: Cross-border services

Only Mexicans by birth may be:

a) captains, pilots, skippers, machinists, mechanics and crew of vessels or aircraft flying the Mexican flag;

b) port captains, port pilots and airfield commanders.

Reduction Schedule: None

Sector: Transportation

Subsector: Rail transport

Industrial Classification: CMAP 711101 Transportation by rail

Type of Reservation: National Treatment (Article 14-04)

Level of Government: Federal

Measures: Foreign investment Law, Official Gazette, December 27, 1993, Title I, Chapter III. Ley Reglamentaria de! Servicio Ferroviario, Diario Oficial, May 12, 1995, Chapter I and Chapter II, Section Ill.

Description: Investment

A favorable resolution of the National Foreign Investment Commission is required for foreign investment to participate directly or indirectly, in a percentage greater than 49 percent, in the economic activities and companies dedicated to the construction, operation and exploitation of railroads that are general means of communication and provision of public railroad transportation services.

Reduction Schedule: None

Sector: Transportation

Subsector: Land transportation CMAP 973101 Bus station management passenger service and ancillary services (truck terminals and bus and truck stations)

Type of Reservation: National Treatment (Articles 10-04 and 14-04). Most-Favored-Nation Treatment (Article 10-03) Local Presence (Article 10-05)

Level of Government: Federal

Measures: Foreign Investment Law, Official Gazette, December 27, 1993, Sixth Transitory Article. Ley de Caminos, Puentes y Autotransporte Federal, Diario Oficial, December 22, 1993, Title I Chapter Ill. Reglamento para el Aprovechamiento del Derecho de Via de jas Carreteras Federales y Zonas Aledañas, Diario Oficial, February 5, 1992, Chapters Il and IV. Reglamento de Autotransporte Federal y Servicios Auxiliares, Official Gazette, November 22, 1994, Chapter I.

Description: Cross-border services

A permit granted by the Ministry of Communications and Transportation is required to establish or operate a bus or truck station or terminal.

Only Mexican nationals and Mexican companies may obtain such permit.

Investment

Investors of the other Parties or their investments may participate up to 49 percent in companies established or to be established in the territory of Mexico dedicated to the establishment or operation of truck or bus stations or terminals. For purposes of determining this maximum participation limit, foreign investment that is indirectly carried out in this activity through Mexican companies with a majority of Mexican capital shall not be computed, provided that the latter are not controlled by the foreign investment.

Reduction Schedule: Cross-border services

None

Investment

With respect to enterprises established or to be established in the territory of Mexico engaged in the establishment or operation of bus or truck terminals and truck and bus stations, investors of the other Parties or their investments may only hold, directly or indirectly:

a) as of January 1, 2001, up to 51 percent of the companies' shareholding; and

b) as of January 1, 2004, up to 100 percent in the participation of the companies without the need to obtain a favorable resolution from the National Foreign Investment Commission.

Sector: Transportation

Subsector: Land transportation

Industrial Classification: CMAP 973102 Road, bridge and road management and auxiliary services.

Type of Reservation: National treatment (Article 10- 04) Local presence (Article 10- 05).

Level of Government: Federal

Measures: Constitución Política de los Estados Unidos Mexicanos, Article 32 Ley de Caminos, Puentes y Autotransporte Federal, Diario Oficial, December 22, 1993, Title I, Chapter Ill. Cross-border services A concession granted by the Ministry of Communications and Transportation is required to provide services for the administration of roads, bridges and auxiliary services. Only Mexican nationals and Mexican companies may obtain such concession.

Reduction Schedule: None

Sector: Transportation

Subsector: Land transportation

Industrial Classification: CMAP 711201 Service from motor transportation of materials from construction CMAP 711202 Self-transportation service of removals CMAP 711203 Other specialized motor freight services CMAP 711204 Freight motor transport service in general CMAP 711311 Foreign passenger transportation service in bus CMAP 711318 School and tourist transportation service (limited to tourist transportation services)

Type of Reservation: National Treatment (Articles 10-04 and 14-04). Most-favored-nation treatment (Article 10-03) Local presence (Article 10-05)

Level of Government: Federal

Measures:mForeign Investment Law, Official Gazette, December 27, 1993, Sixth Transitory Article. Ley de Caminos, Puentes y Autotransporte Federal, Official Gazette, December 22, 1993, Title I, Chapter Ill, Title V. Reglamento de Autotransporte Federal y Servicios Auxiliares, Official Gazette, November 22, 1994, Chapter I.

Description: Cross-border services

A permit issued by the Ministry of Communications and Transportation (SCT) is required to provide intercity bus services, tourist transportation services and cargo transportation services to or from the territory of Mexico. Only Mexican nationals and Mexican companies with a foreigner exclusion clause may provide such services. 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 obtain permission to provide truck or bus services to transport goods or passengers between two points in the territory of Mexico. A permit from the SCT is required to provide courier and parcel services. These permits will be granted to Mexicans or to companies incorporated under Mexican law. The international transportation of passengers, tourism and cargo shall comply with the terms and conditions set forth in the applicable international treaties.

Investment

Investors of the other Parties or their investments may not participate, directly or indirectly, in enterprises established or to be established in the territory of Mexico to supply the truck or bus transportation services indicated in the Industrial Classification element. With respect to enterprises established or to be established in the territory of Mexico that provide intercity passenger, tourist or international cargo transportation services between points in the territory of Mexico, investors of the other Party or their investments may hold up to 49 percent of the participation in such enterprises. For purposes of determining this maximum limit of participation, foreign investment that is indirectly carried out in this activity through Mexican companies with a majority of Mexican capital will not be computed, provided that the latter are not controlled by

the foreign investment.

Reduction Schedule: Cross-border services

None

Investment

With respect to enterprises established or to be established in the territory of Mexico that provide intercity passenger transportation services, tourist transportation or international cargo transportation between points in the territory of Mexico, the investors of the other Parties or their investments may only hold, directly or indirectly:

a) as of January 1, 2001, only up to 51 percent of the equity interest in such companies; and

b) as of January 1, 2004, up to 100 percent of the equity interest in such companies. Investors of the other Parties or their investments may not, directly or indirectly, participate in companies that provide domestic freight transportation services.

Sector: Transportation

Subsector: Land transportation

Industrial Classification: CMAP 711101 Railway transportation service (limited to the. railway crew)

Type of Reservation: National Treatment (Article 10-04)

Level of govemment: Federal

Measures: Federal Labor Law, Official Gazette, April 1, 1970, Title VI, Chapter V.

Description: Cross-border services

Only Mexican nationals may be employed on railroad crews in Mexico.

Reduction Schedule: None

Sector: Transportation

Subsector: Land transportation

Industrial Classification: CMAP 711312 Urban and suburban transportation service of bus passengers CMAP 711315 Automobile routing service CMAP 711316 Fixed route automobile transportation service CMAP 711317 On-site automobile transportation service CMAP 711316 Fixed route automobile transportation service CMAP 711316 Fixed route automobile transportation service CMAP 711317 On-site automobile transportation service CMAP 711317 On-site automobile transportation service CMAP 711318 School and tourist transportation service (limited to school transportation service)

Type of Reservation: National Treatment (Articles 10-04 and 14-04).

Level of Government: Federal

Measures: Foreign Investment Law, Official Gazette, December 27, 1993, Title I, Chapter Il. Ley de Vias Generales de Comunicaci6n, Diario Oficial, February 19, 1940, Book I, Chapters I and Il. Ley de Caminos Puentes y Autotransporte Federal, Diario Oficial, December 22, 1993, Title I Chapter Ill. Federal Motor Transport and Auxiliary Services Regulations, Official Gazette, November 22, 1994, Chapter I.

Description: Cross Border 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.

Reduction Schedule: None

Sector: All sectors

Subsector:

Industrial Classification:

Type of Reservation: National Treatment (Article 10-04)

Level of Government: State (State of Baja California Sur)

Measure: Political Constitution of the State of Baja California Sur, Official Gazette, December 9, 1993, Chapter lll.

Description: Cross-border services

South Californians will be preferred for all kinds of concessions in which the quality of citizenship is indispensable.

Reduction Schedule: None

Sector: All sectors

Subsector:

Industrial Classification:

Type of Reservation: National Treatment (Article 14-04) Most favored nation treatment (Article 14-05) Performance requirements (Article 14-07)

Level of Govemment: State (State of Jalisco)

Measure: Law for the Economic Promotion of the State of Jalisco, Official Gazette, December 31, 1994, Chapter VI, Article 11. As qualified in the Description element

Description: investment

For the granting of incentives, social profitability criteria should be used, taking into consideration the volume of exports, among others. For the purposes of this reserve, existing means the measure in effect as of January 1, 1994.

Reduction Schedule: None

Sector: All sectors

Subsector:

Industrial Classification:

Type of Reservation: National Treatment (Article 14-04) Performance requirements (Article 14-07)

Level of Govemment: State (State of Puebla)

Measure: Organic Law of the Public Administration of the State of Puebla, Official Gazette, June 4, 1996, Chapter V, Article 32.

Description: investment

The Secretariat of Economic Development will be in charge of directing, coordinating and controlling the execution of the programs of economic development and promotion for the integral, regional and sectorial development of the entity.

Reduction Schedule: None

Sector: All sectors

Subsector:

Industrial Classification:

Type of Reserve: Performance Requirements (Article 14-07)

Level of Govemment: State (State of Puebla)

Measures: Fiscal Code of the State of Puebla, Official Gazette, December 29, 1987, Articles 13, 14 and 41.

Description: Investment

The tax authorities are empowered to authorize the payment in installments, either deferred or in partial payments of the omitted taxes and their accessories, under the requirements established in this code. Likewise, they will hear and resolve requests for total or partial remission or exemption of payment of taxes and their accessories. In addition, they will grant subsidies and fiscal incentives.

Reduction Schedule: None

Sector: All sectors

Subsector:

Industrial Classification:

Type of Reservation: National Treatment (Article 14-04) Performance requirements (Article 14-07)

Level of Government: State (State of Tamaulipas).

Measures: Law for the Promotion and Protection of industry, Official Gazette, April 1, 1964, Chapter I, Article 7.

Description: Investment

The granting of tax exemptions is conditioned to new or necessary assembly industries that assemble goods with parts that are entirely manufactured in the country and those that, with their own equipment, produce no less than 25 percent of the direct cost of the totality of the parts with which they assemble their products, but that in no case use parts of foreign origin that represent more than 40 percent of said cost. None

Sector: All sectors

Subsector:

Industrial Classification:

Type of Reservation: National Treatment (Articles 10-04 and 14-04).

Level of Government: State (State of Sinaloa)

Measures: Political Constitution of the State of Sinaloa, Periódico Oficial, July 20, 1922, Chapter II, Article 10, section III.

Description: Cross Border Services and Investment

It is the prerogative of the Sinaloan citizen to be preferred in equal circumstances to those who are not Sinaloan citizens, in all kinds of concessions of the government of the State and Municipalities.

Reduction Schedule: None

Sector: Water

Subsector: Water catchment, potabilization and distribution.

Industrial Classification: CMAP 420000 Water collection, treatment, conveyance and distribution.

Type of Reservation: National Treatment (Articles 10-04 and 14-04).

Level of Government: State (State of Guerrero)

Measures: Law of the State System of Potable Water, Sewerage and Sanitation of the State of Guerrero, Official Gazette, April 26, 1994, Chapter V, Article 39.

Description: Cross Border Services and Investment

Authorization for the commercial distribution of potable water will only be granted to Mexicans or companies incorporated under the terms of the law when the supply of potable water to the population so requires.

Reduction Schedule: None

Sector: Retail

Subsector: Wholesale and retail trade of food, beverages and tobacco products.

Industrial Classification: CMAP 614012 Wholesale trade of beer. CMAP 614013 Wholesale trade of wines and spirits. CMAP 621016 Retail trade of beer CMAP 621017 Retail trade of wines and spirits CMAP 931011 Restaurant and catering services CMAP 931011 Restaurant and catering services CMAP 931020 Cabaret and nightclub services CMAP 931031 Canteen and bar services CMAP 931032 Bar services CMAP 931032 Brewery service CMAP 931033 Pulquerías service

Type of Reservation: National Treatment (Article 14-04)

Level of Government: State (State of Quintana Roo).

Measures: Law for the Control of Sales and Consumption of Alcoholic Beverages in the State of Quintana Roo, Official Gazette, January 15, 1991, Chapter Ill, Articles 27 and 30.

Description: Investment

The patent for the sale of alcoholic beverages is granted to individuals and corporations established in accordance with the laws of the country.

In the case of foreign individuals, a document supporting their financial capacity must be attached.

The granting of patents is a discretionary act of the Governor of the State.

Reduction Schedule: None

Sector: Retail

Subsector: Wholesale and retail trade of food, beverages and tobacco products.

Industrial Classification: CMAP 614012 Wholesale trade of beer. CMAP 614013 Wholesale trade of wines and spirits CMAP 621016 Retail trade of beer CMAP 621017 Retail trade of wines and spirits CMAP 931011 Restaurant and catering services CMAP 931011 Restaurant and catering services CMAP 931020 Cabaret and nightclub services CMAP 931031 Canteen and bar services CMAP 931032 Bar services CMAP 931032 Brewery service CMAP 931033 Pulquerías service

Type of Reservation: National Treatment (Articles 10-04 and 14-04).

Level of Government: State (State of Sonora)

Measures: Law number 119 regulating the Operation and Functioning of Establishments for the Manufacture, Bottling, Distribution, Storage, Transportation, Sale and Consumption of Beverages with Alcoholic Content in the State of Sonora, Official Gazette, June 25, 1992, Chapter VI, Article 47.

Description: Cross Border Services and Investment

A license is required for the opening and operation of establishments for the manufacture, bottling, distribution, storage, transportation, sale and consumption of beverages with alcoholic content. This license is granted to Mexicans.

Reduction Schedule: None

Sector: Retail

Subsector: Wholesale and retail trade of food, beverages and tobacco products.

Industrial Classification: CMAP 614012 Wholesale trade of beer. CMAP 614013 Wholesale trade of wines and spirits CMAP 621016 Retail trade of beer CMAP 621017 Retail trade of wines and spirits CMAP 931011 Restaurant and catering services CMAP 931011 Restaurant and catering services CMAP 931020 Cabaret and nightclub services CMAP 931031 Canteen and bar services CMAP 931032 Bar services CMAP 931032 Brewery service CMAP 931033 Pulquerías service

Type of Reservation: National Treatment (Articles 10-04 and 14-04).

Level of Government: State (State of Tabasco)

Measures: Law Regulating the Sale, Distribution and Consumption of Alcoholic Beverages and Beer in the State, Official Gazette, December 26, 1981, Chapter IV, Articles 26 and 28.

Description: Cross Border Services and Investment

A license is required for the opening and operation of establishments dedicated to the sale and consumption of alcoholic beverages. This license is granted to Mexicans.

Reduction Schedule: None

Sector: Retail trade

Subsector:

Industrial Classification: CMAP 62Retail Trade.

Type of Reservation: National Treatment (Articles 10-04 and 14-04).

Level of Government: State (State of Veracruz)

Measures: Regulation of Markets for the State, Official Gazette, April 25, 1959, Chapter Ill, Articles 17 and 18.

Description: Cross Border Services and Investment

Permanent and temporary merchants who wish to obtain a location in the State's markets must be Mexican by birth.

Reduction Schedule: None

Sector: Retail

Subsector: Wholesale and retail trade of food, beverages and tobacco products.

Industrial Classification: ;CMAP 614012 Wholesale trade of beer. CMAP 614013 Wholesale trade of wines and spirits CMAP 621016 Retail trade of beer CMAP 621017 Retail trade of wines and spirits CMAP 931011 Restaurant and catering services CMAP 931011 Restaurant and catering services CMAP 931020 Cabaret and nightclub services CMAP 931031 Canteen and bar services CMAP 931032 Bar services CMAP 931032 Brewery service CMAP 931033 Pulquerías service

Type of Reservation: National Treatment (Articles 10-04 and 14-04).

Level of Government: State (State of Zacatecas)

Measures: Law on the Functioning and Operation of Establishments for the Storage, Distribution, Sale and Consumption of Alcoholic Beverages, Periódico Oficial, December 29, 1996, Articles 8 and 9.

Description: Cross Border Services and Investment

In order to obtain a license to operate establishments for the storage, distribution, sale and consumption of alcoholic beverages, Mexican nationality is required for individuals and legal incorporation is required for legal entities.

Reduction Schedule: None

Sector: Professional, technical and specialized services

Subsector:

Industrial Classification:

Type of Reservation: National Treatment (Article 10-04)

Level of Government: State (State of Baja California Sur)

Measures: Law of Professions of the State of Baja Califomia Sur, Official Gazette, June 14, 1989, Chapter V and Third Transitory.

Description: Cross-border services

It is required to be Mexican by birth or naturalization to practice in the State the following technical-scientific professions: medicine; biological sciences; food and nutrition sciences; rehabilitation; physiotherapy; veterinary medicine; actuarial science; applied experimental physics and chemistry; architecture; urban planning; earth sciences; oceanology; engineering in all its branches; and any other degree that instrumentally involves the management of the inorganic environment, habitat and human environment; law; economics; accounting; social work; anthropology; behavioral science; educational sciences; teaching in preschool, primary and secondary education; administration in its different branches; as well as any other degree that has an impact on the social sciences, humanities or administrative economics.

Reduction Schedule: None

Sector: Professional, technical and specialized services

Subsector:

Industrial Classification: National Treatment (Article 10-04)

Level of Government: State (State of Colima)

Measures: Ley de Profesiones en el Estado de Colima, Periódico Oficial, December 26, 1964, Chapters I and Ill.

Description: Cross-border services

The following professionals are required to be Mexican by birth or naturalization to practice in the State: architect; anthropologist; bacteriologist; biologist; dental surgeon; accountant in their various specialties; nurse; midwife; homeopath; pharmacist; engineer; licensed in law, economics, political and social sciences and business administration; physician; veterinarian; professor of education and other specialties; and chemist in their various specialties.

Reduction Shedule: None

Sector: Professional, technical and specialized services

Subsector:

Industrial Classification:

Level of Government: State (State of Chihuahua)

Type of Reservation: National Treatment (Article 10-04)

Measures: Administrative Code of the State of Chihuahua, Periódico Oficial, August 2, 1950, Titulo Unico, Chapters I and III, Section IV.

Description: Cross-border services

No foreigner in the State may practice as: actuary; agronomist; architect; bacteriologist; biologist; dental surgeon; public accountant; nurse; nurse and midwife; engineer in its various professional branches; graduate in administration, law, economics, philosophy, literature; physician in its various professional branches; veterinarian; metallurgist; aviator pilot; preschool, primary and secondary education teacher; chemist in its various professional branches; topographer-hydrographer; and social worker.

Reduction Schedule: None

Sector: Professional, technical and specialized services

Subsector:

Industrial Classification:

Type of Reservation: National Treatment (Article 10-04)

Level of Government: State (State of Durango)

Measures: Ley de Profesiones para el Estado de Durango, Periddico Oficial, June 4, 1987, Chapter Il, Section IV, Article 11 and Chapter IV, Article 17.

Description: Cross-border services

Mexican citizenship is required for the following professionals to practice in the State: actuary; architect; bacteriologist; dental surgeon; accountant; broker; technical draftsmen; economist; nurse; midwife; engineer; business administration graduate, at law, at economics; medical doctor; veterinarian; metallurgist; notary public; notary public; veterinary surgeon; veterinarian; metallurgist; notary public; optometrist; airline pilot; preschool, primary, secondary and higher education teacher; psychologist; chemist; and social worker.

Reduction Schedule: None

Sector: Professional, technical and specialized services

Subsector:

Industrial Classification:

Type of Reservation: National Treatment (Article 10-04)

Level of Government: State (State of Mexico)

Measures: Law of Professional Practice for the State of Mexico, Official Gazette, April 24, 1957, Chapter I, Section Ill, Article 15.

Descrition: Cross-border services

It is required to be Mexican by birth or naturalization for the following professionals to practice in the State: architect; bacteriologist; biologist; surgeon; dentist; accountant; broker; nurse; nurse and midwife; engineer in its various professional branches, bachelor in law, in economics; physician in its various professional branches; veterinarian; metallurgist; aviator pilot; professor of primary education, secondary education and teacher of specialties; chemist in its various professional branches; social worker; and other branches included in the curricula of the Universidad Autónoma del Estado, the Universidad Autónoma de México, the Instituto Politécnico Nacional, the Colegio Militar, the Escuela Médico Militar and the Centros Universitarios y de estudios profesionales recognized by the Dirección de Educación en el Estado in accordance with the Dirección General de Profesiones.

Reduction Schedule: None

Sector: Professional, technical and specialized services

Subsector:

Industrial Classsification:

Type of Reservation: National Treatment (Article 10-04)

Level of Government: State (State of Nayarit)

Measures: Law for the Practice of Professions and Technical Activities in the State of Nayarit, Official Gazette, January 31, 1987, Chapter VI, Article 18.

Description: Cross-border services

To practice in the State of Nayarit any of the professions that require a professional degree and technical activities that require a diploma to practice in the State, it is required to be Mexican by birth or naturalization.

Reduction Schedule: None

Sector: Professional, technical and specialized services

Subsector: National Treatment (Article 10-04)

Industrial Classification:

Level Of Government: State (State of Nuevo León)

Measures: Law of Professions of the State of Nuevo Leon, Official Gazette, July 25, 1984, Chapter Il, Article 5 and Chapter V, Article 16.

Description: Cross-border services

It is required to be Mexican by birth or naturalization for the following professionals to practice in the State: architect; biologist; public accountant and auditor; dental surgeon; engineer in agronomy, biochemistry, civil, electrical, systems administration, control and instrumentation, in control and computing, in electronics and communications, food industries or food, planning and design, computer, electronic or operational systems, industrial physicist, industrial administrator, systems industrial, mechanical, metallurgy, chemistry; bachelorâs degree in administration, physical or social anthropology, banking and finance, computer science, communication or information science, community science, law or legal science, political science and public administration, chemical science, criminology, graphic or industrial design, economics, education or pedagogy, nursing, social statistics, philosophy, physics, history, hotel and tourism, administrative informatics, English language, literature, mathematics, marketing, nutrition, sports organization, psychology, chemistry, human relations, administrative computer systems.

Reduction Schedule: None

Sector: Professional, technical and specialized services

Subsector:

Industrial Classification:

Type of Reservation: National Treatment (Article 10-04)

Level of Government: State (State of Querétaro)

Measures: Ley de Profesiones, Periddico Oficial, June 26, 1964, Chapter I, Articles 2 and 15.

Description: Cross-border services

No foreigner may practice in the state the following professions: actuary; architect; bacteriologist; biologist; dental surgeon; accountant; broker; nurse; nurse and midwife; engineer in its various professional branches; lawyer; graduate in administration and economics; physician in its various professional branches; veterinarian; metallurgist; aviator pilot; primary, secondary and specialty education teachers; chemist in its various professional branches; and social worker.

Reductio Schedule: None

Sector: Professional, technical and specialized services

Subsector:

Industrial Classification:

Type of Reservation: National Treatment (Article 10-04)

Level of Government: State (State of Sonora)

Measures: Regulatory Law for the Practice of Professions in the State of Sonora Official Gazette, December 3, 1932, Chapter I, Article 1 and Chapter Ill, Article 12.

Description: Cross-border services

Mexican nationality is required to practice in the State any of the following professions: agronomist; architect; bacteriologist; biologist; dental surgeon; accountant; nurse; midwife; civil, electrical, industrial, mechanical, mining, chemical petroleum, topographer and hydrographer engineer and the various branches of these professions; lawyer and economist; physician in its various branches; pharmacist; and preschool, elementary and secondary school teacher.

Reduction Schedule: None

Sector: Professional, technical and specialized services

Subsector:

Industrial Classification:

Type of Reservation: National Treatment (Article 10-04)

Level of Government: State (State of Veracruz).

Measures: Law on Professional Practice for the State, Official Gazette, December 24, 1963, Chapter I, Article 2; Chapter Ill, Section Ill, Article 14 and Chapter V, Article 19.

Description: Cross-border services

It is required to be Mexican by birth or naturalization to practice in the State any of the following professions: architect; biologist; dental surgeon; accountant; nurse; nurse and midwife; engineer in its various professional branches; law and economics graduate; surgeon or physician in its various professional branches; veterinarian; metallurgist; airline pilot; anthropologist; archaeologist; social worker; nursery school teacher, primary school teacher, secondary school teacher in their various specialties and higher education teacher, also in their various specialties; chemist in their various professional branches; graduate in business administration, physical sciences, statistics, mathematics, psychology, biology; statistician, dentist and laboratory technician.

Reduction Schedule: None

Sector: Utilities

Subsector:

Industrial Classification:

Type of Reservation: National Treatment (Articles 10-04 and 14-04).

Level of Government: Federal District

Measures: Organic Law of the Federal District Department, Official Gazette, December 29, 1978, Chapter III.

Description: Cross Border Services and Investment

A concession is required to provide public services. The concession will be granted to individuals or legal entities of Mexican nationality.

Reduction Schedule: None

Sector: Utilities

Subsector:

Industrial Classification:

Type of Reservation: National treatment (Articles 10-04 and14-04) Local presence (Article 10-05).

Level of Government: State (State of Guerrero)

Measures: Law Establishing the Bases for the Regime of Permits, Licenses and Concessions for the Provision of Public Services and the Exploitation and Use of Property Owned by the State and Municipalities, Official Gazette, October 10, 1989, Chapter V, Article 34.

Description: Cross Border Services and Investment

Concessions are required for the rendering of public services, as well as for the exploitation and use of state property. These concessions will be granted to Mexicans and, preferably, to neighbors of the municipality where the service to be rendered is located. The legal entities must be constituted in accordance with the law.

Reduction Schedule: None

Sector: Professional, technical and specialized services Public brokers

Subsector:

Industrial Classification:

Type of Reservation: National Treatment (Article 10-04)

Level of Government: State (State of Nuevo León)

Measures: Regulation of Brokers of the State of Nuevo Leon, PeriÃ©dico Oficial, August 2, 1985, Article 12.

Description: Cross-border services

In order to practice as a public broker in the entity, it is required to be a Mexican citizen.

Reduction Schedule: None

Sector: Professional, technical and specialized services

Subsector: Livestock inspector

Industrial Classification:

Type of Reservation: National Treatment (Article 10-04)

Level of Government: State (State of Michoacan)

Measures: Livestock Law in the State of Michoacan, Periddico Oficial, December 30, 1954, Chapter IV, Article 15.

Description: Cross-border services

To become a livestock inspector, you must be a Mexican citizen.

Reduction Schedule: None

Sector: Professional, technical and specialized services

Subsector: Engineers and architects

Industral Classification:

Type of Reservation: National Treatment (Article 10-04)

Level of Government: State (State of Nayarit)

Measures: Reglamento de los Peritos de Obra, PeriÃ©dico Oficial, December 18, 1985, Article seven.

Description: Cross-border services

In order to be eligible to be registered in the Registry of Experts Responsible for Construction, it is required to be a Mexican citizen.

Reduction Schedule: None

Sector: Professional, technical and specialized services

Subsector: Engineers and architects

Industrial Classification:

Type of Reservation: National Treatment (Article 10-04)

Level of Government: State (State of Oaxaca)

Measure: Public and Private Construction Regulations for the State of Oaxaca, Official Gazette, May 18, 1978, Title Two, Chapter VI, Article 38.

Description: Cross-border services

In order to obtain registration as a responsible construction manager, it is required to prove Mexican nationality.

Reduction Schedule: None

Sector: Professional, technical and specialized services

Subsector: Engineers and architects

Industrial Classification:

Type of Reservation: National Treatment (Article 10-04)

Level of Government: State (State of Veracruz)

Measures: Construction Regulations for the State of Veracruz, Official Gazette, August 23, 1979, Title II, Chapter I, Article 41.

Description: Cross-border services

Mexican citizenship is required to obtain registration as a responsible construction manager.

Reduction Schedule: None

Sector: Professional, technical and specialized services

Subsector: Engineers and architects

Industrial Classification:

Type of Reservation: National Treatment (Article 10-04)

Level of Government: State (State of Michoacan)

Measure: Building Regulations, Official Gazette, May 22, 1990, Title Vi, Chapter XXXVII, Article 458.

Description: Cross-border services

To be a construction manager, you must be a Mexican citizen.

Reduction Schedule: None

Sector: Professional, technical and specialized services

Subsector: Livestock inspector

Industrial Classification:

Type of Reservation: National Treatment (Article 10-04)

Level of Govemment: State (State of Puebla)

Measure: Livestock Law of the State of Puebla, Periódico Oficial, November 16, 1984, Chapter IV, Article 11.

Description: Cross-border services

To be a livestock inspector you must be a Mexican citizen.

Reduction Schedule: None

Sector: Professional, technical and specialized services

Subsector: Livestock inspector

Industrial Classification:

Type of Reservation: National treatment (Article 10- 04) Local presence (Article 10- 05).

Level of Government: State (State of Sonora)

Measures: Livestock Law for the State of Sonora, Official Gazette, June 8, 1992, Title I, Chapter II, Article 9.

Description: Cross-border services

To be a zone livestock inspector, it is required to be Mexican and have resided in the municipality of the zone in question for at least 2 years.

Reduction Schedule: None

Sector: Professional, technical and specialized services

Subsector: Livestock inspector

Industrial Classification:

Type of Reservation: National treatment (Article 10-04) Local presence (Article 10- 05).

Level of Government: State (State of Tabasco)

Measures: State Livestock Law, Periddico Oficial, January 28, 1959, Chapter VI, Article 56.

Description: Cross-border services

To be a livestock inspector of the zone, you must be a Mexican citizen and a resident of the zone.

Reduction Schedule: None

Sector: Professional, technical and specialized services

Subsector: Livestock inspector

Industrial Classification:

Type of Reservation: National treatment (Article 10-04) Local presence (Article 10- 05).

Level of Government: State (State of Tlaxcala).

Measures: Livestock Law of the State of Tlaxcala, Periddico Oficial, July 5, 1978, Title II, Chapter VI, Article 89.

Description: Cross-border services

To be a livestock inspector, you must be a Mexican citizen and a resident of the state.

Reduction Schedule: None

Sector: Leisure, cultural, recreational, recreational and sporting services.

Subsector: Soccer

Industrial Classification: CMAP 949102 Private promotional and presentation services of. sporting events, bullfighting and circuses CMAP 949202 Public services for the promotion and presentation of sporting and bullfighting events

Type of Reservation: National Treatment (Article 10-04)

Level of Government: Federal District

Measure: Decree creating a collegiate body to be called the Comisión de Fomento Deportivo del Distrito Federal, Diario Oficial, January 24, 1945, Article Eleventh.

Description: Cross-border services

In the celebration of national soccer games, leagues or championships as a paid public spectacle, at least seven players must be Mexican by birth.

Reduction Schedule: None

Sector: Professional, technical and specialized services

Subsector: Notary

Industrial Classification: CMAP 951001 Notary public services.

Type of Reservation: National treatment (Articles 10-04 and14-04) Local presence (Article 10-05).

Level of Government: State (State of Aguascalientes)

Measures: Notary Law for the State of Aguascalientes, Official Gazette, June 1, 1980, Title III, Chapter II.

Description: Cross Border Services and Investment

To obtain the fiat of Notary it is required to be Mexican by birth and to be registered with a professional practice in the entity for at least three years prior to the date on which the application is submitted.

A Notary Public may only associate with another Notary Public to provide notarial services.

Reduction Schedule: None

Sector: Professional, technical and specialized services

Subsector: Notary

Industrial Classification: CMAP 951001 Notary public services.

Type of Reservation: National treatment (Articles 10-04 and 14-04) Local presence (Article 10-05).

Level of Government: State (State of Baja California)

Measures: Notary Law for the State of Baja California, Official Gazette, September 30, 1965, Title I, Chapter Three.

Description: Cross Border Services and Investment

In order to obtain a patent as an aspirant to practice as a notary public, it is required to be Mexican by birth.

In addition, it is required an effective and uninterrupted residence in the entity, practicing the profession in any branch of

law for a term of not less than three years prior to the initiation of his practice. Three years of uninterrupted practice of the profession and a minimum of five years of residence in the State are required.

A Notary Public may only associate with another Notary Public to provide notarial services.

Reduction Schedule: None

Sector: Professional, technical and specialized services

Subsector: Notary

Industrial Classification: CMAP 951001 Notary public services.

Type of Reservation: National treatment (Articles 10-04 and 14-04) Local presence (Article 10-05).

Level of Government: State (State of Baja California Sur)

Measures: Notary Law of the State of Baja California Sur, Official Gazette, December 31, 1977, Title |, Chapter Il.

Description:

Reduction Schedule:

Sector: Subsector:

Industrial Classification:

Type of Reservation:

Level of Govemment: Measure:

Description: Cross Border Services and Investment

In order to obtain the patent of aspiring Notary Public, it is required to be Mexican by birth, to be a citizen of the state and to have effective residence in the same at least three years prior to the date of the application.

A Notary Public may only associate with another Notary Public to provide notarial services.

Reduction Schedule: None

Sector: Professional, technical and specialized services

Subsector: Notary

Industrial Classification: CMAP 951001 Notary public services.

Type of Reservation: National treatment (Articles 10-04 and 14-04) Local presence (Article 10-05).

Level of Government: State (State of Campeche)

Measures: Law of the Notary Public of the State of Campeche, Official Gazette, October 9, 1944, Chapter I.

Description: Cross Border Services and Investment

To obtain the flat of Notary Public it is required to be a Mexican citizen by birth or by naturalization and to have performed notarial practice for one year in the entity.

A Notary Public may only associate with another Notary Public to provide notarial services.

Reduction Schedule: None

Sector: Professional, technical and specialized services

Subsector: Notary

Industrial Classification: CMAP 951001 Notary public services.

Type of Reservation: National Treatment (Articles 10-04 and 14-04)

Level of Government: State (State of Chiapas)

Measures: Notary Law of the State of Chiapas, Official Gazette, March 21, 1993, Title |, Chapter lil.

Description: Cross Border Services and Investment

To be an applicant to the notarial practice it is required to be Mexican and prove notarial practice in the state for one year.

A Notary Public may only associate with another Notary Public to provide notarial services.

Reduction Schedule: None

Sector: Professional, technical and specialized services

Subsector: Notary

Industrial Classification: CMAP 951001 Notary Public Services.

Type of Reservation: National treatment (Articles 10-04 and 14-04) Local presence (Article 10-05).

Level of Government: State (State of Chihuahua)

Measures: Notary Law of the State of Chihuahua, Periddico Oficial, August 2, 1950, Chapter lil.

Description: Cross Border Services and Investment

In order to obtain a notary public's license, it is required to be Mexican and to have resided in the state for more than two years.

A Notary Public may only associate with another Notary Public to provide notarial services.

Reduction Schedule: None

Sector: Professional, technical and specialized services

Subsector: Notary

Industrial Classification: CMAP 951001 Notary public services.

Type of Reservation: National treatment (Articles 10-04 and 14-04) Local presence (Article 10-05).

Level of Government: State (State of Coahuila)

Measures: Notary Law of the State of Coahuila, Official Gazette, February 6, 1979, Title II, Chapter lll.

Description: Cross Border Services and Investment

In order to obtain the patent of aspiring Notary Public, it is required to be a Mexican citizen by birth and to have practiced as a notary public for one year.

A Notary Public may only associate with another Notary Public to provide notarial services.

Reduction Schedule: None

Sector: Professional, technical and specialized services

Subsector: Notary

Industrial Classification: CMAP 951001 Notary public services.

Type of Reservation: National treatment (Articles 10-04 and 14-04) Local presence (Article 10-05).

Level of Government: State (State of Colima)

Measures: Law of Notaries of the State of Colima, Official Gazette, January 4, 1964, Title Ill, Chapter II.

Description: Cross Border Services and Investment

In order to obtain the appointment of Notary Public and to practice as such, it is an indispensable requirement to be Mexican by birth, with a minimum of five years of professional practice and to be a resident of the state.

A Notary Public may only associate with another Notary Public to provide notarial services.

Reduction Schedule: None

Sector: Professional, technical and specialized services

Subsector: Notary

Industrial Classification: CMAP 951001 Notary public services.

Type of Reservation: National treatment (Articles 10-04 and 14-04) Local presence (Article 10-05).

Level of Government: Federal District

Measures: Notary Law for the Federal District, Official Gazette, January 8, 1990, Chapter II, Section Two.

Description: Cross Border Services and Investment

In order to obtain the notarial candidate patent, the interested party must be Mexican by birth and have performed notarial practice under the direction and responsibility of a Notary Public of the entity, for at least eight uninterrupted months immediately prior to the application for the examination.

A Notary Public may only associate with another Notary Public to provide notarial services.

Reduction Schedule: None

Sector: Professional, technical and specialized services

Subsector: Notary

Industrial Classification: CMAP 951001Notary public notary services.

Type of Reservation: National treatment (Articles 10-04 and 14-04) Local presence (Article 10-05).

Level of Government: State (State of Durango)

Measure: Notary Law of the State of Durango, Official Gazette, June 17, 1974, Title If, Chapter Ill, Article 70.

Description: Cross Border Services and Investment

In order to obtain the patent of aspiring Notary Public, the interested party must be Mexican by birth and a resident of the state.

A Notary Public may only associate with another Notary Public to provide notarial services.

Reduction Schedule: None

Sector: Professional, technical and specialized services

Subsector: Notary

Industrial Classification: CMAP 951001Notary public notary services.

Type of Reservation: National treatment (Articles 10-04 and 14-04) Local presence (Article 10-05).

Level of Government: State (State of Mexico)

Measures: Organic Law of the Notary Public of the State of Mexico, Official Gazette, October 11, 1972, Title One, Chapter One, Article 10-A.

Description: Cross Border Services and Investment

To be an applicant for a notary's office, it is required to be a Mexican citizen by birth. To have effective residence in the state for at least three years prior to the application and to have completed an internship in a notary's office established in the state for a minimum period of one year.

A Notary Public may only associate with another Notary Public to provide notarial services.

Reduction Schedule: None

Sector: Professional, technical and specialized services

Subsector: Notary

Industrial Classification: CMAP 951001Notary public notary services.

Type of Reservation: National treatment (Articles 10-04 and 14-04) Local presence (Article 10-05).

Level of Government: State (State of Guanajuato).

Measures: Notary Law for the State of Guanajuato, Official Gazette, January 8, 1959, Article 6.

Description: Cross Border Services and Investment

To obtain the fiat of Notary it is required to be Mexican by birth and to have completed a minimum of one year of practice in a notary's office in the state.

A Notary Public may only associate with another Notary Public to provide notarial services.

Reduction Schedule: None

Sector: Professional, technical and specialized services

Subsector: Notary

Industrial Classification: CMAP 951001Notary public notary services.

Type of Reservation: National treatment (Articles 10-04 and 14-04) Local presence (Article 10-05).

Level of Government: State (State of Guerrero)

Measure: Notary Law for the State of Guerrero, Diario Oficial, August 6, 1988, Chapter lll, Article 97.

Description: Cross Border Services and Investment

In order to obtain a patent as an aspirant to practice as a notary public, it is required to be Mexican by birth and to have practiced as a notary public for a minimum of five years.

A Notary Public may only associate with another Notary Public to provide notarial services.

Reduction Schedule: None

Sector: Professional, technical and specialized services

Subsector: Notary

Industrial Classification: CMAP 951001Notary public notary services.

Type of Reservation: National treatment (Articles 10-04 and 14-04) Local presence (Article 10-05).

Level of Government: State (State of Hidalgo)

Measure: Notary Law for the State of Hidalgo, Official Gazette, May 18, 1992, Title II, Chapter II, Article 17.

Description: Cross Border Services and Investment

In order to obtain the appointment of Notary Public, it is required to be Mexican by birth and be a citizen of Hidalgo.

A Notary Public may only associate with another Notary Public to provide notarial services.

Reduction Schedule: None

Sector: Professional, technical and specialized services

Subsector: Notary

Industrial Classification: CMAP 951001Notary public notary services.

Type of Reservation: National treatment (Articles 10-04 and 14-04) Local presence (Article 10-05).

Level of Government: State (State of Jalisco)

Measures: Law of the Notary Public of the State of Jalisco, Official Gazette, October 14, 1993, Title |, Chapter Il, Article 10.

Description: Cross Border Services and Investment

In order to obtain a notary public's license, it is required to be Mexican by birth and to have a civil domicile in the state.

A Notary Public may only associate with another Notary Public to provide notarial services.

Reduction Schedule: None

Sector: Professional, technical and specialized services

Subsector: Notary

Industrial Classification: CMAP 951001Notary public notary services.

Type of Reservation: National treatment (Articles 10-04 and 14-04) Local presence (Article 10-05).

Level of Government: State (State of Michoacan)

Measure: State Notary Law, Official Gazette, February 15, 1980, Title III, Chapter II, Article 21.

Description: Cross Border Services and Investment

In order to be appointed as a Notary Public, it is required to be Mexican by birth and to have uninterrupted residence in the state for more than three years.

A Notary Public may only associate with another Notary Public to provide notarial services.

Reduction Schedule: None

Sector: Professional, technical and specialized services

Subsector: Notary

Industrial Classification: CMAP 951001 Notary public services.

Type of Reservation: National treatment (Articles 10-04 and 14-04) Local presence (Article 10-05).

Level of Government: State (State of Morelos)

Measures: Law of the Notary Public of the State of Morelos, Official Gazette, August 3, 1983, Chapter II, Section II, Article 11.

Description: Cross Border Services and Investment

In order to obtain the registration as an aspirant to the notary's office, the interested party must be from Morelos and have a residence of at least 10 years in the state.

A Notary Public may only associate with another Notary Public to provide notarial services.

Reduction Schedule: None

Sector: Professional, technical and specialized services

Subsector: Notary

Industrial Classification: CMAP 951001 Notary public notary services.

Type of Reservation: National treatment (Articles 10-04 and 14-04) Local presence (Article 10-05).

Level of Government: State (State of Nayarit)

Measure: Notary Law of the State of Nayarit, Official Gazette, January 28, 1987, Title II, Chapter I, Article 7.

Description: Cross Border Services and Investment

In order to obtain the appointment of Notary Public, it is required to be Mexican by birth and to have been practicing professionally in the entity for at least five years.

A Notary Public may only associate with another Notary Public to provide notarial services.

Reduction Schedule: None

Sector: Professional, technical and specialized services

Subsector: Notary

Industrial Classification: CMAP 951001 Notary public notary services.

Type of Reservation: National treatment (Articles 10-04 and 14-04) Local presence (Article 10-05).

Level of Government: State (State of Nuevo León)

Measures: Notary Law of the State of Nuevo Leon, Official Gazette, December 26, 1983, Title I, Chapter Ill, Article 18.

Description: Cross Border Services and Investment

In order to obtain the appointment of Notary Public, it is required to be Mexican by birth and reside in the state.

A Notary Public may only associate with another Notary Public to provide notarial services.

Reduction Schedule: None

Sector: Professional, technical and specialized services

Subsector: Notary

Industrial Classification: CMAP 951001Notary Public Notary Services.

Type of Reservation: National treatment (Articles 10-04 and 14-04) Local presence (Article 10-05).

Level of Government: State (State of Oaxaca)

Measures: Notary Law for the State of Oaxaca, Official Gazette, July 30, 1994, Title II, Chapter |, Article 12.

Description: Cross Border Services and Investment

In order to obtain the patent of Notary Public, it is required to be Mexican by birth and have a residence in the state of Mexico of not less than five years.

A Notary Public may only associate with another Notary Public to provide notarial services.

Reduction Schedule: None

Sector: Professional, technical and specialized services

Subsector: Notary

Industrial Classification: CMAP 951001Notary public notary services.

Tzpe of Reservation: National treatment (Articles 10-04 and 14-04) Local presence (Article 10-05).

Level of Government: State (State of Puebla)

Measure: Puebla Notary Law, Official Gazette, August 6, 1976, Chapter IV, Article 27.

Description: Cross Border Services and Investment

In order to obtain the patent of Notary Public, it is required to be Mexican by birth and to be a resident of the state, with a residence of at least five uninterrupted years prior to his appointment.

A Notary Public may only associate with another Notary Public to provide notarial services.

Reduction Schedule: None

Sector: Professional, technical and specialized services

Subsector: Notary

Industrial Classification: CMAP 951001Notary public notary services.

Type of Reservation: National treatment (Articles 10-04 and 14-04) Local presence (Article 10-05).

Level of Government: State (State of Querétaro)

Measure: Law of the Notary Public of the State of Queretaro, Official Gazette, October 28, 1976, Chapter lll, Article 11.

Cross Border Services and Investment

In order to obtain the appointment of Notary Public, it is required to be Mexican by birth and to have uninterrupted residence in the state for more than three years prior to his or her appointment.

A Notary Public may only associate with another Notary Public to provide notarial services.

None

Professional, technical and specialized services

Notary

CMAP 951001Notary public notary services.

National treatment (Articles 10-04 and

14-04) Local presence (Article 10-05).

State (State of Quintana Roo).

Organic Law of the Notary Public of the State of Quintana Roo, Official Gazette, November 25, 1976, Chapter II, Article 10.

Cross Border Services and Investment

To be a Notary Public, it is required to be a Mexican citizen, preferably from Quintana Roo, with residence in the state for at least three years prior to the appointment.

A Notary Public may only associate with another Notary Public to provide notarial services.

None

428 (First Section) OFFICIAL Wednesday, March 14, 2001

Sector: Professional, technical and specialized services

Subsector: Notary

Industry Classification: CMAP 951001Notary public notary services.

Type of Reservation: National treatment (Articles 10-04 and 14-04) Local presence (Article 10-05).

Description: Cross Border Services and Investment

In order to obtain the appointment of Notary Public, it is required to be Mexican by birth and to have uninterrupted residence in the state for more than three years prior to his or her appointment.

A Notary Public may only associate with another Notary Public to provide notarial services.

Reduction Schedule: None

Sector: Professional, technical and specialized services

Subsector: Notary

Industry Classification: CMAP 951001Notary public notary services.

Type of Reservation: National treatment (Articles 10-04 and 14-04) Local presence (Article 10-05).

Level of Government: State (State of Quintana Roo).

Measures: Organic Law of the Notary Public of the State of Quintana Roo, Official Gazette, November 25, 1976, Chapter II, Article 10.

Description: Cross Border Services and Investment

To be a Notary Public, it is required to be a Mexican citizen, preferably from Quintana Roo, with residence in the state for at least three years prior to the appointment.

A Notary Public may only associate with another Notary Public to provide notarial services.

Reduction Schedule: None

Sector: Professional, technical and specialized services

Subsector: Notary

Industry Classification: CMAP 951001Notary public notary services.

Type of Reservation: National treatment (Articles 10-04 and 14-04) Local presence (Article 10-05).

Level of Govemment: State (State of Sinaloa)

Measure: Notary Law of the State of Sinaloa, PeriÃ©dico Oficial, August 12, 1969, Chapter IV, Article 109.

Description: Cross Border Services and Investment In order to obtain authorization to practice as a Notary Public, it is required to be a Mexican citizen and to have practiced with a Notary Public for two uninterrupted years. A Notary Public may only associate with another Notary Public to provide notarial services.

Reduction Schedule: None

Sector: Professional, technical and specialized services

Subsector: Notary

Industry Classification: CMAP 951001Notary public notary services.

Type of Reservation: National treatment (Articles 10-04 and 14-04) Local presence (Article 10-05).

Level of Govemment: State (State of Sonora)

Measure: Notary Law of the State of Sonora, Official Gazette, July 4, 1970, Title II, Third Chapter, Article 80.

Description: Cross Border Services and Investment To obtain the appointment and practice as a Notary Public, it is required to be Mexican by birth and a resident of the state. A Notary Public may only associate with another Notary Public to provide notarial services.

Reduction Schedule: None

Sector: Professional, technical and specialized services

Subsector: Notary

Industry Classification: CMAP 951001Notary public notary services.

Type of Reservation: National treatment (Articles 10-04 and 14-04) Local presence (Article 10-05).

Level of Govemment: State (State of Tabasco)

Measure: Law of Notaries for the State of Tabasco, Official Gazette, November 10, 1976, Chapter Il, Article 6, fractions I and IV.

Description: Cross Border Services and Investment To obtain the fiat or appointment of Notary, it is required to be Mexican by birth and to be a resident of the state, with effective residence of not less than five years. A Notary Public may only associate with another Notary Public to provide notarial services.

Reduction Schedule: None

Sector: Professional, technical and specialized services

Subsector: Notary

Industry Classification: CMAP 951001Notary public notary services.

Type of Reservation: National treatment (Articles 10-04 and 14-04) Local presence (Article 10-05).

Level of Govemment: State (State of Tamaulipas).

Measure: Notary Law for the State of Tamaulipas, Periddico Oficial, January 30, 1993, Article 13.

Description: Cross Border Services and Investment

The Executive of the State shall issue a patent as an aspirant to the position of Notary Public to whoever proves to be Mexican by birth and with a residence in the state of at least 3 years.

A Notary Public may only associate with another Notary Public to provide notarial services.

Reduction Schedule: None

Sector: Professional, technical and specialized services

Subsector: Notary

Industry Classification: CMAP 951001Notary public notary services.

Type of Reservation: National treatment (Articles 10-04 and 14-04) Local presence (Article 10-05).

Level of Government: State (State of Tlaxcala).

Measures: Notary Law for the State of Tlaxcala, Official Gazette, January 5, 1983, Title Ill, Chapter I, Article 29 and 30.

Description: Cross Border Services and Investment

In order to obtain the certificate of aspiring Notary Public, it is required to be Mexican by birth and to have a civil domicile in the State of Tlaxcala with at least five years of seniority. A Notary Public may only associate with another Notary Public to provide notarial services.

Reduction Schedule: None

Sector: Professional, technical and specialized services

Subsector: Notary

Industry Classification: CMAP 951001Notary public notary services.

Type of Reservation: National treatment (Articles 10-04 and 14-04) Local presence (Article 10-05).

Level of Government: State (State of Veracruz)

Measures: Notary Law, Official Gazette, June 1, 1965, Title I, Chapter IV, Article 37, fractions I and VI.

Description: Cross Border Services and Investment

In order to obtain the appointment of Notary Public, it is required to be Mexican by birth and a resident of the state.

A Notary Public may only associate with another Notary Public to provide notarial services.

Reduction Schedule: None

Sector: Professional, technical and specialized services

Subsector: Notary

Industry Classification: CMAP 951001Notary public notary services.

Type of Reservation: National Treatment (Articles 10-04 and 14-04).

Level of Government: State (State of Yucatan)

Measures: Law of the Notary Public of the State of Yucatan, Official Gazette, July 4, 1977, Chapter Il, Articles 10 and 12.

Description: Cross Border Services and Investment

The patent of aspiring Notary Public will be extended by the Executive of the state to Mexican citizens.

A Notary Public may only associate with another Notary Public to provide notarial services.

Reduction Schedule: None

Sector: Professional, technical and specialized services

Subsector: Notary

Industry Classification: CMAP 951001Notary public notary services.

Type of Reservation: National treatment (Articles 10-04 and 14-04) Local presence (Article 10-05).

Level of Government: State (State of Zacatecas)

Measure: Law of the Notary Public of the State of Zacatecas, Official Gazette, January 14, 1990, Chapter II, Article 69.

Description: Cross Border Services and Investment

To obtain the appointment and practice as a Notary Public, it is required to be Mexican by birth and have at least five years of residence in the state. Likewise, to have practiced for one uninterrupted year under the direction and responsibility of a Notary Public of the state.

A Notary Public may only associate with another Notary Public to provide notarial services.

Reduction Schedule: None

Sector: Professional, technical and specialized services

Subsector: Expert appraiser

Type of Reservation: National treatment (Article 10-04) Local presence (Article 10- 05).

Level of Government: State (State of Colima)

Measures: Law creating the Registry of Appraisers of the State of Colima, Official Gazette, November 28, 1992, Chapter I.

Description: Cross-border services

In order to be registered in the Registry of Technical and Commercial Appraisers of the state, mainly with respect to real estate and companies, Mexican citizenship is required, as well as effective residence in the state for at least three years prior to the date of application.

Reduction Schedule: None

Sector: Professional, technical and specialized services

Subsector: Expert Valuator

Type of Reservation: National treatment (Article 10-04) Local presence (Article 10- 05).

Level of Government: State (State of Durango)

Measures: Reglamento de Registro de Peritos Valuadores para el Estado de Durango, Periddico Oficial, November 21, 1993, Chapter I, Article 5, Sections I and V.

Description: Cross-border services

In order to register in the Registry of Appraisers of the state, Mexican citizenship is required, as well as effective residence in the state for at least three years prior to the date of application.

Reduction Schedule:

Sector:

Subsector:

Industrial Classification: Type of Reservation: Level of Govemment: Measure:

Description:

Reduction Schedule: Sector:

Subsector: Industrial Classification:

Type of Reserve:

Level of Govemment:

None

Educational services

Private education services

CMAP 921104 Private higher secondary education services.

CMAP 921106 Private educational services combining preschool, elementary, secondary, middle and high school and higher education.

National treatment (Article 14-04) Senior corporate management and

boards of directors (Article 14-08).

State (State of Chihuahua)

State Administrative Code, Official Gazette, August 2, 1950, Title IV,

Chapter Chapter II.

Cross Border Services and Investment

In order to establish and incorporate schools supported by private

initiative, it is required that their director be Mexican.

None

Professional, technical and specialized services

Private security services

CMAP 951019Protection and custodial services.

National Treatment (Articles 10-04 and 14-04) Senior corporate management

boards of directors (Article 14-08)

Federal District

Federal District Public Safety Law, Official Gazette, July 19, 1993,

Title IX, Single Chapter.

Agreement No. A/011/94 of the Attomey General of the Federal District establishing the general rules of the ninth tile of the Public Security Law of the Federal District, Official Gazette, March 31, 1994, Chapter Mil.

Cross Border Services and Investment

Private security services may only be provided by individuals or legal entities of Mexican nationality.

Management and operating personnel must be Mexican nationals.

None

Professional, technical and specialized services

Reduction Schedule: None

Sector: Educational services

Subsector: Private education services

Industrial Classification: CMAP 921104 Private higher secondary education services. CMAP 921106 Private educational services combining preschool, elementary, secondary, middle and high school and higher education.

Type of Reservation: National treatment (Article 14-04) Senior corporate management and boards of directors (Article 14-08).

Level of Government: State (State of Chihuahua)

Measures: State Administrative Code, Official Gazette, August 2, 1950, Title IV, Chapter II

Description: Cross Border Services and Investment

In order to establish and incorporate schools supported by private initiative, it is required that their director be Mexican.

Reduction Schedule: None

Sector: Professional, technical and specialized services

Subsector: Private security services

Industrial Classification: CMAP 951019Protection and custodial services.

Type of Reservation: National Treatment (Articles 10-04 and 14-04) Senior corporate management boards of directors (Article 14-08)

Level of Government: Federal District

Measures: Federal District Public Safety Law, Official Gazette, July 19, 1993, Title IX, Single Chapter. Agreement No. A/011/94 of the Attomey General of the Federal District establishing the general rules of the ninth tile of the Public Security Law of the Federal District, Official Gazette, March 31, 1994, Chapter MIl.

Description: Cross Border Services and Investment

Private security services may only be provided by individuals or legal entities of Mexican nationality.

Management and operating personnel must be Mexican nationals.

Reduction Schedule: None

Sector: Professional, technical and specialized services

Subsector: Private security services

Industrial Classification: CMAP 951019Protection and custodial services.

Type of Reservation: National Treatment (Article 10-04)

Level of Government: State (State of Jalisco)

Measures: Regulation of Private Security Services in Jalisco, PeriÃ©dico Oficial, May 21, 1994, Chapter Il, Article 9.

Description: Cross-border services

In order to obtain registration and authorization to provide private security services, Mexican nationality is required.

Reduction Schedule: None

Sector: Professional, technical and specialized services

Subsector: Trade, professional and labor association services.

Industrial Classification: CMAP 925001 Chambers, associations and groupings services. from producers y traders (including industrial, commercial industrial, commercial and agricultural).

Type of Reservation: Senior corporate management and boards of directors (Article 14-08)

Level of Government: State (State of Sinaloa)

Measure: Law of Agricultural Organizations of the State of Sinaloa, Official Gazette, March 31, 1997, Title One, Chapter Vil, Article 55 and Title Two, Chapter VI, Article 89.

Description: Investment

The President, Vice-President, Secretary, Treasurer and Members of an agricultural association in the entity must be Mexican nationals. Likewise, in order to be a proprietary or alternate director of the Confederacion de Asociaciones Agricolas del estado de Sinaloa, it is required to be Mexican.

Reduction Schedule: None

Sector: Leisure, cultural, recreational, recreational and sporting services.

Subsector:

Industrial Classification: CMAP 949102 Private promotional and presentation services of. sporting events, bullfighting and circuses.CMAP 949202 Public services for the promotion and presentation of sporting and bullfighting events

Type of Reservation: National Treatment (Article 10-04) Performance requirements (Article 14-07)

Level of Government: Federal District

Measures: Bullfighting Regulations for the Federal District, Official Gazette, November 11, 1987, Chapters II and IV.

Description: Cross Border Services and Investment

The celebration of bullfighting shows in the Federal District requires authorization issued by the corresponding Delegation.

Foreign performers, in the categories of bullfights, novilladas and bullfighting festivals and calf raising, may not exceed 50 percent of the programmed matadors and performers. All posters must be made up of at least 50 percent of Mexican performers.

Reduction Schedule: None

Sector: Leisure, cultural, recreational, recreational and sporting services.

Subsector:

Industrial Classification: CMAP 949202 Public promotion and presentation services of sporting and bullfighting events

Type of Reservation: National treatment (Article 10-04) Senior corporate management and boards of directors (Article 14-08).

Level of Government: Federal

Measures: District Regulations for the Operation of Mercantile Establishments and Celebration of Public Shows in the Federal District, Official Gazette, duly 31, 1989, Title Three, Chapter II, Section One.

Description: Cross Border Services and Investment

For the technical development of boxing, wrestling, fronton, soccer, basketball, baseball, motor racing, motorcycling, cycling, athletics and similar sports shows, the Department of the Federal District will have a Commission for each type of sports show. In order to be a member of any of the Commissions for sporting events, it is required to be a Mexican citizen.

Reduction Schedule: None

Sector: Professional, technical and specialized services

Subsector:

Industrial Classification: CMAP 951008Advertising services and related activities.

Type of Reservation: National Treatment (Article 10-04) Performance Requirements (Article. 14-07)

Level of Government: State (State of Sinaloa)

Measure: Regulations for the Use of the Right-of-Way of State Highways and Surrounding Areas, Official Gazette, June 28, 1993, Chapter If, Article 5, Chapter V, Article 31.

Description: Cross Border Services and Investment A permit is required for the installation of advertisements or construction of works for advertising purposes on lands adjacent to the right-of-way of state highways. Advertisements and advertising works, in addition to what is required by the provisions of the matter, must be written in clear and accessible language in the Spanish language. The use of dialects of names of products, brands or establishments in a foreign language shall only be authorized when their use is justified.

Reduction Schedule: None

Sector: Professional, technical and specialized services

Subsector:

Industrial Classification: CMAP 951008Advertising services and related activities.

Type of Reservation: National Treatment (Article 10-04) Performance Requirements (Article. 14-07)

Level of Government: Federal District

Measure: Reglamento de Anuncios para el Distrito Federal, Diario Oficial, September 2, 1988, Chapter 1.

Description: Cross Border Services and Investment In the fixing, installation, placement and distribution of advertisements on sites and in places to which the public has access or which are visible on the public highway, the text of the advertisements must be written in the Spanish language subject to the rules of grammar. Words of another language may not be used, except in the case of national dialects or proper names of products, trademarks or trade names in the foreign language that are registered with the Ministry of Commerce and Industrial Development.

Reduction Schedule: None

Sector: Non-salaried workers

Subsector:

Industrial Classification:

Type of Reservation: National treatment (Article 10-04) Senior corporate management and boards of directors (Article 14-08).

Level of Government: Federal District

Measure: Reglamento de los Trabajadores no Asalariados del Distrito Federal, Diario Oficial, May 2, 1975, Chapter Ill.

Description: Cross Border Services and Investment To be a member of the board of directors of the Unions of Non- Salaried Workers, it is required to be Mexican by birth.

Reduction Schedule: None

Sector: Transportation

Subsector: Land transportation

Industrial Classification: CMAP 711202 Self-transportation service of removals CMAP 711203 Other specialized motor freight transportation services CMAP 711204 Freight motor transport service in general CMAP 711311 Foreign passenger transportation service in bus CMAP 711312 Urban and suburban passenger transportation service by bus CMAP 711315 Automobile routing service CMAP 711316 Fixed- route automobile transportation service CMAP 711317 On-site automobile transportation service CMAP 711318 School transportation service CMAP 711318 School transportation service CMAP 711319 School transportation service CMAP 711320 School transportation service CMAP 711321 School transportation service CMAP 711319 Car rental service CMAP 973105 Vehicle towing service CMAP 973105 Vehicle towing service

Type of Reservation: National treatment (Articles 10-04 and 14-04) Local presence (Article 10-05).

Level of Government: State (State of Baja California)

Measures: Transit and Transportation Law of the State of Baja California, Official Gazette, August 10, 1982, Chapter VII.

Description: Cross Border Services and Investment

A concession or permit is required for the operation of the public transportation service. Only Mexican nationals may obtain

such concessions or permits. For the granting of concessions, preference will be given, in equal circumstances, to cooperative societies, unions, workersâ unions, leagues and associations formed by workers.

Reduction Schedule: None

Sector: Transportation

Subsector: Land transportation

Industrial Classification: CMAP 711201 Service from motor transportation of materials from construction CMAP 711202 Self-transportation service of removals CMAP 711203 Other specialized motor freight transportation services CMAP 711204 Freight motor transport service in general CMAP 711311 Foreign passenger transportation service in bus CMAP 711312 Urban and suburban passenger transportation service by bus CMAP 711315 Automobile routing service CMAP 711317 On-site automobile transportation service CMAP 711318 School transportation service CMAP 711317 School transportation service CMAP 711317 School transportation service CMAP 711317 School transportation service CMAP 711317 School transportation service CMAP 711317 School transportation service CMAP 973105 Vehicle towing service

Type of Reservation: National treatment (Articles 10-04 and 14-04) Local presence (Article 10-05).

Level of Government: State (State of Baja California Sur)

Measures: Transit and Transportation Law of the State of Baja Califomia Sur, Official Gazette, November 22, 1990, Sole Chapter.

Description: Cross Border Services and Investment A concession Is required to provide public transportation services. All other things being equal, South Californians will have preference to obtain concessions to operate public transportation services.

Reduction Schedule: None

Sector: Transportation

Subsector: Land Transportation

Industry Classification: CMAP 973101 bus depot management service, passenger and ancillary services (truck terminals and bus and truck stations)

Type of Reservation: National treatment (Articles 10-04 and 14-04) Local presence (Article 10-05).

Level of Govemment: State (State of Campeche)

Measure: Ley de Vialidad, Comunicaciones y Transportes para el Estado de Campeche, Periddico Oficial, April 30, 1987, Chapter Ill.

Description: Cross Border Services and Investment A concession is required to establish terminal stations for the use of transportation systems under state jurisdiction. Concessions will be granted to Mexican corporations. All things being equal, preference will be given to companies formed by public transportation service concessionaires that operate at least 51 percent of the vehicles to be served in such terminals.

Reduction Schedule: None

Sector: Transportation

Subsector: Land Transportation

Industrial Classification: CMAP 711201 Service from motor transportation of materials from CMAP 711311 Foreign passenger transportation service by bus CMAP 711312 Urban and suburban passenger transportation service by bus CMAP 711315 Automobile routing service CMAP 711316 Fixed-route automobile transportation service CMAP 711317 On-site automobile transportation service CMAP 711318 School transportation service CMAP 711318 School transportation service CMAP 711319 School transportation service CMAP 711320 School transportation service CMAP 711321 School transportation service CMAP 711319 Car rental service CMAP 973105 Vehicle towing service CMAP 973105 Vehicle towing service

Type of Reservation: National treatment (Articles 10-04 and 14-04) Local presence (Article 10-05).

Level of Government: State (State of Chiapas)

Measures: Transit Regulation of the State of Chiapas, Official Gazette, May 30, 1972. Decree that establishes various provisions regarding public freight transportation services in the State of Chiapas, March 21, 1990.

Description: Cross Border Services and Investment

A permit is required for the total or partial operation of the state public transportation services. The permit is granted to Mexicans by birth or naturalization and to legally constituted Mexican corporations.

Reduction Schedule: None

Sector: Transportation

Subsector: Land transportation

Industry Classification: CMAP 711201 Service from motor transportation of materials from construction CMAP 711202 Self-transportation service of removals CMAP 711203 Other specialized motor freight transportation services CMAP 711204 Freight motor transport service in general CMAP 711311 Foreign passenger transportation service in bus CMAP 711312 Urban and suburban passenger transportation service by bus CMAP 711315 Automobile routing service CMAP 711316 Fixed- route automobile transportation service CMAP 711317 On-site automobile transportation service CMAP 711318 School transportation service CMAP 711318 School transportation service CMAP 711319 School transportation service CMAP 711320 School transportation service CMAP 711321 School transportation service CMAP 711319 Car rental service CMAP 973105 Towing service for vehicle

Type of Reservation: National treatment (Articles 10-04 and 14-04) Local presence (Article 10-05).

Level of Government: State (State of Chihuahua)

Measures: Communications and Transportation Law of the State of Chihuahua, Official Gazette, July 13, 1987, Chapter Ill.

Description: Cross Border Services and Investment A concession or permit is required to provide public transportation services. Concessions and permits will be granted only to Mexican individuals or legal entities established in accordance with the law.

Reduction Schedule: None

Sector: Transportation

Subsector: Land transportation

Industrial Classification: CMAP 711101 Tram and trolleybus transportation service. CMAP 711201 Service from transportation of materials construction CMAP 711202 Self-transportation service of removals CMAP 711203 Other specialized motor freight services CMAP 711204 General freight transportation service CMAP 711312 Urban and suburban freight transportation service CMAP 711312 Urban and suburban freight transportation service CMAP 711312 Urban and suburban freight transportation service bus passengers CMAP 711315 Automobile routing service CMAP 711316 Fixed-route automobile transportation service CMAP 711317 On-site automobile transportation service CMAP 711318 School transportation service CMAP 711318 School transportation service CMAP 711319 School transportation service CMAP 711320 School transportation service CMAP 711321 School transportation service CMAP 711319 Car rental service CMAP 973105 Vehicle towing service CMAP 973105 Vehicle towing service

Type of Reservation: National treatment (Articles 10-04 and 14-04) Local presence (Article 10-05).

Level of Government: Federal District

Measure: Ley que fija las Bases Generales a que habran de sujetarse el Transito y los Transportes en el Distrito Federal, Diario Oficial, March 23, 1942, Article 7, paragraphs a) and b). Reglamento de Transporte Urbano de Carga para el Distrito Federal, Diario Oficial, February 16, 1993, Chapter Two, Article 16, section I, paragraph a). Reglamento para el Servicio Pablico de Transporte de Pasajeros en el Distrito Federal, Diario Oficial, April 14, 1942, Articles 17 and 23.

Description: Cross Border Services and Investment

A concession or permit is required to establish and operate local public transportation lines. Concessions and permits will be granted to Mexican natural persons by birth. In the case of legal entities, they must be organized in accordance with the laws of the country.

Reduction Schedule: None

Sector: Transportation

Subsector: Land transportation

Industrial Classification: CMAP 711201 Service from motor transportation of materials from construction CMAP 711202 Self-transportation service of removals CMAP 711203 Other specialized motor freight services CMAP 711204 Freight motor transport service in general CMAP 711311 Foreign passenger transportation service in bus CMAP 711312 Urban and suburban passenger transportation service by bus CMAP 711317 On-site automobile transportation service CMAP 711318 School transportation service CMAP 711318 School bus service National treatment (Articles 10-04 and 14-04) Local presence (Article 10-05). State (State of Durango)

Measures: Durango Transportation Law, Official Gazette, December 10, 1996, Chapter IV, Articles 23, 24, 33 and 34. Reglamento General de la Ley de Transito y Transporte del Estado de Durango, Periódico Oficial, August 11, 1991, Chapter XX, Article 176.

Description: Cross Border Services and Investment

A concession or permit is required to provide public transportation services. Concessions or permits are granted to Mexican citizens, as well as to unions and other social organizations formed by them, in accordance with Mexican law.

Reduction Schedule: None

Sector: Transportation

Subsector: Land transportation

Industry Classification: CMAP 711201 Service from motor transportation of materials from construction CMAP 711202 Self-transportation service of removals CMAP 711203 Other specialized motor freight transportation services CMAP 711204 Freight motor transport service in general CMAP 711311 Foreign passenger transportation service in bus CMAP 711312 Urban and suburban passenger transportation service by bus CMAP 711315 Automobile routing service CMAP 711316 Fixed- route automobile transportation service CMAP 711317 On-site automobile transportation service CMAP 711318 School transportation service CMAP 711318 School transportation service CMAP 711317 School transportation service CMAP 711317 School transportation service CMAP 711317 School transportation service CMAP 711317 School transportation service CMAP 711319 Automobile rental service CMAP 711320 Other passenger transportation, including animal- drawn vehicles CMAP 973105 Towing service for vehicle National treatment (Articles 10-04 and 14-04) Local presence (Article 10-05).

Level of Government: State (State of Mexico)

Measure: Law of Transit and Transportation of the State of Mexico, Official Gazette, April 21, 1971, Chapter IV, Article 25.

Description: Cross Border Services and Investment

Concessions are required to exploit the public transportation service in its different branches and modalities. These may only be granted to Mexicans by birth or mercantile companies integrated by them and that are legally constituted in accordance with the laws of the country.

Reduction Schedule: None

Sector: Transportation

Subsector: Land transportation

Industrial Classification: CMAP 711201 Service from motor transportation of materials from construction CMAP 711202 Self-transportation service of removals CMAP 711203 Other specialized motor freight transportation services CMAP 711204 Freight motor transport service in general CMAP 711311 Foreign passenger transportation service in bus CMAP 711312 Urban and suburban passenger transportation service by bus CMAP 711315 Automobile routing service CMAP 711317 On-site automobile transportation service CMAP 711318 School transportation service CMAP 711317 School transportation service CMAP 711317 School transportation service CMAP 711317 School transportation service CMAP 711317 School transportation service CMAP 711317 School transportation service

Type of Reservation: National treatment (Articles 10-04 and 14-04) Local presence (Article 10-05).

Level of Government: State (State of Guanajuato).

Measures: Transit and Transportation Law of the State of Guanajuato, Official Gazette, August 20, 1993, Title II, Chapter II,

Article 90.

Description: Cross Border Services and Investment

A concession is required for the rendering of public transportation services. These will be granted only and exclusively in favor of individuals or legal entities of Mexican nationality.

Reduction Schedule: None

Sector: Transportation

Subsector: Land transportation

Industry Classification: CMAP 711201 Service from motor transportation of materials from construction CMAP 711202 Self-transportation service of removals CMAP 711203 Other specialized motor freight transportation services CMAP 711204 Freight motor transport service in general CMAP 711311 Foreign passenger transportation service in bus CMAP 711312 Urban and suburban passenger transportation service by bus CMAP 711318 School transportation service CMAP 711319 Car rental service CMAP 711319 Car rental service National treatment (Articles 10-04 and 14-04) Local presence (Article 10-05).

Level of Government: State (State of Guerrero)

Measures: Transportation and Highway Law of the State of Guerrero, Diario Oficial, June 6, 1989, Chapter VII, Article 52.

Description: Cross Border Services and Investment

A concession or permit is required to provide public transportation services. Concessions and permits will only be granted to Mexicans or to companies constituted in accordance with the law. Under equal conditions, preference will be given to Guerrero transportation workers, agrarian nuclei, organizations representing transportation workers, legal persons of the social sector, those who have better equipment, infrastructure and experience for the efficient rendering of public transportation services and those who have been affected by agrarian expropriations or for reasons of social equity.

Reduction Schedule: None

Sector: Transportation

Subsector: Land transportation

Industry Classification: CMAP 973101 Bus station management passenger service and ancillary services (truck terminals and bus and truck stations)

Type of Reservation: National treatment (Articles 10-04 and 14-04) Local presence (Article 10-05).

Level of Govemment: State (State of Hidalgo)

Measure: Law of Roads and Transit of the State of Hidalgo, Official Gazette, January 8, 1970, Title VI, Chapter V, Articles 170, 182, fraction II and Article 206.

Description: Cross Border Services and Investment

A concession is required to build and operate central stations and terminals. Concessions will be granted to Mexicans by birth or to legal entities constituted in accordance with the laws of the country. Applications made by foreigners are declared inadmissible.

Reduction Schedule: None

Sector: Transportation

Subsector: Land transportation

Industrial Classification: CMAP 711201 Service from motor transportation of materials from construction CMAP 711202 Self-transportation service of removals CMAP 711203 Other specialized motor freight services CMAP 711204 Freight motor transport service in general CMAP 711311 Foreign passenger transportation service in bus CMAP 711312 Urban and suburban passenger transportation service by bus CMAP 711317 On-site automobile transportation service

Type of Reservation: National treatment (Articles 10-04 and 14-04) Local presence (Article 10-05).

Level of Government: State (State of Hidalgo) Law of Roads and Transit of the State of Hidalgo, Official Gazette, January 8,

1970, Title VI, Chapter V, Articles 170 and 180, fraction II and Article 182, fraction II.

Description: Cross Border Services and Investment

A concession or permit is required for the operation of the public transportation service. In order to obtain the concession and permit, it is required to be Mexican by birth and to be a legal entity incorporated under the laws of the country. Applications made by foreigners are declared inadmissible.

Reduction Schedule: None

Sector: Transportation

Subsector: Land transportation

Industrial Classification: CMAP 711201 Service from motor transportation of materials from construction CMAP 711202 Self-transportation service of removals CMAP 711203 Other specialized motor freight services CMAP 711204 Freight motor transport service in general CMAP 711311 Foreign passenger transportation service in bus CMAP 711312 Urban and suburban passenger transportation service by bus CMAP 711315 Automobile routing service CMAP 711317 On-site automobile transportation service CMAP 711318 School transportation service CMAP 711318 School bus service CMAP 711319 Automobile rental service CMAP 711320 Other passenger transportation, including animal- drawn vehicles CMAP 973105 Vehicle towing service

Type of Reservation: National treatment (Articles 10-04 and 14-04) Local presence (Article 10-05).

Level of Government: State (State of Jalisco)

Measures: Transit Service Law of the State of Jalisco, Official Gazette, August 5, 1941, Chapter VI, Articles 42 and 44. Regulation of the Transit Service Law, Official Gazette, August 5, 1941, Title V, Chapter I, Article 168.

Description: Cross Border Services and Investment

A permit is required for the operation of public transportation services.

This permit is granted to Mexicans by birth. Permit applications made by foreigners are declared inadmissible.

Reduction Schedule: None

Sector: Transportation

Subsector: Land Transportation

Industry Classification: CMAP 711201 Service from motor transportation of materials from construction CMAP 711202 Self-transportation service of removals CMAP 711203 Other specialized motor freight services CMAP 711204 Freight motor transport service in general CMAP 711311 Foreign passenger transportation service in bus CMAP 711312 Urban and suburban passenger transportation service by bus CMAP 711315 Automobile routing service CMAP 711316 Fixed- route automobile transportation service CMAP 711317 On-site automobile transportation service CMAP 711318 School transportation service CMAP 711318 School transportation service CMAP 711319 Car rental service CMAP 711320 Other passenger transportation, including animal- drawn vehicles CMAP 973105 Towing service for vehicle

Type of Reservation: National treatment (Article 10-04 and 14-04) Local presence (Article 10-05).

Level of Government: State (State of Michoacan)

Measures: Communications and Transportation Law of the State of Michoacan, Periódico Oficial, July 19, 1982, Title I, Article 3.

Description: Cross-border services

A concession is required to provide public transportation services. Concessions will only be granted to Mexican citizens or Mexican corporations incorporated under the laws of the country. All other things being equal, Michoacan citizens by birth, Mexicans with more than one year's residence in the state and Mexican corporations registered in Michoacan will have preference to obtain these concessions.

Reduction Schedule: None

Sector: Transportation

Subsector: Land transportation

Industry Classification: CMAP 711201 Service from motor transportation of materials from construction CMAP 711202 Self-transportation service of removals CMAP 711203 Other specialized motor freight transportation services CMAP 711204 Freight motor transport service in general CMAP 711311 Foreign passenger transportation service in bus CMAP 711312 Urban and suburban passenger transportation service by bus CMAP 711315 Automobile routing services CMAP 711316 Fixed- route automobile transportation services CMAP 711317 On-site automobile transportation services CMAP 711316 Fixed-route automobile transportation services CMAP 711317 On-site automobile transportation services CMAP 711317 On-site automobile transportation services

Type of Reservation: National treatment (Articles 10-04 and 14-04) Local presence (Article 10-05).

Level of Government: State (State of Morelos)

Measure: Reglamento de Servicio Publico de Transporte del Estado de Morelos, Periódico Oficial, October 25, 1989, Article 37.

Description: Cross Border Services and Investment

Concessions are required for the rendering of public transportation services. These concessions will be granted to Mexican individuals or corporations, the former by birth and the latter with an exclusion clause.

Reduction Schedule: None

Sector: Transportation

Subsector: Land transportation

Industry Classification: CMAP 711201 Service from motor transportation of materials from construction CMAP 711202 Self-transportation service of removals CMAP 711203 Other specialized motor freight services CMAP 711204 Freight motor transport service in general CMAP 711311 Foreign passenger transportation service in bus CMAP 711312 Urban and suburban passenger transportation service by bus CMAP 711316 Fixed route automobile transportation service CMAP 711317 On-site automobile transportation service CMAP 711318 School transportation service CMAP 711318 School transportation service CMAP 711319 Car rental service CMAP 973105 Vehicle towing service CMAP 973105 Vehicle towing service

Type of Reservation: National treatment (Articles 10-04 and 14-04) Local presence (Article 10-05).

Level of Govemment: State (State of Nayarit)

Measures: Transit and Transportation Law for the State of Nayarit, Official Gazette, October 24, 1970, Chapter XVIII, Articles 113 and 129.

Description: Cross Border Services and Investment

Route permits are required to operate public transportation services. These permits will be granted to Mexicans by birth and, preferably, to members of cooperative societies and workers' unions established in accordance with the law.

Reduction Schedule: None

Sector: Transportation

Subsector: Land transportation

Industry Classification: CMAP 711201 Service of self-transportation of materials of construction CMAP 711202 Self-transportation service of removals CMAP 711203 Other specialized motor freight services CMAP 711204 Freight motor transport service in general CMAP 711311 Foreign passenger transportation service in bus CMAP 711312 Urban and suburban passenger transportation service by bus CMAP 711315 Automobile routing service CMAP 711317 On-site automobile transportation service CMAP 711318 School transportation service CMAP 711317 School transportation service CMAP 711317 School transportation service CMAP 711317 School transportation service CMAP 711317 School transportation service CMAP 711317 School transportation service CMAP 711319 Car rental service CMAP 973105 Vehicle towing service CMAP 973105 Vehicle towing service

Type of Reservation: National treatment (Articles 10-04 and 14-04) Local presence (Article 10-05).

Level of Government: State (State of Nuevo León)

Measures: Communications and Transportation Law for the State of Nuevo Leon, Official Gazette, December 14, 1984, Chapter Ill, Articles 27 and 29.

Measures: Cross Border Services and Investment

Concessions are required for the provision of public transportation services. Concessions and permits will only be granted to Mexican citizens or to Mexican companies incorporated under the laws of the country.

Reduction Schedule: None

Sector: Transportation

Subsector: Land transportation

Industry Classification: CMAP 711201 Service from motor transportation of materials from construction CMAP 711202 Self-transportation service of removals CMAP 711203 Other specialized motor freight transportation services CMAP 711204 Freight motor transport service in general CMAP 711311 Foreign passenger transportation service in bus CMAP 711312 Urban and suburban passenger transportation service by bus CMAP 711315 Automobile routing service CMAP 711317 On-site automobile transportation service CMAP 711319 Automobile rental service CMAP 711319 Car rental service

Type of Reservation: National treatment (Articles 10-04 and 14-04) Local presence (Article 10-05).

Level of Govemment: State (State of Oaxaca)

Measure: Ley de Transito Reformada, Periddico Oficial, December 25, 1976, Chapter IV, Article 21.

Description: Cross Border Services and Investment

Concessions or permits are required for the rendering of public transportation services. Concessions or permits will be granted only to Mexicans and to corporations incorporated under the laws of the country.

Reduction Schedule: None

Sector: Transportation

Subsector: Land transportation

Industrial Classification: CMAP 711201 Service from motor transportation of materials from construction CMAP 711202 Self-transportation service of removals CMAP 711203 Other specialized motor freight services CMAP 711204 Freight motor transport service in general CMAP 711311 Foreign passenger transportation service in bus CMAP 711312 Urban and suburban passenger transportation service by bus CMAP 711315 Automobile routing service CMAP 711316 Fixed- route automobile transportation service CMAP 711317 On-site automobile transportation service CMAP 711318 School transportation service CMAP 711318 School transportation service CMAP 711319 School transportation service CMAP 711320 School transportation service CMAP 711321 School transportation service CMAP 711319 Automobile rental service

Type of Reservation: National treatment (Articles 10-04 and 14-04) Local presence (Article 10-05).

Level of Government: State (State of Puebla) Traffic Regulations of the State of Puebla, Oficial Gazette, October 19, 1984, Title 6, Chapter I, Article 161.

Description: Cross Border Services and Investment

Concessions are required for the provision of public transportation services. Concessions will not be granted when the applicant is a foreigner or the company, if any, is a corporation.

Reduction Schedule: None

Sector: Transportation

Subsector: Land Transportation

Industry Classification: CMAP 711201 Service from motor transportation of materials from construction CMAP 711202 Self-transportation service of removals CMAP 711203 Other specialized motor freight services CMAP 711204 Freight motor transport service in general CMAP 711311 Foreign passenger transportation service in bus CMAP 711312 Urban and suburban passenger transportation service by bus CMAP 711315 Automobile routing service CMAP 711316 Fixed- route automobile transportation service CMAP 711317 On-site automobile transportation service CMAP 711318 School

transportation service CMAP 711318 School transportation service CMAP 711319 School transportation service CMAP 711320 School transportation service CMAP 711321 School transportation service

Type of Reservation: National treatment (Articles 10-04 and 14-04) Local presence (Article 10-05).

Level of Government: State (State of Querétaro)

Measures: Public Safety and Transit Law of the State of Querétaro. Periódico Oficial, December 17, 1987, Article 102, sections I and Il.

Description: Cross Border Services and Investment

Concessions are required to provide public transportation services. Concessions may be granted to Mexican natural persons by birth or to legal entities formed by Mexicans.

Reduction Schedule: None

Sector: Transportation

Subsector: Land transportation

Industrial Classification: CMAP 711201 Service from motor transportation of materials from construction CMAP 711202 Self-transportation service of removals CMAP 711203 Other specialized motor freight forwarding services CMAP 711204 Freight motor transport service in general CMAP 711311 Foreign passenger transportation service in bus CMAP 711312 Urban and suburban passenger transportation service by bus CMAP 711315 Automobile routing service CMAP 711316 Fixed- route automobile transportation service CMAP 711317 On-site automobile transportation service CMAP 711318 School transportation service CMAP 711318 School transportation service CMAP 711319 School transportation service CMAP 711320 School transportation service CMAP 711321 School transportation service CMAP 711319 Automobile rental service

Type of Reservation: National treatment (Articles 10-04 and 14-04) Local presence (Article 10-05).

Level of Government: State (State of Quintana Roo).

Measures: Political Constitution of the United Mexican States, Article 32 Law of Transit, Transportation and Exploitation of Roads and Highways of the State of Quintana Roo, Periódico Oficial, December 16, 1996, Title V, Chapter I, Articles 32 and 34.

Description: Cross Border Services and Investment

A concession or permit is required for the rendering of public transportation services. The granting of these concessions or permits will be issued at the discretion of the Governor of the State to the individuals or legal entities that request it.

Reduction Schedule: None

Sector: Transportation

Subsector: Land transportation

Industrial Classification: CMAP 711201 Service from motor transportation of materials from construction CMAP 711202 Self-transportation service of removals CMAP 711203 Other specialized motor freight transportation services CMAP 711204 Freight motor transport service in general CMAP 711311 Foreign passenger transportation service in bus CMAP 711312 Urban and suburban passenger transportation service by bus CMAP 711315 Automobile routing service CMAP 711316 Fixed- route automobile transportation service CMAP 711317 On-site automobile transportation service CMAP 711318 School transportation service CMAP 711318 School transportation service CMAP 711319 School transportation service CMAP 711320 School transportation service CMAP 711321 School transportation service CMAP 711319 Car rental service

Type of Reservation: National treatment (Articles 10-04 and 14-04) Local presence (Article 10-05).

Level of Government: State (State of San Luis Potosi).

Measures: Public Transportation Law of the State of San Luis Potosi, Official Gazette, August 30, 1996, Articles 9, 13 and 20.

Description: Cross Border Services and Investment

A concession or permit is required to provide public transportation services. Concessions or permits will only be granted to Mexican nationals, individuals or corporations, depending on the service in question, created or constituted in accordance

with the laws of the country.

Reduction Schedule: None

Sector: Transportation

Subsector: Land transportation

Industrial Classification: CMAP 711201 Service from motor transportation of materials from construction CMAP 711202 Self-transportation service of removals CMAP 711203 Other specialized motor freight services CMAP 711204 Freight motor transport service in general CMAP 711311 Foreign passenger transportation service in bus CMAP 711312 Urban and suburban passenger transportation service by bus CMAP 711315 Automobile routing transportation service CMAP 711316 Fixed route automobile transportation service CMAP 711317 On-site automobile transportation service CMAP 711319 Automobile rental service CMAP 711319 Car rental service

Type of Reservation: National treatment (Articles 10-04 and 14-04) Local presence (Article 10-05).

Level of Government: State (State of Sinaloa)

Measures: General Regulations of the Transit and Transportation Law, Official Gazette, August 21, 1970, Title VI, Chapter II, Article 70.

Description: Cross Border Services and Investment

A concession or permit is required to provide public transportation services. To obtain the concession and permit, Mexican nationality is required.

Reduction Schedule: None

Sector: Transportation

Subsector: Land transportation

Industrial Classification: CMAP 973101 Bus station management service, passenger and ancillary services (truck terminals and bus and truck stations)

Type of Reservation: National treatment (Articles 10-04 and 14-04) Local presence (Article 10-05).

Level of Government: State (State of Sonora)

Measures: Law Number 120 on Transportation for the State of Sonora, Official Gazette, July 20, 1992, Chapter IV, Articles 22, 23 and 54.

Description: Cross Border Services and Investment

A concession is required for the establishment of passenger and cargo stations and terminals to operate public transportation services. Concessions are granted to Mexican citizens by birth. The companies must be formed by partners who are Mexican by birth.

Reduction Schedule: None

Sector: Transportation

Subsector: Land transportation

Industrial Classification: CMAP 711201 Service from motor transportation of materials from construction CMAP 711202 Self-transportation service of removals CMAP 711203 Other specialized motor freight transportation services CMAP 711204 Freight motor transport service in general CMAP 711311 Foreign passenger transportation service in bus CMAP 711312 Urban and suburban passenger transportation service by bus CMAP 711318 School transportation service CMAP 711319 Car rental service CMAP 711319 Car rental service

Type of Reservation: National treatment (Articles 10-04 and 14-04) Local presence (Article 10-05).

Level of Government: State (State of Sonora)

Measures: Law number 120 of Transportation for the State of Sonora, Official Gazette, July 20, 1992, Title II, Chapter III, Articles 22 and 23.

Description: Cross Border Services and Investment

A concession is required to provide public transportation services. The concession is granted to Mexicans by birth. Partnerships must be formed by partners who are Mexicans by birth.

Reduction Schedule: None

Sector: Transportation

Subsector: Land transportation

Industrial Classification: CMAP 711201 Service from motor transportation of materials from construction CMAP 711202 Self-transportation service of removals CMAP 711203 Other specialized motor freight transportation services CMAP 711204 Freight motor transport service in general CMAP 711311 Foreign passenger transportation service in bus CMAP 711312 Urban and suburban passenger transportation service by bus CMAP 711315 Automobile routing service CMAP 711316 Fixed- route automobile transportation service CMAP 711317 On-site automobile transportation service CMAP 711318 School transportation service CMAP 711318 School transportation service CMAP 711319 School transportation service CMAP 711320 School transportation service CMAP 711321 School transportation service CMAP 711319 Car rental service CMAP 973105 Vehicle towing service CMAP 973105 Vehicle towing service

Type of Reservation: National treatment (Articles 10-04 and 14-04) Local presence (Article 10-05).

Level of Government: State (State of Tabasco)

Measures: Ley de Vilas de Comunicación y Transporte del Estado, Periddico Oficial, August 1, 1984, Title II, Chapter II, Articles 26 and 28.

Description: Cross Border Services and Investment

A concession is required for the operation of the public transportation service. The concession is granted to Mexicans by birth, in the case of individuals, and in the case of corporations, the partners must be Mexicans by birth.

Reduction Schedule: None

Sector: Transportation

Subsector: Land transportation

Industrial Classification: CMAP 973101 Bus station management service. passenger and ancillary services (truck terminals and bus and truck stations)

Type of Reservation: National treatment (Articles 10-04 and 14-04) Local presence (Article 10-05).

Level of Government: State (State of Tabasco)

Measures: Ley de Vilas de Comunicación y Transporte del Estado, Periódico Oficial, August 1, 1984, Title II, Chapter III, Article 49.

Description: Cross Border Services and Investment

A concession is required for the construction and operation of terminal stations in the use of transportation systems under state jurisdiction. These concessions will be granted to Mexican corporations. All other things being equal, preference will be given to companies formed by public transportation service concessionaires that operate at least 51 percent of the vehicles to be served in such terminals.

Reduction Schedule: None

Sector: Transportation

Subsector: Land transportation

Industrial Classification: CMAP 711201 Service from motor transportation of materials from construction CMAP 711202 Self-transportation service of removals CMAP 711203 Other specialized motor freight transportation services CMAP 711204 Freight motor transport service in general CMAP 711311 Foreign passenger transportation service in bus CMAP 711312 Urban and suburban passenger transportation service by bus CMAP 711315 Automobile routing service CMAP 711316 Fixed- route automobile transportation service CMAP 711317 On-site automobile transportation service CMAP 711318

School transportation service CMAP 711318 School transportation service CMAP 711317 School transportation service CMAP 711317 School transportation service CMAP 711317 School transportation service CMAP 711317 School transportation service CMAP 711319 Automobile rental service

Type of Reservation: National treatment (Articles 10-04 and 14-04) Local presence (Article 10-05).

Level of Government: State (State of Tamaulipas).

Measures: Transit and Transportation Law, Official Gazette, November 30, 1987, Chapter VI, Articles 28 and 33.

Description: Cross Border Services and Investment

Concessions or permits are required for public transportation services. Concessions or permits will be granted in favor of Mexican individuals or corporations.

Reduction Schedule: None

Sector: Transportation

Subsector: Land transportation

Industrial Classification: CMAP 711201 Service from motor transportation of materials from construction CMAP 711202 Self-transportation service of removals CMAP 711203 Other specialized motor freight transportation services CMAP 711204 Freight motor transport service in general CMAP 711311 Foreign passenger transportation service in bus CMAP 711312 Urban and suburban passenger transportation service by bus CMAP 711315 Automobile routing transportation service CMAP 711316 Fixed route automobile transportation service CMAP 711317 On-site automobile transportation service CMAP 711319 Automobile rental service CMAP 711319 Car rental service

Type of Reservation: National treatment (Articles 10-04 and 14-04) Local presence (Article 10-05).

Level of Government: State (State of Tlaxcala). Communications and Transportation Law in the State of Tlaxcala, Official Gazette, June 22, 1983, Chapter I, Article 2 and Chapter Ill, Article 14.

Description: Cross Border Services and Investment

A concession Is required to provide public transportation services. All things being equal, Tlaxcalans by birth, Mexicans with more than one year's residence in the state and Mexican companies registered in Tlaxcala will have preference to obtain the concessions.

Reduction Schedule: None

Sector: Transportation

Subsector: Land transportation

Industrial Classification: CMAP 711201 Service from motor transportation of materials from construction CMAP 711202 Self-transportation service of removals CMAP 711203 Other specialized motor freight transportation services CMAP 711204 Freight motor transport service in general CMAP 711311 Foreign passenger transportation service in bus CMAP 711312 Urban and suburban passenger transportation service by bus CMAP 711315 Automobile routing service CMAP 711316 Fixed- route automobile transportation service CMAP 711317 On-site automobile transportation service CMAP 711318 School transportation service CMAP 711318 School transportation service CMAP 711317 School transportation service CMAP 711317 School transportation service CMAP 711317 School transportation service CMAP 711317 School transportation service

Type of Reservation: National treatment (Articles 10-04 and 14-04) Local presence (Article 10-05).

Level of Government: State (State of Veracruz)

Measures: Law number 100 of Transit and Transportation for the State of Veracruz, Official Gazette, January 19, 1988, Chapter VI, Articles 20 and 25 Regulation of the Transit and Transportation Law for the State of Veracruz, Official Gazette, November 24, 1988, Chapter Ill, Article 161, fraction I.

Description: Cross Border Services and Investment

A concession is required to provide public transportation services. Concessions are granted to Mexican citizens and to corporations incorporated by them.

Reduction Schedule: None

Sector: Transportation

Subsector: Land transportation

Industrial Classification: CMAP 711201 Service from motor transportation of materials from construction CMAP 711202 Self-transportation service of removals CMAP 711203 Other specialized motor freight transportation services CMAP 711204 Freight motor transport service in general CMAP 711311 Foreign passenger transportation service in bus CMAP 711312 Urban and suburban passenger transportation service by bus CMAP 711315 Automobile routing service CMAP 711316 Fixed-route automobile transportation service CMAP 711317 On-site automobile transportation service CMAP 711318 School transportation service CMAP 711318 School transportation service CMAP 711319 School transportation service CMAP 711320 School transportation service CMAP 711321 School transportation service CMAP 711319 Car rental service CMAP 711320 Other passenger transportation, including animal- drawn vehicles CMAP 973105 Towing service for vehicle

Type of Reservation: National treatment (Articles 10-04 and 14-04) Local presence (Article 10-05).

Measures: Regulations for Freight Transportation Service in the State of Yucatan, Official Gazette, September 20, 1983, Chapter Il, Articles 7 and 10. Reglamento de Transito en las Carreteras del Estado de Yucatan, Diario Oficial, April 29, 1959, Chapter IV, Article 55, section Il.

Description: Cross Border Services and Investment

Concessions or permits are required to provide public transportation services.

In order to grant a concession for public freight transportation, a natural person must be Mexican by birth and domiciled in the State. In the case of a corporation, it must prove by means of its articles of incorporation that it is composed entirely of Mexicans by birth and constituted in accordance with the laws of the country. It is a cause of revocation to lose the Mexican nationality when the concessionaire is an individual; in the case of a corporation, when it ceases to be constituted as indicated above.

Individuals or legal entities requesting a route permit for the operation of public transportation services must be of Mexican nationality.

Reduction Schedule: None

Sector: Transportation

Subsector: Land transportation

Industry Classification: CMAP 711201 Service from motor transportation of materials from construction CMAP 711202 Self-transportation service of removals CMAP 711203 Other specialized motor freight transportation services CMAP 711204 Freight motor transport service in general CMAP 711311 Foreign passenger transportation service in bus CMAP 711312 Urban and suburban passenger transportation service by bus CMAP 711315 Automobile routing service CMAP 711317 On-site automobile transportation service CMAP 711318 School transportation service CMAP 711318 School bus service CMAP 711319 Car rental service CMAP 973105 Vehicle towing service CMAP 973105 Vehicle towing service

Type of Reservation: National treatment (Articles 10-04 and 14-04) Local presence (Article 10-05).

Level of Government: State (State of Zacatecas)

Measures: Transit Law of the State of Zacatecas, Official Gazette, January 18, 1989, Chapter Vil, Articles 17 and 20.

Description: Cross Border Services and Investment

The concession of the public transportation service is a discretionary, temporary and revocable act of the Executive of the State, by means of which individuals or legal entities are authorized to provide such service. The concessions will be granted to Mexican individuals by birth, preferably, native and residents of the state and to legal entities that are incorporated and operating in the state.

Reduction Schedule: None

Annex II

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

CMAP the digits of the Mexican Classification of Activities and Products (CMAP), established in the Mexican Classification of Activities and Products, 1988, of the National Institute of Statistics, Geography and Informatics (Instituto Nacional de Estadistica, Geograffa e Informatica); and

CPC the digits of the Central Product Classification (CPC), as established by the United Nations Statistical Office, Statistical Documents, Series M, No. 77, Provisional Central Product Classification, 1991.

2. Each Party's Schedule indicates the reservations taken by that Party, in accordance with Article 10- 06 (3) with respect to specific sectors, sub-sectors or activities for which it may maintain or adopt new or more restrictive measures that are inconsistent with the obligations imposed by:

a) Article 10-03 "Most favored nation treatment";

b) Article 10-04 "National Treatment"; or

c) Article 10-05 "Local Presence".

3. 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 the reserve has been taken;

c) Industrial Classification refers, where applicable, to the activity covered by the reserve, in accordance with the industrial classification codes;

d) Type of Reserve specifies the obligation from among those mentioned in paragraph 2 on which the reserve has been taken;

e) Description describes the coverage of the sector, sub-sector or activities covered by the reserve; and

f) Measures in Force identifies, for transparency purposes, the measures in force that apply to the sector, subsector or activities covered by the reserve.

4. In the interpretation of a reservation all its elements will be considered. The element Description will prevail over the other elements.

Annex II. Schedule of El Salvador

Sector: Business services

Subsector: Professional services

Industrial Classification: CPC 861, CPC 862, CPC 863, CPC 8671, CPC 8672, CPC 8673, CPC 8674, CPC 9312, CPC 932, CPC 93191, CPC 842 (limited to professionals in computer science), CPC 8790 (limited to customs agents and limited to kindergarten, elementary and high school teachers).

Type of Reservation: Most favored nation treatment (Article 10-03) National treatment (Article 10-04). Local presence (Article 10-05)

Description: Cross-border services

El Salvador reserves the right to adopt or maintain any measure on cross-border trade in services in the professional services subsector.

Measures in force:

Sector: Communications services

Subsector: Audiovisual services

Industrial Classification: CPC 75241. Television broadcasting services (includes satellite services provided directly to the customer when the provider sells television programs in bulk and directly to private households located in remote areas) CPC 75242. Radio program transmission services

Type of Reservation: Most favored nation treatment (Article 10-03) National treatment (Article 10-04). Local presence (Article

10-05)

Level of Govemment: National

Description: Cross-border services

El Salvador reserves the right to adopt or maintain any measure restricting the cross-border supply of audiovisual services, specifically network services necessary for the transmission of television signals regardless of the type of technology (network) used, including satellite services provided directly to the customer when the supplier sells television programs in bulk and directly to private dwellings located in remote areas; and network services necessary for the transmission of audio signals, such as radio broadcasts, cable transmissions and public address services, during the two years following the entry into force of this treaty.

After the period indicated in the preceding paragraph, the measures in force on that date shall be subject to the provisions set forth in article 10-06(1).

Measures in force:

Sector: Construction services

Subsector: Construction work

Industrial Classification: CPC 511. pre-construction work on building sites and construction CPC 512. Construction of buildings CPC 513. General construction work on civil engineering works CPC 514. Assembly and installation of prefabricated buildings CPC 515. Specialized construction work CPC 516. Installation work CPC 517. Finishing work on buildings

Type of Reservation: Most favored nation treatment (Article 10-03) National treatment (Article 10-04). Local presence (Article 10-05)

Level of Government: National

Description: Cross-border services

El Salvador reserves the right to adopt or maintain any measure restricting the cross-border supply of services related to the construction works listed in the industrial classification element during the two years following the entry into force of this agreement.

After the period indicated in the preceding paragraph, the measures in force on that date shall be subject to the provisions set forth in article 10-06(1).

Measures in force:

Sector: Transportation services

Subsector: Road transport services

Industrial Classification: CPC 7121. Other regular passenger transportation. CPC 7122. Other non-scheduled passenger transportation CPC 7123. Freight transportation CPC 7124. Commercial vehicle rental with driver CPC 7441. Bus station services

Type of Reservation: Most favored nation treatment (Article 10-03) National treatment (Article 10-04). Local presence (Article 10-05)

Description: Cross-border services

El Salvador reserves the right to adopt or maintain any measure restricting the cross-border supply of services in the sub-sector of land transport services, limited to other scheduled passenger transport, other non-scheduled passenger transport, freight transport, commercial vehicle rental with driver and bus station services, during the two years following the entry into force of this treaty.

After the period indicated in the preceding paragraph, the measures in force on that date shall be subject to the provisions set forth in Article 10-06(1).

Measures in force:

Annex II. Schedule of Guatemala

Sector: Business services

Subsector: Professional services

Industrial Classification: Most favored nation treatment (Article 10-03) National treatment (Article 10-04). Local presence (Article 10-05)

Level of Goverment: National

Description: Cross-border services

Guatemala reserves the right to adopt or maintain any measure restricting the cross-border supply of professional services.

Guatemala reiterates the rights and obligations acquired in the Convention on the Practice of Liberal Professions.

Measures in force: Political Constitution of the Republic of Guatemala, Article 90. Law on Compulsory Professional Membership, Decree 62-91 Convention on the Practice of Liberal Professions, January 28, 1902; published in the Official Gazette on January 23, 1903.

Sector: Construction services

Subsector:

Industrial Classification:

Type of Reservation: Most favored nation treatment (Article 10-03) National treatment (Article 10-04). Local presence (Article 10-05)

Level of Government: National

Description: Cross-border services

Guatemala reserves the right to adopt or maintain any measure restricting the cross-border supply of construction services for two years after the entry into force of the treaty.

After the period indicated in the preceding paragraph, the measures in force on that date shall be subject to the provisions set forth in Article 10-06 (1).

Measures in force:

Annex II. Schedule of Honduras

Sector: Airport Services

Subsector: Air navigation auxiliary services

Industrial Classification: CPC 74620. Air traffic control service CPC 74690. Other services auxiliary to air transport

Type of Reservation: Most favored nation treatment (Article 10-03) National treatment (Article 10-04). Local presence (Article 10-05)

Level of Government: National

Description: Cross Border Services

Honduras reserves the right to adopt or maintain any measure applying to the supply of air navigation auxiliary services.

Measures in force: Civil Aeronautics Law, Decree No. 146, Chapter VIII, Article 60.

Sector: Communications Services

Subsector: Post

Industrial Classification: CPC 75111. postal services: letters.

Type of Reservation: Most favored nation treatment (Article 10-03) National treatment (Article 10-04). Local presence (Article 10-05)

Level of Government: National

Description: Cross-border services

HONDUCOR is solely responsible for the operation of the postal system at national and international level, by surface, sea and air. Regulatory authority is exercised by the State, through HONDUCOR.

Measures in force: Regulatory Regulations for the Provision of Courier Services by Private Companies, Articles 2 and 3

Sector: Electric Power

Subsector:

Industrial Classification: CPC 17100. Electric Power

Type of Reservation: Most favored nation treatment (Article 10-03) National treatment (Article 10-04). Local presence (Article 10-05)

Level of Government: National

Description: Cross-border services

Transmission of electric power, transmission system operation and dispatch center.

Measures in force: Framework Law of the Electricity Sub Sector, Decree No. 158-94,Chapter V, Article 15

Sector: Recreational, Cultural and Sporting Services.

Subsector: Lotteries

Industrial Classification:

Type of Reservation: Most favored nation treatment (Article 10-03) National treatment (Article 10-04). Local presence (Article 10-05)

Level of Government: National

Description: Cross-border services

The Patronato Nacional de la Infancia (PANI) is responsible for the administration of the national lottery (major and minor lottery) and other non-traditional lotteries that may be created or authorized by PANI in the future.

Measures in force: Decree No. 438, published on April 23, 1977.

Sector: Services Provided to Businesses

Subsector: Professional services

Industrial Classification:

Type of Reservation: Most favored nation treatment (Article 10-03) Local presence (Article 10-05).

Level of Govemment: National

Description: Cross-border services

The Central American by birth who has obtained in any of the States parties to the Agreement, a professional degree or equivalent academic diploma, which legally qualifies him/her to exercise a university profession, shall be admitted to the exercise of such activities in the other countries, provided that he/she complies with the requirements and formalities that, for such exercise, the laws of the State where he/she wishes to exercise the profession in question demand from its nationals who are university graduates. The foregoing provision shall be applicable as long as the interested party retains the nationality of one of the Central American countries.

The above provisions are applicable to a Central American by birth who has obtained a university degree outside Central America, provided he/she has enrolled in a Central American university legally authorized to do so.

The validity in each of the States Parties to the Convention of the academic studies approved in the universities of any of the other States is recognized.

To Central American emigrants or persecuted for political reasons who wish to exercise their professions or continue their university studies in any of the States parties to the Agreement, provisional licenses will be issued to them, while it is possible for the interested parties to obtain the necessary documentation. In order to grant them, the corresponding entities of each country will follow summary information, in order to verify the necessary extremes.

To enjoy the benefits of the Agreement, Central Americans by naturalization must have resided continuously for more than five years in Central American territory, after obtaining naturalization.

For the purposes of the Convention, it is understood that the expression "Central American by birth" includes all persons who enjoy the legal status of nationals by birth in any of the signatory States. Likewise, it is understood that the expression "Central Americans by naturalization" refers to those who, not being natives of any of the States that sign the Agreement, have been naturalized in any of them.

Measures in force: Convention on the Practice of the University Professions and Recognition of University Studies, in force since June 22, 1962 (Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua).

Sector: Services Provided to Businesses

Subsector: Professional services

Industrial Classification: CPC

Type of Reservation: Most favored nation treatment (Article 10-03) National treatment (Article 10-04). Local presence (Article 10-05)

Level of Government: National

Description: Cross-border services

Authorization to practice is granted on the basis of reciprocity requirements.

Only academic degrees or diplomas recognized and granted by the National Autonomous University of Honduras (UNAH) will be officially valid in Honduras at the higher education and professional education levels.

The recognition of the degree or diploma obtained abroad, produces the incorporation of the professional to the UNAH.

Only persons holding a valid degree may engage in professional activities. For the incorporation of non-Central American foreigners it is required to prove legal residence in the country.

Mandatory professional membership Is established for the practice of the professions. In order to become a member of a professional association, among other requirements, the incorporation agreement with the UNAH is required. If there is no specific professional association for the profession in question, university professionals must join the Professional Association that has greater affinities with their profession.

Legal residency is required to be eligible for membership.

Measures in force: Constitution of the Republic of Honduras, Chapter Vill, Article No. 177. Law of Compulsory Professional Membership, Articles 1 and 2. Regulation for the Recognition of University Studies and Incorporation of Professionals, approved by the University Council of the National Autonomous University of Honduras Decree No. 177-94, dated March 1, 1995.

Sector: Services Provided to Businesses

Subsector: Professional services: Business administrators and related careers.

Industrial Classification: CPC 8640. Market research and market research services, public opinion polls CPC 8650. Management consulting services CPC 8660. Services related to management consultants

Type of Reservation: Most favored nation treatment (Article 10-03) National treatment (Article 10-04).

Level of Government: National

Description: Cross-border services

Reciprocity is required in the country of origin, to the extent it Is extended, for graduates in business administration and related careers graduated abroad.

The hiring of foreign natural persons as consultants in Business Administration or related disciplines may only be done with the prior favorable opinion of the College of Business Administrators of Honduras.

There are differentiated registration fees for foreign consulting firms. The hiring of foreign firms in business administration may only be carried out for reasons of specialties that are not in the country, or for unavoidable contractual requirements and prior favorable opinion of the College of Business Administrators.

The contracting of foreign firms in business administration may only be carried out through partnerships or consortiums with national firms duly registered with the Association of Business Administrators. In order to be registered in the College of Business Administrators of Honduras, foreign companies that intend to provide consulting services must prove the contracting of their professional services by attaching a copy of the respective contract.

Measures in force: Organic Law of the Association of Business Administrators of the Republic of Honduras and its Regulations

Sector: Services Provided to Businesses

Subsector: Professional services: architects

Industrial Classification: CPC 8671. Architectural services CPC 8674. Urban planning and landscape architecture services.

Type of Reservation: Most favored nation treatment (Article 10-03) National treatment (Article 10-04). Local presence (Article 10-05)

Level of Government: National

Description: Cross Border Services

For the registration of foreigners legally residing in Honduras, who have graduated abroad, the following is required:

a) proof of reciprocity from the country of origin;

b) proof of completion of social service; and

c) certificate of good conduct issued by a competent authority or letters from three (3) persons of recognized morality.

Foreign companies engaged in architecture will be registered only for specific projects and may not execute other projects or works for which they are not authorized.

All foreign architectural construction companies or architectural consulting firms are required to register and classify themselves provisionally in the Intercollegiate Committee for Registration and Classification of Construction Companies and Engineering Consultants, for each specific project, as a prior step to be able to register with the Honduran College of Architects and may participate in public or private bids and tenders for the provision of professional services.

Measures in force: Organic Law of the College of Architects of Honduras and its Regulation

Sector: Services Provided to Businesses

Subsector: Professional services: nursing

Industrial Classification: CPC 93191. Services provided by midwives, nurses, physiotherapists and paramedical personnel

Type of Reservation: Most favored nation treatment (Article 10-03). National Treatment (Article 10-04) Local Presence (Article 10-05)

Level of Government: National

Description: Cross Border Services

Nurses graduated abroad are required to take the incorporation examination.

Any nursing professional whose native language is not Spanish is required to certify to the satisfaction of the College of Nursing Professionals that he/she speaks and writes Spanish sufficiently to practice the profession.

Professional nurses entering the country as advisors or consultants for special programs must present their credentials to the College.

For registration in the College, foreign nurses must present, in addition to their degree, their authenticated birth certificate or passport and the work permit issued by the immigration office.

Reciprocity in the country of origin is required.

Measures in force: Organic Law of the College of Nursing Professionals.

Sector: Services Provided to Businesses

Subsector: Professional services: economists

Industrial Classification: CPC 85202. Research and development services in the sciences economic

Type of Reservation: Local presence (Article 10-05)

Level of Government: National

Description: Cross-border services

Foreign consulting firms must be represented by a member of the Honduran College of Economists.

Measures in force: Organic Law of the Honduran College of Economists.

Sector: Services Provided to Businesses

Subsector: Professional services: mechanical, electrical and chemical engineers.

Industrial Classification: CPC 8672.Engineering advisory and consulting services. CPC 86723.Engineering design services for mechanical and electrical installations for buildings. CPC 86726. Engineering design services CPC 86729. Other engineering services CPC 86751.Geological, geophysical and other scientific prospecting services CPC 8676 Technical testing and analysis services.

Type of Reservation: Most favored nation treatment (Article 10-03).

Level of Government: National

Description: Cross-border services

Proof of reciprocity in the country of origin in the professional practice is required for membership in the Colegio de Ingenieros Mecánicos, Eléctricos y Quimicos.

Measures in force: Organic Law of the College of Mechanical, Electrical and Electronics Chemicals of Honduras and its Regulations.

Sector: Services Provided to Businesses

Subsector: Professional Services: Civil Engineers

Industrial Classification: CPC 8672. Engineering services (except 86723 and 86725). CPC 8673.Integrated engineering services CPC 8675.Related science and technology consulting services (excl. 86751, 86752, 86753 and 86754). 86754)

Type of Reservation: National treatment (Article 10- 04) Local presence (Article 10- 05).

Level of Govemment: National

Description: Cross-border services

Foreigners are required to pass a professional examination before the Colegio de Ingenieros Civiles de Honduras (CICH).

The registration of a degree in the college is required for the performance of a specific job, provided that the college authorizes them after verifying the need for their services and the period of stay in the country.

If the foreign professional is authorized by the CICH to act as an individual consultant, he/she must register his/her degree with the Colegio de Ingenieros Civiles de Honduras and pay an initial fee plus a monthly fee for the duration of his/her assignment.

The national firms that provide in their payroll of technical personnel in bids and tenders individually to foreign professional engineers who are not registered engineers and who do not have their residence in Honduras, must previously request the

authorization of the CICH, which will be granted when the need for their services is duly proven, without prejudice that in case of obtaining the contract, said professionals are obliged to register their titles in the College after verifying the term of their stay in the country and the payment of the corresponding fees. When a national firm contemplates the use of individual foreign consultants in a bid, it must request the provisional authorization of the CICH prior to the submission of the bid, attaching the Curriculum Vitae of each professional, the justification, scope and duration of their services. It shall also indicate the name of the project in which such personnel will participate and any other information that the Board of Directors deems convenient plus a payment per consultant.

In the event that the national firm is awarded the contract, it must request authorization from the CICH so that the Foreign Advisors may render their professional services and also comply with the provisions of the applicable regulations, which will serve as the basis for their qualification as advisors.

If a national firm contemplates the use of several individual foreign advisors, the participation of such advisors shall be evaluated as a whole in accordance with the regulations and if it appears that the participation of the whole is significant within the scope of the services and amounts of the contract, then the College shall require the national firm to pay an annual registration fee and shall register the titles of each of the advisors in accordance with the provisions of the Organic Law of the CICH and pay an initial fee and monthly fees for each of the advisors for the duration of their services.

Foreign professional personnel of a foreign firm that submits a bid will not be required to obtain a provisional authorization, but if the contract is awarded to the firm, the foreign personnel must register their title with the CICH and pay an initial fee and a monthly fee for the time they are assigned to the project.

Foreign professionals must not be included in the payrolls of technical personnel of bids from national or foreign firms, or as consultants, but must have been hired directly for the performance of a specific job by a state or municipal institution. Foreign professional personnel hired by a state or municipal institution must register their title and pay an initial fee and a monthly fee for the duration of the specific project.

Foreign professional engineering personnel of international organizations are not required to register their degrees for the performance of their functions in the country, while they are assigned by such organizations on official missions, but the international organization shall certify the academic degree of such personnel. When a foreign government or organization makes donations or aid to the country through foreign persons or firms in the form of technical assistance, these and their personnel are exempt from registration and payment of the corresponding fee, but the international organization must certify the academic degree of such personnel.

For the purposes of the above, the foreign government or organization or the beneficiary national institution must comply with the following requirements:

a) Application for payment exception and other requirements to the CICH signed by the responsible officer; and

b) Copy of the Treaty or Agreement between the donor country or foreign organization and the government of Honduras.

Measures in force: Organic Law of the College of Civil Engineers of Honduras and its Regulation

Sector: Services Provided to Businesses

Subsector: Professional Services: Forestry Engineers

Industrial Classification: CPC 86729. Other engineering services Type

Type of Reservation: National Treatment (Article 10-04) Local presence (Article 10-05)

Level of Government: National

Description: Cross-border services

Foreigners to practice consulting and construction activities in forestry engineering activities must be registered with the College of Forestry Engineers of Honduras.

Professionals graduated abroad who render their services in Honduras in goodwill missions shall be temporarily incorporated to the College. Foreign specialized forestry engineering professionals are required to prove legal residency and to be hired, prior verification of the need for their services and authorization from the College.

In the case of foreign consulting firms, they must hire a national counterpart from among their members that is significant in relation to the magnitude of the project.

Measures in force: Organic Law of the College of Forestry Engineers of Honduras.

Sector: Services Provided to Businesses

Subsector: Professional Services: Dental Surgeons

Industrial Classification: CPC 93123. Dental services

Type of Reservation: Most favored nation treatment (Article 10-03) National treatment (Article 10-04). Local presence (Article 10-05)

Level of Govemment: National

Description: Cross-border services

To be a member of the College of Dental Surgeons of Honduras, among other requirements for foreigners:

a) Proof of having performed one year of ad-honorem social service authorized and coordinated by the College of Dental Surgeons of Honduras, in the rural area of the country, as recorded in the respective files;

b) Proof of having resided in the country permanently for five years or more, after having obtained a professional degree. Foreign dentists married to Hondurans, with two or more years of marriage, are exempted from this requirement; and

c) proof of reciprocity specifying that Honduran dentists may practice the profession under similar circumstances in the country of origin.

Measures in force: Organic Law of the College of Dental Surgeons of Honduras and its Regulation

Sector: Services Provided to Businesses

Subsector: Professional Services: Chartered Accountants

Industrial Classification: CPC 862. Accounting, auditing and bookkeeping services CPC 863. Tax Advisory Services

Type of Reservation: Most favored nation treatment (Article 10-03) National treatment (Article 10-04). Local presence (Article 10-05)

Level of Government: National

Description: Cross-border services

To become a member of the Honduran College of University Professionals in Public Accounting, foreigners must prove the following:

a) legal residence; and

b) reciprocity in the country of origin

Measures in force: Organic Law of the Honduran College of University Professionals of Public Accounting

Sector: Services Provided to Businesses

Subsector: Professional Services: Chartered Accountants

Industrial Classification: CPC 862. accounting, auditing and bookkeeping services. CPC 863. Tax advisory services

Type of Reservation: Most favored nation treatment (Article 10-03) Local presence (Article 10-05).

Level of Government: National

Description: Cross-border services

Reciprocity is required for incorporation to the Colegio de Peritos Mercantiles y Contadores Publicos de Honduras.

Partnerships and individual firms of foreign public accountants that are not legally incorporated in the country may not operate in Honduras in professional activities regulated by the Organic Law of the College of Business Experts and Public Accountants of Honduras.

Measures in force: Organic Law of the Association of Commercial Experts and Accountants. Public Utilities of Honduras.

Decree No. 74, published on October 10, 1996, with amendments to Decree No. 117, published on February 12, 1971. Regulations of the Organic Law of the College of Mercantile Experts and Public Accountants of Honduras. Articles 8 and 9

Sector: Services Provided to Businesses

Subsector: Professional services: psychologists

Industrial Classification: CPC 85201.Research and development services in letters, sociology and psychology

Type of Reservation: Local presence (Article 10-05)

Level of Government: National

Description: Cross-border services

To become a member of the College of Psychologists of Honduras and obtain authorization to practice the profession, a foreigner must prove that he/she has a residence permit and a work permit.

Measures in force: Organic Law of the College of Psychologists of Honduras and its Regulation

Sector: Services Provided to Businesses

Subsector: Professional Services: Veterinarians

Industrial Classification: CPC 932. Veterinary Services

Type of Reservation: Most favored nation treatment (Article 10-03) National treatment (Article 10-04). Local presence (Article 10-05)

Level of Government: National

Description: Cross-border services

In order for foreign veterinarians to be members of the College of Veterinarians of Honduras, among other requirements:

a) Proof of legal residence;

b) arecord of good conduct in the country of origin;

c) authorization from the Ministry of Labor to work in the country;

d) submit to an admission examination before a Committee appointed by the Board of Directors of the College; and

e) speak and write Spanish correctly.

Contracts under provisions contained in international loan agreements or technical assistance treaties to which Honduras Is a signatory are exempt from the law.

There are differentiated membership fees for Central Americans and non-Central American foreigners.

To be a member of the Board of Directors of the Colegio Médico Veterinario de Honduras, it is required to be a Honduran national.

Measures in force: Organic Law of the College of Veterinary Physicians of Honduras and its Regulation

Sector: Services Provided to Businesses

Subsector: Professional Services: Medical

Industrial Classification: CPC 85105. research and development services in the sciences. medical and pharmaceutical CPC 93121 - General medical services CPC 93122 - Specialist physician services

Type of Reservation: National Treatment (Article 10-04)

Level of Government: National

Description: Cross Border Services

To be a member of the Board of Directors of the Colegio Médico de Honduras, it is required to be Honduran by birth.

Provisional collegiate membership shall be granted to Central American or foreign physicians who wish to establish their residence in the country, as a means for them to practice medicine during their social medical service, being required to present proof of finishing their two (2) years of ad-honorem social medical service, endorsed by the Ministry of Public Health and the Delegate of the Medical College of the Department where they performed their social medical service. In order to obtain the provisional registration, in case of being a foreigner, the documentation that accredits the legal residence in the country must be presented.

Foreign physicians who are called for consultation, in accordance with article 76 of the Organic Law of the Medical College of Honduras, shall have the primary obligation to attend the case or cases for which they were expressly called; to attend other consultations, the authorization of the Medical College of Honduras shall be mandatory.

Measures in force: Organic Law of the Medical College of Honduras. Internal Regulations of the Medical Association of Honduras. Regulation of Professional Membership, Articles 1 and 4.

Sector: Services Provided to Businesses

Subsector: Professional services: notaries

Industrial Classification: CPC 85203. research and development services in law. CPC 861. Legal Services

Type of Reservation: National Treatment (Article 10-04)

Level of Government: National

Description: Cross-border services

In order to practice as a notary public, the following are required:

a) be a lawyer;

b) be at least twenty-one years of age, Honduran citizen in exercise of his/her rights; and

c) having obtained the corresponding exequatur from the Supreme Court of Justice

Measures in force: Notary Law

Sector: Services Provided to Businesses

Subsector: Professional Services: Journalists

IndustrialClassification: CPC 962. news agency services

Type of Reservation: Most favored nation treatment (Article 10-03). National Treatment (Article 10-04) Local Presence (Article 10-05)

Level of Government: National

Description: Cross-border services

To be a director, deputy director, editor-in-chief and chief information officer, a Honduran citizen is required.

To be a member of the Colegio de Periodistas de Honduras, among other requirements, foreigners are required:

a) If he/she has acquired his/her knowledge in the practical exercise of the profession, he/she must present proof of being a member of a professional association in the country of origin and have resided at least five (5) consecutive years in Honduras;

b) demonstrate reciprocity of treaties and laws between Honduras and the country of origin in the professional practice of journalism;

c) have an updated residence card;

d) have a work card authorized by the Ministry of Labor; and

e) To be a member of the Board of Directors of the Colegio de Periodistas de Honduras, it is required to be Honduran by birth.

Measures in force: Organic Law of the College of Journalists of Honduras. Internal Regulations of the Members of the

College of Journalists of Honduras, Article 19

Sector: Services Provided to Businesses

Subsector: Professional services: Microbiologists and clinicians

Type of Reservation: National Treatment (Article 10-04)

Level of Government: National

Description: Cross-border services

Foreigners must comply with the following requirements:

a) to perform career social service; and

b) pay a registration fee different from that of the national one

Measures in force: Regulations of the College of Microbiologists and Clinical Chemists. Articles 7 and 8

Sector: Services Provided to Businesses

Subsector: Professional Services: Pedagogues

Type of Reservation: Most favored nation treatment (Article 10-03) National treatment (Article 10-04).

Level of Government: National

Description: Cross-border services

Foreigners may only, within the limits established by law, perform jobs in the teaching of sciences and arts and provide technical and advisory services to the State, when there are no Hondurans who can perform such jobs and provide such services.

The teaching of the Constitution of the Republic, national history and geography is mandatory and will be in charge of Honduran professionals. Central American teachers and teachers of other nationalities may enter the teaching career, provided that reciprocity exists in their country of origin.

Measures in force: Constitution of the Republic, Articles 34 and 168. Statute of the Colegio de Pedagogos, Article 8

Sector: Services Provided to Businesses

Subsector: Professional services: Chemicals and pharmaceuticals

Industrial Classification: CPC 85102. services and development in chemistry and biology. CPC 85015 Research and development services in the pharmaceutical medical sciences

Type of Reservation: Most favored nation treatment (Article 10-03) National treatment (Article 10-04). Local presence (Article 10-05)

Level of Government: National

Description: Cross-border services

Honduras reserves the right to adopt or maintain any measure that applies to the mandatory professional membership of doctors of chemistry and pharmacy.

Sector: Services Provided to Businesses

Subsector: Professional Services: Agricultural Engineers

Industrial Classification: CPC 86729. Other engineering services

Type of Reservation: Most favored nation treatment (Article 10-03) National treatment (Article 10-04). Local presence (Article 10-05)

Level of Government: National

Description: Cross Border Services

Honduras reserves the right to adopt or maintain any measure that applies to the mandatory professional registration of agronomists.

Measures in force:

Sector: Environmental Related Services

Subsector: Sewerage services, Drinking water supply, ornamental, sanitation and municipal hygiene. Fight against pollution of the marine environment

Industrial Classification: CPC 94. sewage and waste disposal, sewerage and waste services. sanitation and similar (except 94050) CPC 18000. Natural water

Type of Reservation: Most favored nation treatment (Article 10-03) National treatment (Article 10-04). Local Presence (Article 10-05)

Level of Government: National

Description: Cross Border Services Honduras reserves the right to adopt or maintain any applicable measure on:

a) Sewerage Services, the National Aqueduct and Sewerage Service (SANAA) Is responsible for the promotion and development of public drinking water supplies and sanitary and storm sewers throughout the country.

Municipalities are responsible for the construction of aqueducts, maintenance and administration of drinking water, sanitary and storm sewage systems.

b) Collection, treatment and disposal of solid and organic waste. The municipalities are responsible for municipal cleanliness, cleanliness and hygiene.

It is the responsibility of the municipalities, in consultation with the Secretary of State in the Office of Public Health or other technical agencies, to adopt a system for the collection, treatment and final disposal of solid and organic waste, including the possibilities of reuse or recycling.

The provision of municipal public services may be contracted with the corresponding municipalities.

c) Marine pollution control: The service of marine pollution control will be provided by the General Directorate of the Merchant Marine with the collaboration of the other agencies of the Executive Branch, particularly the Secretariats of State in the Office of Natural Resources and Environment, the Naval Force and the Port Authority.

Measures in force: Law of Municipalities, Decree No. 134-90, Article 13, numerals. 3,4 and15

Annex II. Schedule of Mexico

Sector: All sectors

Subsector:

Industrial Classification:

Type of Reservation: National Treatment (Article 10-04)

Level of Government: Federal

Description: Cross-border 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:

Sector: Communications

Subsector: Telecommunications and postal services

Industrial Classification: CMAP 720001. Postal services (limited to mailing of first class) CMAP 720005. Telegraph and radiotelegraph services.

Type of Reservation: National Treatment (Article 10-04)

Level of Government: Federal

Description: Cross-border services

Only the Mexican State may provide postal, telegraphic, and radiotelegraphic services.

Measures in force: Political Constitution of the United Mexican States, Article 28. Mexican Postal Service Law, Official Gazette, December 24, 1986, Title I, Chapter lll. Federal Telecommunications Law, Official Gazette, June 7, 1995, Chapter I.

Sector: Communications

Subsector: Telecommunications services and networks

Industrial Classification: CMAP 720006. Other telecommunications services (limited to maritime telecommunication services)

Type of Reservation: Most favored nation treatment (Article 10-03) National treatment (Article 10-04). Local presence (Article 10-05)

Level of Government: Federal

Description: Cross-border services

Mexico reserves the right to adopt or maintain any measure with respect to the supply of maritime telecommunication services.

Measures in force:

Sector: Communications

Subsector: Telecommunications

Industrial Classification: CMAP 720006. Other telecommunications services (limited to mobile and fixed services for aeronautical services)

Type of Reservation: National treatment (Article 10-04) Local presence (Article 10-05).

Level of Government: Federal

Description: Cross-border services

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. Airports Law, Official Gazette, December 22, 1995, Chapter I! General Communications Law, Official Gazette, June 7, 1940 Federal Telecommunications Law, Official Gazette, June 7, 1995 Foreign Investment Law, Official Gazette, December 27, 1993, Title I, Chapter ll. Decree that Creates the Decentralized Organization of "Services to Navigation in the Mexican Airspace" (SENEAM), Official Gazette, October 3, 1978.

Sector: Energy

Subsector: Petroleum and other hydrocarbons Basic petrochemicals Electricity. Nuclear energy. Treatment of radioactive minerals

Type of Reservation: Most favored nation treatment (Article 10-03) National treatment (Article 10-04). Local presence (Article 10-05)

Level of Government: Federal

Description: Cross-border services

Mexico reserves the right to adopt or maintain any measure relating to services associated with energy and basic petrochemical goods.

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, Official Gazette, February 4, 1985. Ley Reglamentaria del Artfculo 27 Constitucional en el

Ramo del Petróleo y sus Reglamentos, Diario Oficial, July 16, 1992. Ley Orgánica de Petróleos Mexicanos y Organismos Subsidiarios, Official Gazette, July 16, 1992.

Annex III

1. The activities set forth in Section A are reserved to the Parties and private capital investment is prohibited under the laws of the Parties. If a Party permits the participation of private investment in such activities through service contracts, concessions, loans or any other type of contractual acts, such participation shall not be construed as affecting the Party's reservation in those activities.

2. If the legislation of the Parties is amended to permit private capital investment in the activities set out in Section A, the Parties may impose restrictions on the participation of foreign investment notwithstanding Article 14-04 (National Treatment) by indicating them in Annex | (Existing Nonconforming Measures and Liberalization Commitments). The Parties may also impose exceptions to Article 14-04 with respect to the participation of foreign investment in the case of the sale of assets or equity participation in an enterprise engaged in the activities set forth in Section A, and shall indicate them in Annex I.

3. The measures referred to are included for transparency purposes and include any measures subordinated to, adopted or maintained under the authority of and consistent with such measures.

Section A. Economic Activities Reserved to Each Party

Annex III. Schedule of El Salvador

El Salvador reserves the exclusive right to perform and refuse to authorize the establishment of investments in the following activities:

1. Currency issuance

a) Description of activities:

The power to issue monetary species corresponds exclusively to the Salvadoran State, which may exercise it directly or through a public issuing institute.

b) Measures:

Constitution of the Republic, Article 1117

2. Postal Services

a) Description of activities:

The supreme direction of the postal service corresponds to the executive branch.

b) Measures:

Postal Regulations, Article 1

Annex III. Schedule of Guatemala

Guatemala reserves the exclusive right to perform and to refuse to authorize the establishment of of investments in the following activity:

1. Currency issuance

a) Description of activities:

It is the exclusive power of the State to issue and regulate the currency, as well as to formulate and carry out policies that tend to create and maintain favorable exchange and credit conditions for the orderly development of the national economy.

b) Measures:

Political Constitution of the Republic of Guatemala, Article 132

Annex III. Schedule of Honduras

Honduras reserves the exclusive right to perform and refuse to authorize the establishment of investments in the following activities:

1. Electric Power:

a) Description of activities:

Electric power transmission: operation of the transmission system and dispatch center.

b) Measures:

Framework Law of the Electricity Sub-Sector, Decree No. 158-94, Chapter V, Article 15.

2. Weapons Industry:

a) Description of activities:

Explosives, firearms and cartridges; manufacture, import, distribution and sale of arms, ammunition and similar items. Weapons, ammunition and similar articles shall be understood as the following:

- ammunition;

- war planes,

- military rifles,

- pistols and revolvers of all kinds, 41 caliber or larger;

- regulation pistols of the Honduran Army;

- silencers for all kinds of firearms;

- firearms;

- accessories and ammunition;

- cartridges for firearms;

- equipment and other accessories essential for cartridge loading;

- gunpowder, explosives, percussion caps and fuses;

- protective masks against asphyxiating gases;

- wind shotguns.

b) Measures: Constitution of the Republic, Title V, Chapter X, Article 292. Investment Law, Decree No. 80-92, Chapter VI, Article 16.

3. Communications Services:

a) Description of activities:

Postal services: HONDUCOR Is exclusively responsible for the operation of the postal service at the national and international level, via surface, sea and air.

Regulatory powers are exercised by the State, through HONDUCOR.

b) Measures:

Regulatory Regulations for the Provision of Courier Services by Private Companies, Articles 2 and 3

4. Environmental Related Services:

a) Description of activities:

i) Sewerage services, the National Aqueduct and Sewerage Service (SANAA) Is responsible for the promotion and development of public drinking water supplies and sanitary and storm sewers throughout the country.

Municipalities are responsible for the construction of aqueducts, maintenance and administration of drinking water, sanitary and storm sewage systems.

ii) The municipalities are responsible for the collection, treatment and disposal of solid and organic waste, as well as municipal hygiene and cleanliness.

It is the responsibility of the municipalities, in consultation with the Secretary of State in the Office of Public Health or other technical agencies, to adopt a system for the collection, treatment and final disposal of solid and organic waste, including the possibilities of reuse or recycling.

The provision of municipal public services may be contracted with the corresponding municipalities.

iii) Marine pollution control: the marine pollution control service will be provided by the General Directorate of the Merchant Marine with the collaboration of the other agencies of the Executive Branch, in particular the Secretariats of State in the Office of Natural Resources and Environment, the Naval Force and the Port Authority.

b) Measures:

Law of Municipalities, Decree No. 134-90, Articles 13, numeral 4) numeral 3) and 15). Regulation of the Investment Law, Agreement No. 345-92 Article No. 50. General Environmental Law, Decree No. 104-93, Article 67. Organic Law of the National Merchant Marine, Decree 167-94, Article No.100.

5. Recreational, Cultural and Sports Services:

a) Description of activities:

Lotteries: The Patronato Nacional de la Infancia (PANI) is responsible for the administration of the National Lottery (Loteria Mayor and Loteria Menor) and other non-traditional lotteries that may be created or authorized by PANI in the future.

b) Measures:

Decree No. 438 published on April 23, 1977.

6. Operation of Airport Services:

a) Description of activities:

The State is responsible for the control and provision of auxiliary air navigation services.

b) Measures: Civil Aeronautics Law, Decree No. 146, Chapter VIII, Article No. 60.

7. Currency Issuance:

a) Description of activities: Monetary issuance is the exclusive power of the State, which shall exercise it through the Central Bank of Honduras.

b) Measures:

Constitution of the Republic, Decree No. 131, Chapter II, Article 342. Central Bank of Honduras Law, Article 26 amended by Decree No. 228-96 Monetary Law, Decree No. 51, Article 5.

Annex III. Schedule of Mexico

Mexico reserves the exclusive right to carry out and refuse to authorize the establishment of of investments in the following activities:

1. Petroleum, 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 the 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.

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 Petroleum Sector. Organic Law of Petróleos Mexicanos and Subsidiaries

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. Public Electric Energy Service Law.

3. Nuclear Energy and Radioactive Minerals Processing

a) Description of activities: exploration, exploitation and processing of radioactive minerals, nuclear fuel cycle, nuclear power generation, transport and storage of nuclear waste, use and reprocessing of nuclear fuel and regulation of its applications for other purposes, as well as the production of heavy water.

b) Measures: Political Constitution of the United Mexican States, Articles 25, 27 and 28 Regulatory Law of Article 27 of the Mexican Constitution in Nuclear Matters

4. Telegraph Services

Measures: Political Constitution of the United Mexican States, Articles 25 and 28. General Communications Roads Law

5. Radiotelegraphy Services

Measures: Political Constitution of the United Mexican States, Articles 25 and 28. General Communications Roads 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

7. Banknote Issuance and Minting

Measures: Political Constitution of the United Mexican States, Articles 25 and 28. Organic Law of Banco de México. Mexican Mint Law. Monetary Law of the United Mexican States

8. Control, Inspection and Surveillance of Maritime and Land Ports

Measures: Navigation Law Law of General Roads of Communication

9. Communications

a) Description of activities: Aeronautical meteorological services, aeronautical telecommunications services and other telecommunications services related to air navigation services.

b) Measures: Political Constitution of the United Mexican States, Article 32 Decree creating the Decentralized Organization for Navigation Services in the Mexican Airspace (SENEAM). Airport Law General Telecommunications Law Federal Telecommunications Law Foreign Investment Law.

Section B. Activities Previously Reserved for the Mexican State. Schedule Ofof Mexico

In those activities reserved to the Mexican State as of January 1, 1992, which ceased to be carried out by the January 1, 1995, Mexico may restrict the first sale of assets or equity interest of the State in favor of enterprises with a majority participation of natural persons of Mexican nationality, as defined in the Mexican Constitution. For the following period not to exceed three years from the first sale, Mexico may restrict transfers of such assets or participation in favor of other companies with a majority participation of natural persons of Mexican nationality as defined in the Mexican Constitution. At the expiration of such period, the National Treatment obligations contained in Article 14-04 shall apply. This provision is

subject to Article 14-09.

Annex IV. Schedule of El Salvador

El Salvador exempts the application of Article 14-05 (Most-Favored-Nation Treatment) to the treatment granted under those agreements in force or signed after the date of entry into force of this treaty, regarding:

a) aviation;

b) fishing; or

c) maritime affairs, including salvage.

For greater certainty, Article 14-05 does not apply to any present or future program of international cooperation to promote economic development.

Annex IV. Schedule of Guatemala

Guatemala exempts the application of Article 14-05 (Most favored nation treatment), to the treatment granted under those agreements in force or signed after the date of entry into force of this treaty, regarding:

a) aviation;

b) fishing; or

c) maritime affairs, including salvage.

For greater certainty, Article 14-05 does not apply to any present or future program of international cooperation to promote economic development.

Annex IV . Schedule of Honduras

Honduras exempts the application of Article 14-05 (Most favored nation treatment), to the treatment granted under those agreements in force or signed after the date of entry into force of this treaty, regarding:

a) aviation;

b) fishing; or

c) maritime affairs, including salvage.

For greater certainty, Article 14-05 does not apply to any present or future program of international cooperation to promote economic development.

Annex IV. Schedule of Mexico

Mexico exempts the application of Article 14-05 (Most-favored-nation treatment) to the treatment granted under those agreements in force or signed after the date of entry into force of this treaty, regarding:

a) aviation;

b) fishing; or

c) maritime affairs, including salvage.

For greater certainty, Article 14-05 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 (Pact of San José) and the OECD Export Credit Arrangement.