Agreement between Japan and the United Mexican States for the Strengthening of the Economic Partnership

Japan and the United Mexican States,
Conscious of their longstanding friendship and strong economic and political ties that have developed through growing trade and investment and mutually beneficial cooperation between the Parties;
Realizing that a dynamic and rapidly changing global environment brought about by globalization and closer integration among economies in the world presents many new economic challenges and opportunities to the Parties;
Recognizing that the economies of the Parties are endowed with conditions to complement each other and that this complementarity should contribute to further promoting the economic development in the Parties, by making use of their respective economic strengths through bilateral trade and investment activities;
Recognizing that creating a clearly established and secured trade and investment framework through mutually advantageous rules to govern trade and investment between the Parties would enhance the competitiveness of the economies of the Parties, make their markets more efficient and vibrant and ensure predictable commercial environment for further expansion of trade and investment between them;
Noting that such a framework would promote the economic relations between the Parties; Recalling Article XXIV of the General Agreement on Tariffs and Trade 1994 and Article V of the General Agreement on Trade in Services in Annex 1A and Annex 1B, respectively, to the Marrakesh Agreement Establishing the World Trade Organization, done at Marrakesh, April 15,1994;
Realizing that enhancing economic ties between the Parties would contribute to increasing trade and investment flows across the Pacific; Convinced that this Agreement would open a new era for the relationship between the Parties; and
Determined to establish a legal framework for strengthening the economic partnership between the Parties; HAVE AGREED as follows:

Chapter 1. Objectives

Article 1. Objectives

The objectives of this Agreement are to:
(a) liberalize and facilitate trade in goods and services between the Parties;
(b) increase investment opportunities and strengthen protection for investments and investment activities in the Parties;
(c) enhance opportunities for suppliers to participate in government procurement in the Parties;
(d) promote cooperation and coordination for the effective enforcement of competition laws in each Party;
(e) create effective procedures for the implementation and operation of this Agreement and for the resolution of disputes; and
(f) establish a framework for further bilateral cooperation and improvement of business environment.

Chapter 2. General Definitions

Article 2. General Definitions

1. For the purposes of this Agreement, unless otherwise specified:
(a) the term "Area" means: with respect to the United Mexican States (hereinafter referred to as "Mexico"):
(i) the States of the Federation and the Federal District;
(ii) the islands, including the reefs and keys, in adjacent seas;
(iii) the islands of Guadalupe and Revillagigedo situated in the Pacific Ocean;
(iv) the continental shelf and the submarine shelf of such islands, keys and reefs;
(v) the waters of the territorial seas, in accordance with international law, and its interior maritime waters;
(vi) the space located above the national territory, in accordance with international law; and (vii) any areas beyond the territorial seas of Mexico within which, in accordance with international law, including the United Nations Convention on the

Law of the Sea, as may be amended, and its domestic law, Mexico may exercise rights with respect to the seabed and subsoil and their natural resources; and with respect to Japan:
(viii) the territory of Japan which means the land areas, internal waters, and territorial seas and the airspace above such areas, waters and seas, under the sovereignty of Japan in accordance with international law; and
(ix) any areas beyond the territorial seas of Japan within which, in accordance with international law, including the United Nations Convention on the Law of the Sea, as may be amended, and its domestic law, Japan may exercise rights with respect to the seabed and subsoil and their natural resources. Nothing in this subparagraph shall affect the rights and obligations of the Parties under the United Nations Convention on the Law of the Sea, as may be amended;
(b) the term "days" means calendar days, including weekends and holidays;
(c) the term "enterprise" means any entity constituted or organized under applicable law,whether or not for profit, and whether privately-owned or governmentally-owned, including any corporation, trust, partnership, joint venture, or other association or sole proprietorship;
(d) the term "enterprise of a Party" means an enterprise constituted or organized under the law of a Party;
(e) the term "existing" means in effect on the date of entry into force of this Agreement;
(f) the term "GATS" means the General Agreement on Trade in Services in Annex 1B to the Marrakesh Agreement Establishing the World Trade Organization, done at Marrakesh, April 15, 1994,as may be amended;
(g) the term "GATT 1994" means the General Agreement on Tariffs and Trade 1994 in Annex 1A to the Marrakesh Agreement Establishing the World Trade Organization, done at Marrakesh, April 15, 1994,as may be amended. For the purposes of this Agreement, references to Articles in the GATT1994 include the interpretative notes;
(h) the term "goods of a Party" means domestic products as these are understood in the GATT1994, and includes originating goods of that Party;
(i) the term "Harmonized System (HS)" means the Harmonized Commodity Description and Coding System set out in the Annex to the International Convention on the Harmonized Commodity Description and Coding System, as may be amended, and adopted and implemented by the Parties in their respective domestic laws;
(j) the term "Joint Committee" means the Joint Committee established under Article 165;
(k) the term "measure" means any measure by a Party, whether in the form of a law, regulation, rule, procedure, decision, administrative action or any other form;
(l) the term "national" means a natural person possessing the nationality of a Party under its domestic laws;
(m) the term "originating goods" means goods qualifying as originating under the provisions of Chapter 4;
(n) the term "originating materials" means materials qualifying as originating under the provisions of Chapter 4;
(o) the term "person" means a natural person or enterprise;
(p) the term "person of a Party" means a national or an enterprise of a Party;
(q) the term "state enterprise" means an enterprise owned or controlled through ownership interests by a Party; and
(r) the term "WTO Agreement" means the Marrakesh Agreement Establishing the World Trade Organization, done at Marrakesh, April 15, 1994,as may be amended.
2. For the purposes of this Agreement, unless otherwise specified:
(a) in the case of Mexico, a reference to a state includes local governments of that state; and

(b) in the case of Japan, a reference to a local government means a prefecture or any other local authority.

Chapter 3. Trade In Goods

Section 1. General Rules

Article 3. National Treatment

1. Each Party shall accord national treatment to the goods of the other Party in accordance with Article III of the GATT 1994 and to this end Article III of the GATT 1994 is incorporated into and made part of this Agreement.
2. The provisions of paragraph 1 above regarding national treatment shall mean, with respect to a local government in the case of Japan, and with respect to a state in the case of Mexico, treatment no less favorable than the most favorable treatment accorded by that local government or state to any like goods or, directly competitive or substitutable goods, as the case may be, of the Party of which it forms a part.

Article 4. Classification of Goods

The classification of goods in trade between the Parties shall be in conformity with the Harmonized System.

Article 5. Elimination of Customs Duties

1. Except as otherwise provided for in this Agreement, each Party shall eliminate or reduce its Customs Duties on originating goods designated for such purposes in its Schedule in Annex 1, in accordance with the terms and conditions set out therein.
2. Except as otherwise provided for in this Agreement, neither Party shall increase any Customs Duty on originating goods from the level provided for in its Schedule in Annex 1. Note: The term "level" means the level of Customs Duty that shall be implemented by each Party in accordance with its Schedule and does not mean the Base Rate specified in such Schedule.
3. (a) On the request of either Party, the Parties shall consult to consider:
(i) issues such as improving market access conditions on originating goods designated for consultation in the Schedule in Annex 1,in accordance with the terms and conditions set out in such Schedule; or
(ii) further steps in the process of liberalization of trade between the Parties in respect of goods after 4 years of the date of entry into force of this Agreement.
(b) Subparagraph (a)(ii) above shall not apply to the originating goods referred to in subparagraph(a)(i) above while the consultation on the originating goods is held under the terms and conditions referred to in subparagraph (a)(i)above.
4. The Parties shall consult to consider further steps in the process of liberalization of trade between the Parties in respect of originating goods set out in the Schedule in Annex 1, in light of the result of the multilateral trade negotiations under the World Trade Organization (WTO).
5. Any amendment to the Schedules as a result of the consultations referred to in paragraph 3 or 4 above shall be approved by both Parties in accordance with their respective legal procedures, and shall supersede any corresponding concession provided for in their respective Schedules.

Article 6. Export Duties

Neither Party shall adopt or maintain any duties on goods exported from a Party into the other Party.

Article 7. Import and Export Restrictions

1. Except as otherwise provided for in this Agreement, each Party shall not institute or maintain any prohibition or restriction other than Customs Duties on the importation of any good of the other Party or on the exportation or sale for export of any good destined to the other Party, which is inconsistent with its obligations under Article XI of the GATT 1994 and its relevant provisions under the WTO Agreement.
2. The measures specified in Annex 2 may be maintained, provided that such measures are consistent with the rights and obligations of the Party taking such measures under the WTO Agreement.

Article 8. Protection of Geographical Indications for Spirits

1. The Parties agree that indications for spirits listed in Annex 3 are geographical indications referred to in paragraph 1 of Article 22 of the Agreement on Trade-RelatedAspects of Intellectual Property Rights in Annex 1C to the WTO Agreement, as may be amended, and shall abide by the obligations under the relevant provisions of the said Agreement with respect to the protection of geographical indications, and for this purpose, they shall take appropriate measures to prohibit the use of any geographical indications listed in Annex 3 for spirits not originating in the place indicated by the respective geographical indication.
2. Modifications to Annex 3 proposed by both Parties maybe adopted by the Joint Committee pursuant to subparagraph2(e)(i) of Article 165. The adopted modifications shall be confirmed by an exchange of diplomatic notes and shall enter into force on the date specified in the said notes. The modified part of Annex 3 shall supersede the corresponding part provided for in Annex 3.

Article 9. Sub-committee on Trade In Goods

1. For the purposes of the effective implementation and operation of this Section, a Sub-Committee on Trade in Goods (hereinafter referred to in this Article as "the Sub-Committee") shall be established pursuant to Article 165.
2. The Sub-Committee shall meet at such venue and times as may be agreed by the Parties. 3. The functions of the Sub-Committee shall be:
(a) reviewing the implementation and operation of this Section;
(b) reporting the findings of the Sub-Committee to the Joint Committee; and (c) carrying out other functions which may be delegated by the Joint Committee pursuant to Article 165.
4. (a) For the purposes of the effective implementation and operation of this Section, the Sub-Committeeshall establish a Special Sub-Committee on Steel Products. If necessary, the Sub-Committee may establish any other Special Sub-Committees.
(b) The Special Sub-Committees shall be held at such venue and times as may be agreed by the Parties.
(c) The functions of the Special Sub-Committees shall be:

(i) analyzing relevant matters on the relevant products and its sector, including trade in such products; and
(ii) reporting the findings of the Special Sub-Committees, through the Sub-Committee, to the Joint Committee.

Article 10. Uniform Regulations

Upon the date of entry into force of this Agreement, the Joint Committee shall adopt the Uniform Regulations that provide detailed regulations pursuant to which the customs authorities, the competent governmental authorities defined in Article 49 and the relevant authorities of the Parties shall implement their functions under this Section, Chapter 4 and Chapter 5, except Section 3.

Article 11. Definition

For the purposes of this Section, the term "Customs Duty" means any customs or import duty and a charge of any kind, imposed in connection with the importation of a good, but does not include any:
(a) charge equivalent to an internal tax imposed consistently with the provisions of paragraph 2of Article III of the GATT 1994, in respect of the like goods or, directly competitive or substitutable goods of the Party or in respect of goods from which the imported goods have been manufactured or produced in whole or in part;
(b) anti-dumping or countervailing duty applied pursuant to a Party's domestic law and applied consistently with the provisions of Article VI of the GATT 1994, the Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994, as may be amended, and the Agreement on Subsidies and Countervailing Measures in Annex 1A to the WTO Agreement, as maybe amended; or
(c) fees or other charges commensurate with the cost of services rendered.

Section 2. Sanitary and Phytosanitary Measures

Article 12. Reaffirmation of Rights and Obligations

The Parties reaffirm their rights and obligations relating to sanitary and phytosanitary (hereinafter referred to in this Chapter as "SPS") measures under the Agreement on the Application of Sanitary and Phytosanitary Measures in Annex 1A to the WTO Agreement, as may be amended.

Article 13. Enquiry Points

Each Party shall designate an enquiry point which is able to answer all reasonable enquiries from the other Party regarding SPS measures referred to in Article 12 and, if appropriate, to provide their relevant information.

Article 14. Sub-committee on Sps Measures

1. For the purposes of the effective implementation and operation of this Section, a Sub-Committee on SPS Measures (hereinafter referred to in this Article as "the Sub-Committee") shall be established pursuant to Article 165.
2. The Sub-Committee shall meet at such venue and times as may be agreed by the Parties. 3. The functions of the Sub-Committee shall be:
(a) exchange of information on such matters as occurrences of SPS incidents in the Parties and non-Parties, and change or introduction of SPS-related regulations and standards of the Parties, which may, directly or indirectly, affect trade in goods between the Parties;
(b) notification to either Party of information on potential SPS risks recognized by the other Party;
(c) science-based consultation to identify and address specific issues that may arise from the application of SPS measures with the objective of obtaining mutually acceptable solutions;
(d) discussing technical cooperation in relation to SPS measures;
(e) consulting cooperative efforts between the Parties in international for a in relation to SPS measures;
(f) reporting the findings of the Sub-Committee to the Joint Committee; and
(g) carrying out other functions which may be delegated by the Joint Committee pursuant to Article 165.
4. The Sub-Committee may, if necessary, establish ad hoc technical advisory groups as its subsidiary bodies. The groups shall provide the Sub-Committee with technical information and advice at the request of the Sub-Committee.

Article 15. Non-application of Chapter 15

The dispute settlement procedure provided for in Chapter 15 shall not apply to this Section.

Section 3. Technical Regulations, Standards and Conformity Assessment Procedures

Article 16. Reaffirmation of Rights and Obligations

The Parties reaffirm their rights and obligations relating to technical regulations, standards and conformity assessment procedures under the Agreement on Technical Barriers to Trade in Annex 1A to the WTO Agreement, as maybe amended.

Article 17. Cooperation In the Field of Technical Regulations, Standards and Conformity Assessment Procedures

1. The Parties shall develop cooperation between the Governments of the Parties in the field of technical regulations, standards and conformity assessment procedures (hereinafter referred to in this Article as "the Cooperation") with a view to facilitating trade in goods between them.
2. The forms of the Cooperation may include the following:
(a) conducting joint studies and holding seminars and symposia, in order to enhance mutual understanding of their domestic technical regulations, standards and conformity assessment procedures;
(b) exchanging government officials for training purpose;
(c) contributing jointly to activities related to technical regulations, standards and conformity assessment procedures in international and regional fora; and
(d) encouraging entities related to technical regulations, standards and conformity assessment procedures other than the Governments of the Parties to participate in the Cooperation and to implement cooperation between such entities.
3. The implementation of this Article shall be subject to the availability of appropriated funds and the applicable laws and regulations of each Party.

Article 18. Enquiry Points

Each Party shall designate an enquiry point which is able to answer all reasonable enquiries from the other Party regarding technical regulations, standards and conformity assessment procedures and, if appropriate, to provide their relevant information.

Article 19. Sub-committee on Technical Regulations, Standards and Conformity Assessment Procedures

1. For the purposes of the effective implementation and operation of this Section, a Sub-Committee on Technical Regulations, Standards and Conformity Assessment Procedures (hereinafter referred to in this Article as "the Sub-Committee") shall be established pursuant to Article 165.
2. The Sub-Committee shall meet at such venue as may be agreed by the Parties and shall make efforts to meet once a year.
3. The functions of the Sub-Committee shall be: (a) exchanging information on technical regulations, standards and conformity assessment procedures; (b) reviewing the implementation and operation of this Section; (c) discussing any issues related to this Section;
(d) reporting the findings of the Sub-Committee to the Joint Committee; and (e) carrying out other functions which may be delegated by the Joint Committee pursuant to Article 165.

Article 20. Non-application of Chapter 15

The dispute settlement procedure provided for inChapter 15 shall not apply to this Section.

Article 21. Relation to Section 2

This Section shall not apply to SPS measures referred to in Section 2.

Chapter 4. Rules of Origin

Article 22. Originating Goods

1. Except as otherwise provided for in this Chapter, a good shall be an originating good where:

(a) the good is wholly obtained or produced entirely in the Area of one or both Parties, as defined in Article 38;
(b) the good is produced entirely in the Area of one or both Parties exclusively from originating materials;
(c) the good satisfies the requirements set out in Annex 4, as well as all other applicable requirements of this Chapter, when the good is produced entirely in the Area of one or both Parties using non-originating materials; or
(d) except for a good provided for in Chapters 61through 63 of the Harmonized System, the good is produced entirely in the Area of one or both Parties, but one or more of the non-originating materials that are used in the production of the good does not undergo an applicable change in tariff classification because:
(i) the good was imported into a Party in an unassembled or a disassembled form but was classified as an assembled good pursuant to Rule 2(a) of the General Rules for the Interpretation of the Harmonized System; or
(ii) the heading for the good provides for and specifically describes both the good itself and its parts and is not further subdivided into subheadings, or the subheading for the good provides for and specifically describes both the good itself and its parts; provided that the regional value content of the good, determined in accordance with Article 23, is not less than 50 percent, unless otherwise provided for in Annex 4, and that the good satisfies all other applicable requirements of this Chapter.
2. For the purposes of this Chapter, the production of a good using non-originating materials that undergo an applicable change in tariff classification and satisfying other requirements, as set out in Annex 4, shall occur entirely in the Area of one or both Parties and every regional value content of a good shall be entirely satisfied in the Area of one or both Parties.

Article 23. Regional Value Content

1. Except as provided for in paragraph 4 below and Article 26, the regional value content of a good shall be calculated on the basis of the transaction value method set out in paragraph 2 below.
2. For the purposes of calculating the regional value content of a good on the basis of the transaction value method, the following formula shall be applied: TV - VNM RVC= ---------- x 100 TV where: RVC: the regional value content, expressed as a percentage; TV: transaction value of the good adjusted to a F.O.B. basis, except as provided for in paragraph3 below; and VNM: value of non-originating materials used by the producer in the production of the good determined pursuant to Article 24.
3. For the purposes of paragraph 2 above, when the producer of the good does not export it directly, the transaction value of the good shall be adjusted to the point where the buyer receives the good from the producer in the Area of a Party where the producer is located.
4. In the event that there is no transaction value or the transaction value of the good is unacceptable under Article1 of the Customs Valuation Code, the value of the good shall be determined in accordance with Articles 2 through 7of the Customs Valuation Code.
5. A producer may average the regional value content for one or more goods classified in the same subheading under the Harmonized System that he produces in the same plant or in more than one plant in the Area of one Party, on the basis of either all the goods produced by the producer or only those goods exported to the other Party: (a) in its fiscal year or period; or (b) in any period of 1, 2, 3, 4 or 6 months.

Article 24. Value of Materials

1. The value of a material:
(a) shall be the transaction value of the material; or
(b) in the event that there is no transaction value or the transaction value of the material is unacceptable under Article 1 of the Customs Valuation Code, shall be determined in accordance with Articles 2 through 7 of the Customs Valuation Code.
2. Where not included under subparagraph 1(a) or 1(b)above, the value of a material:
(a) shall include freight, insurance, packing and all other costs incurred in transporting the material to the importation port in the Party where the producer of the good is located, except as provided for in paragraph 3 below; and
(b) may include the cost of waste and spoil age resulting from the use of the material in the production of the good, less the value of reusable scrap or by-product.
3. The value of a non-originating material shall not include, where the producer acquires the material in the Area of the Party where the producer is located, freight, insurance, packing and all other costs incurred intrans porting the material from the warehouse of the supplier of the material to the place where the producer is located; as well as any other known and ascertainable cost incurred in the Area of the producer of the good.
4. The value of non-originating materials used by the producer in the production of the good shall not include the value of the non-originating materials used by:
(a) another producer in the production of an originating material which is acquired and used by the producer of the good in the production of such good; or
(b) the producer of the good in the production of a self-produced originating material, which is designated by the producer as an intermediate material under Article 26.

Article 25. De Minimis

1. A good shall be considered to be an originating good if the value of all non-originating materials used in the production of the good that do not undergo an applicable change in tariff classification set out in Annex 4 is not more than 10 percent of the transaction value of the good, adjusted to the basis set out in paragraph 2 or 3, as the case may be, of Article 23, and the good satisfies all other applicable requirements of this Chapter.
2. Where the good referred to in paragraph 1 above is also subject to a regional value content, the value of such non-originating materials shall be taken into account in determining the regional value of the good and the good shall be required to satisfy all other applicable requirements of this Chapter.
3. A good that is subject to a regional value content requirement pursuant to Annex 4 shall not be required to satisfy such requirement if the value of all non-originating materials is not more than 10 percent of the transaction value of the good, adjusted to the basis set out in paragraph 2 or 3, as the case may be, of Article 23.
4. Paragraph 1 above shall not apply to:
(a) a good provided for in Chapters 50 through 63 of the Harmonized System; or
(b) a good provided for in Chapters 1 through 27 of the Harmonized System, except where the non-originating material used in the production of the good is provided for in a different subheading to the good classified in Chapter 1, 4through 15, or 17 through 27 of the Harmonized System for which the origin is being determined under this Article.
5. A good provided for in Chapters 50 through 63 of the Harmonized System that does not originate because certain fibers or yarns used in the production of the material that determines the tariff classification of the good do not undergo an applicable change in tariff classification set out in Annex 4, shall nonetheless be considered to originate if the total weight of all such fibers or yarns in that material is not more than 7 percent of the total weight of such material.

Article 26. Intermediate Materials

1. For the purposes of determining the regional value content of a good under Article 23, the producer of the good may designate as an intermediate material, any self-produced material used in the production of the good.
2. Where an intermediate material is subject to a regional value content requirement under subparagraph 1(d)of Article 22 or Annex 4, the value of the intermediate material shall be:
(a) the total cost incurred with respect to all goods produced by the producer of the good which may be reasonably allocated to such intermediate material, in accordance with the Uniform Regulations referred to in Article 10; or
(b) the sum of each cost which are part of the total cost incurred with respect to such intermediate material, in accordance with the Uniform Regulations referred to in Article 10. In this case, the regional value content of such material shall be not less than the percentage set out in Annex 4 minus 5 percent.

Article 27. Accumulation

For the purposes of determining whether a good is an originating good, a producer of the good may accumulate his production with the production of one or more producers in the Area of one or both Parties, of materials incorporated in the good, in a manner that the production of the materials is considered to have been performed by that producer, provided that the provisions of Article 22 are satisfied.

Article 28. Fungible Goods and Materials

1. For the purposes of determining whether a good is an originating good, where originating and non-originating fungible materials that are commingled in an inventory, are used in the production of a good, the origin of the materials may be determined pursuant to an inventory management method set out in paragraph 3 below.
2. Where originating and non-originating fungible goods are commingled in an inventory and, prior to exportation do not undergo any production process or any operation in the Area of the Party where they were commingled other than unloading, loading or any other operation necessary top reserve it in good condition or to transport the good to the other Party, the origin of the good may be determined pursuant to an inventory management method set out in paragraph 3 below.
3. The inventory management methods for fungible goods or materials shall be the following:
(a) "FIFO method" (first in-first out) is the inventory management method by which the origin of the number of fungible goods or materials first received in the inventory is considered to be the origin of the same number of fungible goods or materials first withdrawn from the inventory;
(b) "LIFO method" (last in-first out) is the inventory management method by which the origin of the number of fungible goods or materials last received in the inventory is considered to be the origin of the same number of fungible goods or materials first withdrawn from the inventory; or

(c) "average method" is the inventory management method by which, except as provided for in paragraph 4 below, the origin of fungible goods or materials withdrawn from an inventory is based on the ratio, calculated under the following formula: TOM ROM= ---------- x 100 TONM where: ROM: ratio of originating fungible goods or materials; TOM: total units of originating fungible goods or materials in the inventory prior to the shipment; and TONM: total sum of units of originating and non-originating fungible goods or materials in the inventory prior to the shipment.
4. Where a good is subject to a regional value content requirement, the determination of value of non-originating fungible materials shall be made through the following formula: TNM RNM= ---------- x 100 TONM where: RNM: ratio of value of non-originating fungible materials; TNM: total value of fungible non-originating materials in the inventory prior to the shipment; and TONM: total value of originating and non-originating fungible materials in the inventory prior to the shipment.
5. Once an inventory management method set out in paragraph 3 above has been chosen, it shall be used through all the fiscal year or period.

Article 29. Sets, Kits or Composite Goods

1. Sets, kits and composite goods classified pursuant to Rule 3 of the General Rules for the Interpretation of the Harmonized System, and the goods specifically described assets, kits or composite goods in the nomenclature of the Harmonized System, shall qualify as originating, where every good contained in the sets, kits or composite goods satisfies the applicable rule of origin for each of them under this Chapter.
2. Notwithstanding paragraph 1 above, a set, kit or composite good shall be considered as originating, if the value of all non-originating goods used in the collection of the set, kit or composite good does not exceed 10percent of the transaction value of the set, kit or composite good, adjusted to the basis set out in paragraph2 or 3, as the case may be, of Article 23, and such set, kit or composite good satisfies all other applicable requirements of this Chapter.
3. The provisions of this Article shall prevail over the specific rules of origin set out in Annex 4.

Article 30. Indirect Materials

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

Article 31. Accessories, Spare Parts and Tools

1. Accessories, spare parts or tools delivered with the good that form part of the good's standard accessories, spare parts or tools, shall be disregarded in determiningwhether all the non-originating materials used in the production of the good undergo the applicable change in tariff classification set out in Annex 4, provided that:
(a) the accessories, spare parts or tools are not invoiced separately from the good, without regard of whether they are separately detached in the commercial invoice; and
(b) the quantities and value of the accessories, spare parts or tools are customary for the good.
2. If the good is subject to a regional value contentrequirement, the value of the accessories, spare parts or tools shall be taken into account as the value of originating or non-originating materials, as the case maybe, in calculating the regional value content of the good.

Article 32. Packaging Materials and Containers for Retail Sale

1. Packaging materials and containers in which a good is packaged for retail sale shall, if classified with the good pursuant to Rule 5 of the General Rules for the Interpretation of the Harmonized System, be disregarded in determining whether all the non-originating materials used in the production of the good undergo the applicable change in tariff classification set out in Annex 4.
2. If the good is subject to a regional value content requirement, the value of such packaging materials and containers for retail sale shall be taken into account as the value of originating or non-originating materials, as the case may be, in calculating the regional value content of the good.

Article 33. Packing Materials and Containers for Shipment

Packing materials and containers in which a good is packed for shipment shall be disregarded in determining whether:
(a) all non-originating materials used in the production of the good undergo an applicable change in tariff classification set out in Annex4; and
(b) the good satisfies a regional value content requirement.

Article 34. Non-qualifying Operations

1. A good shall not be considered to be an originating good merely by reason of:
(a) dilution with water or another substance that does not materially alter the characteristics of the good;
(b) simple operations for the maintenance of the good during transportation or storing, such as ventilation, refrigeration, removal of damaged parts, drying or addition of substances;
(c) sieving, classification, selection;
(d) packing, repacking or packaging for retail sale;
(e) collection of goods to form sets, kits or composite goods;
(f) application of stamps, labels or similar distinctive signs;
(g) washing, including removal of dust, oxide, oil, paint or other coverings;
(h) mere collection of parts and components classified as a good, according to Rule 2(a) of the General Rules for the Interpretation of the Harmonized System. Mere collection does not include the collection of parts and components of disassembled originating goods that were previously disassembled for consideration of packaging, handling or transportation; or (i) mere disassembly of the good into parts or components. Disassembling originating goods that were previously assembled, for consideration of packaging, handling or transportation, shall not be considered as mere disassembly.
2. The provisions of this Article shall prevail over the specific rules of origin set out in Annex 4.

Article 35. Transshipment

1. An originating good shall be considered as non-originating, even if it has undergone production that satisfies the requirements of Article 22 if, subsequent to that production, outside the Areas of the Parties, the good:
(a) undergoes further production, or operations other than unloading, reloading or any other operation necessary to preserve it in good condition or to transport it to the other Party; or (b) does not remain under surveillance of the customs authorities in one or more non-Parties where it undergoes transshipment or temporary storage in those non-Parties.
2. Evidence that an originating good has not lost its originating condition by means of paragraph 1 above shall be provided to the customs authority of the importing Party.

Article 36. Application and Interpretation

1. For the purposes of this Chapter:
(a) the basis for tariff classification is the Harmonized System;
(b) the determination of transaction value of a good or of a material shall be made in accordance with the Customs Valuation Code; and
(c) all costs referred to in this Chapter shall be recorded and maintained in accordance with the Generally Accepted Accounting Principles applicable in the Party in which the good is produced.
2. For the purposes of this Chapter, in applying the Customs Valuation Code to determine the transaction value of a good or a material:
(a) the principles of the Customs Valuation Code shall apply to domestic transactions, with such modifications as may be required by the circumstances, as would apply to international transactions; and
(b) the provisions of this Chapter shall prevail over the Customs Valuation Code to the extent of any difference.

Article 37. Sub-committee, Consultation and Modifications

1. For the purposes of the effective implementation and operation of this Chapter and Chapter 5, a Sub-Committee on Rules of Origin, Certificate of Origin and Customs Procedures (hereinafter referred to in this Article as "the Sub-Committee") shall be established pursuant to Article 165.
2. The Sub-Committee shall meet at such venue and times as may be agreed by the Parties. 3. The functions of the Sub-Committee shall be:
(a) reviewing and making appropriate recommendations, as needed, to the Joint Committee on the implementation and operation of this Chapter and Chapter 5;
(b) reviewing and making appropriate recommendations, as needed, to the Joint Committee on the:
(i) tariff classification and customs valuation matters relating to determinations of origin;
(ii) certificate of origin referred to in Article39;
(c) reviewing and making appropriate recommendations, as needed, to the Joint Committee on any modification to Annex 4, proposed by either Party, duly based on issues related with the determination of origin;
(d) reviewing and making appropriate recommendations, as needed, to the Joint Committee on the Uniform Regulations

referred to in Article 10;
(e) considering any other matter as the Parties may agree related to this Chapter and Chapter 5;
(f) reporting the findings of the Sub-Committee to the Joint Committee; and
(g) carrying out other functions which may be delegated by the Joint Committee pursuant to Article 165.
4. The recommendation of the Sub-Committee shall be sent to the Joint Committee for necessary action under Article 165.
5. The Parties shall consult and cooperate to ensure that this Chapter and Chapter 5 are applied in an effective and uniform manner in accordance with the provisions, the spirit and the objectives of this Agreement.
6. Modifications to Annex 4 recommended by the Sub-Committee pursuant to subparagraph 3(c) above and proposed by both Parties may be adopted by the Joint Committee pursuant to subparagraph 2(e)(i) of Article 165. The adopted modifications shall be confirmed by an exchange of diplomatic notes and shall enter into force on the date specified in the said notes. The modified part of Annex 4 shall supersede the corresponding part provided for in Annex 4.

Article 38. Definitions

For the purposes of this Chapter:
(a) the term "Customs Valuation Code" means the Agreement on Implementation of Article VII of the General Agreement on Tariffs and Trade 1994 in Annex 1A to the WTO Agreement, as may be amended, including its interpretative notes;
(b) the term "direct overhead" means overhead incurred during a period, directly related to the good, other than direct material costs and direct labor costs;
(c) the term "factory ships of a Party" and "vessels of a Party" respectively means factory ships and vessels:
(i) which are registered in the Party;
(ii) which sail under the flag of that Party;
(iii) which are owned to an extent of at least 50 percent by nationals of that Party, or by an enterprise with its head office in that Party, of which the managers or representatives, chairman of the board of directors or the supervisory board, and the majority of the members of such boards are nationals of that Party, and of which, in addition, in the case of partnerships or limited companies, at least half the capital belongs to that Party or to public bodies or nationals or enterprises of that Party;
(iv) of which the master and officers are all nationals of that Party; and
(v) of which at least 75 percent of the crew are nationals of that Party;
(d) the term "F.O.B." means free on board, regardless of the mode of transportation, at the point of direct shipment by the seller to the buyer;
(e) the term "fungible goods" means goods that are interchangeable for commercial purposes, whose properties are essentially identical, not practical to distinguish by the naked eye;
(f) the term "fungible materials" means materials that are interchangeable for commercial purposes and whose properties are essentially identical, not practical to distinguish by the naked eye;
(g) the term "Generally Accepted Accounting Principles" means the recognized consensus or substantial authoritative support in a Party with respect to the recording of revenues, expenses, costs, assets and liabilities, the disclosure of information and the preparation of financial statements. These standards may be broad guidelines of general application as well as detailed standards, practices and procedures;
(h) the term "goods wholly obtained or produced entirely in the Area of one or both Parties"means:
(i) mineral goods extracted in the Area of one or both Parties;
(ii) vegetable goods harvested in the Area of one or both Parties;
(iii) live animals born and raised in the Area of one or both Parties;
(iv) goods obtained from hunting or fishing in the Area of one or both Parties;
(v) fish, shellfish and other marine species taken by vessels of a Party from the sea outside the territorial seas of the Party;
(vi) goods produced on board factory ships of a Party from the goods referred to in subparagraph (v);
(vii) goods taken by a Party or a person of a Party from the seabed or beneath the seabed outside territorial seas of the Party, provided that the Party has rights to exploit such seabed;
(viii) waste and scrap derived from: (AA) production in the Area of one or both Parties; or (BB) used goods collected in the Area of one or both Parties, provided such goods are fit only for the recovery of raw materials; or
(ix) goods produced in the Area of one or both Parties exclusively from goods referred to in subparagraphs (i) through (viii), or from their derivatives, at any stage of production;
(i) the term "indirect material" means a good used in the production, testing or inspection of a good but not physically incorporated into the good, or a good used in the maintenance of buildings or the operation of equipment associated with the production of a good, including: (i) fuel and energy;
(ii) tools, dies and molds;
(iii) spare parts and materials used in the maintenance of equipment and buildings;
(iv) lubricants, greases, compounding materials and other materials used in production or used to operate equipment and buildings;
(v) gloves, glasses, footwear, clothing, safety equipment and supplies;

(vi) equipment, devices and supplies used for testing or inspecting the goods; (vii) catalysts and solvents; and
(viii) any other goods that are not incorporated into the good but whose use in the production of the good can reasonably be demonstrated to be a part of that production; (j) the term "indirect overhead" means overhead incurred during a period, other than direct overhead, direct labor costs and direct material costs;
(k) the term "intermediate material" means a material that is self-produced and used in the production of a good, and designated pursuant to Article 26;
(l) the term "material" means a good that is used in the production of another good;
(m) the term "packing materials and containers for shipment" means goods that are used to protect a good during transportation, other than packaging materials and containers for retail sale;
(n) the term "place where the producer is located "means in relation to a good, the production plant of that good;
(o) the term "producer" means a person who conducts a production of a good or material; (p) the term "production" means methods of obtaining goods including manufacturing, assembling, processing, growing, mining, harvesting, fishing, and hunting;
(q) the term "self-produced material" means a material that is produced by the producer of a good and used in the production of that good;
(r) the term "total cost" means the sum of the following elements, calculated in accordance with the Generally Accepted Accounting Principles of the Party and the Uniform Regulations referred to in Article 10:
(i) the direct materials cost used in the production of the good;
(ii) the direct labor cost used in the production of the good; and
(iii) the amount of direct and indirect overhead of the good, reasonably allocated to the good, except for those not to be included in the cost of the good;
(s) the term "transaction value of a good" means the price actually paid or payable for a good with respect to a transaction of the producer of the good, pursuant to the principles of Article 1 of the Customs Valuation Code, adjusted in accordance with the principles of paragraphs 1, 3and 4 of Article 8 of the Customs Valuation Code, regardless of whether the good is sold for export. For the purposes of this definition, the seller referred to in the Customs Valuation Code shall be the producer of the good;
(t) the term "transaction value of a material" means the price actually paid or payable for a material with respect to a transaction of the producer of the good, pursuant to the principles of Article 1of the Customs Valuation Code, adjusted in accordance with the principles of paragraphs 1, 3and 4 of Article 8 of the Customs Valuation Code, regardless of 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; and
(u) the term "used" means used or consumed in the production of goods.

Chapter 5. Certificate of Origin and Customs Procedures

Section 1. Certification of Origin

Article 39. Certificate of Origin

1. For the purposes of this Section and Section 2, upon the date of entry into force of this Agreement, the Parties shall establish a format for the certificate of origin in the Uniform Regulations referred to in Article 10.
2. The certificate of origin referred to in paragraph 1above will have the purpose of certifying that a good being exported from one Party into the other Party qualifies as an originating good.
3. The certificate of origin referred to in paragraph 1above shall be issued by the competent governmental authority of the exporting Party on request having been made in writing by the exporter or, under the exporter's responsibility, by his authorized representative, in accordance with paragraph 4 below. The certificate of origin must be stamped and signed by the competent governmental authority of the exporting Party or its designees at the time of issue. For the purposes of this Article, the competent governmental authority of the exporting Party may designate other entities or bodies to be responsible for the issuance of the certificate of origin, prior authorization given under its applicable laws and regulations. Where the competent governmental authority of the exporting Party designates other entities or bodies to carry out the issuance of the certificate of origin, the exporting Party shall notify in writing the other Party of its designees. The exporting Party shall revoke the designation, where the issuance of certificates of origin by a designee is not in conformity with the provisions provided for in this Section and the situation warrants the revocation. For this purpose, the exporting Party shall consider views expressed by the importing Party in deciding on revoking the designation.
4. Prior to the issuance of a certificate of origin, an exporter that requests a certificate of origin must prove to the competent governmental authority of the exporting Party or its designees, that the good to be exported qualifies as an originating good. Where an exporter is not the producer of the good, the exporter may request a certificate of origin on the basis of a declaration voluntarily provided by the producer of the good that demonstrates that such producer has proved to the

competent governmental authority or its designees, that the good concerned qualifies as an originating good. Nothing in this paragraph shall be construed to oblige the producer of the good to certificate that the good qualifies as an originating good. If the producer decides not to provide the declaration concerned, the exporter shall be required to prove to the competent governmental authority or its designees that the good to be exported qualifies as an originating good.
5. The competent governmental authority or its designees shall issue a certificate of origin after the exportation of a good when it is requested by the exporter in accordance with paragraph 4 above. The certificate of origin issued retrospectively must be endorsed with the phrase set out in the Uniform Regulations referred to in Article 10.
6. In the event of theft, loss or destruction of a certificate of origin, the exporter may request to the competent governmental authority or its designees which issued it a duplicate made out on the basis of the export documents in their possession. The duplicate issued in this way must be endorsed with the phrase set out in the Uniform Regulations referred to in Article 10.
7. The certificate of origin for a good imported into the importing Party shall be completed in the English language. If the certificate of origin is not completed in the English language, a translation into the official language of the importing Party shall be attached thereto. If the certificate of origin is completed in the English language, a translation into the Spanish or the Japanese language shall not be required.
8. Each Party shall provide that a valid certificate of origin that fulfills the requirements of this Section that is applicable to a single importation of a good into the other Party, shall be accepted by the customs authority of the importing Party for 1 year or another period that the Parties may agree, after the date on which the certificate was issued.
9. The competent governmental authority of the exporting Party shall:
(a) determine the administrative mechanisms for the issuing of the certificate of origin;
(b) provide, at the request of the importing Party in accordance with Article 44 information relating to the origin of the goods for which preferential tariff treatment was claimed; and
(c) provide the other Party with specimen impressions of stamps used in the offices of the competent governmental authority or its designees for the issue of the certificate of origin.

Article 40. Obligations Regarding Importations

1. Except as otherwise provided for in this Section, each Party shall require an importer that claims preferential tariff treatment for a good imported from the other Party to:
(a) make a written declaration, based on a valid certificate of origin, that the good qualifies as an originating good;
(b) have the certificate in its possession at the time the declaration is made;
(c) provide the certificate on the request of the customs authority; and
(d) promptly make a corrected declaration and pay any duties owing where the importer has reason to believe that a certificate on which a declaration was based contains information that is not correct.
2. Where an importer claims preferential tariff treatment for a good imported into a Party from the other Party, the customs authority of the importing Party may deny preferential tariff treatment to the good if the importer fails to comply with any requirement under this Article.
3. Each Party shall ensure that, in the case that the importer at the time of importation does not have in his possession a certificate of origin, the importer of the good may, in accordance with the domestic laws and regulations of the importing Party, provide the certificateof origin and if required such other documentation relating to the importation of the good at a later stage, within a period not exceeding 1 year after the time of importation.

Article 41. Obligations Regarding Exportations

1. Each Party shall ensure that an exporter or a producer that has completed and signed a certificate of origin, and that has reasons to believe that the certificate contains incorrect information, shall promptly notify in writing, of any change that could affect the accuracy or validity of the certificate of origin to all persons to whom he gave the certificate, as well as to its competent governmental authority or its designees and to the customs authority of the importing Party. The notification shall be sent by one of the methods stipulated in paragraph 4 of Article 44. If this is done prior to the commencement of a verification referred to in Article 44 and if the exporter or producer demonstrates that at time of issuance of the certificate of origin he possessed facts upon which he could reasonably rely to the effect that the good qualified as an originating good, the exporter or producer shall not be subject to penalties for having submitted an incorrect certificate.

2. Each Party shall ensure that providing false declarations or documents to its competent governmental authority or its designees by its exporters or producers stating that the good qualifies as an originating good shall be subject to penalties or other appropriate sanctions as provided for in Article 46.

3. Each Party shall ensure that the exporter referred to in paragraph 3 of Article 39 or the producer referred to in paragraph 4 of Article 39, as the case may be, shall be prepared to submit at any time, at the request of the competent governmental authority or its designees of the exporting Party, all appropriate documents proving the originating status of the goods

concerned as well as the fulfillment of other requirements under this Agreement.

Article 42. Exceptions

Each Party shall ensure that a certificate of origin shall not be required for:

(a) a commercial importation of a good whose value does not exceed 1,000 United States dollars or its equivalent amount in the Party's currency, or such higher amount as it may establish, provided that it may require that the invoice accompanying the importation includes a statement indicating that the good qualifies as an originating good;

(b) a non-commercial importation of a good whose value does not exceed 1,000 United States dollars or its equivalent amount in the Party's currency, or such higher amount as it may establish; or

(c) an importation of a good for which the importing Party has waived the requirement for a

certificate of origin, provided that the importation does not form part of a series of importations that may reasonably be considered to have been undertaken or arranged for the purposes of avoiding the certification requirements of Articles 39 and 40.

Section 2. Administration and Enforcement

Article 43. Records

1. Each Party shall ensure that:
(a) an exporter referred to in paragraph 3 of Article39 or a producer referred to in paragraph 4 of Article 39, that has the documentation that proves that the good qualifies as an originating good for the purposes of requesting a certificate of origin shall maintain in that Party, for 5 years after the date on which the certificate was issued or for such longer period as the Party may specify, the records relating to the origin of a good for which preferential tariff treatment was claimed in the other Party, including records associated with:
(i) the purchase of, cost of, value of, and payment for, the good that is exported;
(ii) the purchase of, cost of, value of, and payment for, all materials, including indirect materials, used in the production of the good that is exported; and
(iii) the production of the good in the form in which the good is exported; and
(b) an importer claiming preferential tariff treatment for an imported good shall maintain for5 years after the date of importation of the good or for such longer period as the Party may specify, such documentation as the Party may require relating to the importation of the good.
2. Each Party shall ensure that the competent governmental authority or its designees shall keep a record of the certificate of origin issued for a minimum period of5 years after the date on which the certificate was issued. Such record will include all antecedents, which were presented to prove the qualification as an originating good.

Article 44. Origin Verifications

1. For the purposes of determining whether a good imported from the other Party under preferential tariff treatment qualifies as an originating good, the importing Party may conduct a verification through its customs authority, by means of:
(a) request of information relating to the origin of a good to the competent governmental authority of the exporting Party on the basis of a certificate of origin;
(b) written questionnaires to an exporter or a producer of the good in the other Party;
(c) request to the exporting Party to collect information, including that contained in the documents maintained pursuant to Article 43, that demonstrate the compliance with Chapter 4 and to check, for that purpose, the facilities used in the production of the good, through a visit by its competent governmental authority along with the customs authority of the importing Party to the premises of an exporter or a producer of the good in the exporting Party, and to provide the collected information in the English language to the customs authority of the importing Party; or (d) such other procedure as the Parties may agree.
2. Where the customs authority of the importing Party has initiated a verification in accordance with this Article, the provisions of Annex 5 shall be applied as appropriate.

3. For the purposes of subparagraph 1(a), the competent governmental authority of the exporting Party shall provide the information requested, in a period not exceeding 4 months, after the date of the request.

If the customs authority of the importing Party considers necessary, it may require additional information relating to the origin of the good. If additional information is requested by the customs authority of the importing Party, the competent

governmental authority of the exporting Party shall provide the information requested in a period not exceeding 2 months after the date of the request.

If the competent governmental authority of the exporting Party fails to respond to the request within the period specified therein, the customs authority of the importing Party shall determine that the good subject to the verification does not qualify as an originating good, therefore considering the certificate of origin as not valid, and shall deny it preferential tariff treatment. 4. The customs authority of the importing Party shall send the questionnaires referred to in subparagraph 1(b), to the exporters or producers in the exporting Party, by any of the following means: (a) certified or registered mail with confirmation of receipt; (b) any other method that produces a confirmation of receipt by the exporter or producer; or

(c) such other method that the Parties may agree.

The customs authority of the importing Party shall immediately communicate to the competent governmental authority of the exporting Party whenever it sends a questionnaire referred to in subparagraph 1(b).

5. The provisions of paragraph 1 above shall not prevent the customs authority or the competent governmental authority, as the case may be, of the importing Party from exercising its powers to take action in that Party, in relation with the compliance with its domestic laws and regulations by its own importers, exporters or producers.

6. The exporter or producer who receives a questionnaire pursuant to subparagraph 1(b) shall have 30 days from the date of its receipt to answer such questionnaire and return it.

7. Where the importing Party has received the answer to the questionnaire referred to in subparagraph 1(b) within the period specified in paragraph 6 above, and considers that it requires more information to determine whether the good subject to the verification qualifies as an originating good, it may, through its customs authority, request additional information from the exporter or producer, by means of a subsequent questionnaire, in which case, the exporter or producer shall have 30 days from the date of its receipt to answer and return it.

8. (a) If the response by the exporter or producer to any of the questionnaires referred to in paragraph 6 or 7 above does not contain sufficient information to determine that the good is originating, the customs authority of the importing Party may determine that the good subject to the verification does not qualify as an originating good and may deny it preferential tariff treatment, upon written determination under paragraph 22 below.
(b) If the response to the questionnaire referred to in paragraph 6 above is not returned within the period specified therein, the customs authority of the importing Party shall determine that the good subject to the verification does not qualify as an originating good, therefore considering the certificate of origin as not valid, and shall deny it preferential tariff treatment.

9. The conducting of a verification in accordance with one of the methods set forth in paragraph 1 above shall not preclude the use of another verification method provided for in paragraph 1 above.

10. When requesting the exporting Party to conduct a visit pursuant to subparagraph 1(c), the importing Party shall deliver a written communication with such request to the exporting Party, the receipt of which is to be confirmed by the latter Party, at least 30 days in advance of the proposed date of the visit. The competent governmental authority of the exporting Party shall request the written consent of the exporter or producer whose premises are to be visited.

11. The communication referred to in paragraph 10 above shall include:
(a) the identity of the customs authority issuing the communication;
(b) the name of the exporter or producer whose premises are requested to be visited;
(c) the proposed date and place of the visit;
(d) the object and scope of the proposed visit, including specific reference to the good or goods subject of the verification referred to in the certificate of origin; and
(e) the names and titles of the officials of the customs authority of the importing Party to be present during the visit.

12. Any modification to the information referred to in paragraph 11 above shall be notified in writing, prior to the proposed date of the visit referred to in subparagraph 11(c). If the proposed date referred to in subparagraph 11(c) is to be modified, this shall be notified in writing at least 10 days prior to the date of the visit.

13. The exporting Party shall respond in writing to the importing Party, within 20 days of the receipt of the communication referred to in paragraph 10 above, if it accepts or refuses to conduct a visit requested pursuant to subparagraph 1(c).

14. Where the exporting Party refuses to conduct a visit, or that Party fails to respond to the communication referred to in paragraph 10 above within the period referred to in paragraph 13 above, the customs authority of the importing Party shall determine that the good or goods that would have been the subject of the visit do not qualify as originating goods, therefore considering the certificate of origin as not valid, and shall deny them preferential tariff treatment.

15. The competent governmental authority of the exporting Party shall provide, within 45 days, or any other mutually agreed period, from the last day of the visit, to the customs authority of the importing Party the information obtained through the visit.
16. It is confirmed by both Parties that during the course of a verification referred to in paragraph 1 above, the customs authority of the importing Party may request information necessary for determining the origin of a material used in the production of the good.

17. For the purposes of obtaining information on the origin of the material used in the production of the good, the exporter or producer of the good referred to in paragraph 1 above may request a producer of the material to provide voluntarily the former with information relating to the origin of such material. In case the producer of such material desires, such information may be sent to the competent governmental authority of the exporting Party for the provision to the customs authority of the importing Party, without the involvement of the exporter or producer of the good.

18. Where the customs authority of the importing Party requests information relating to the origin of a material pursuant to paragraph 16 above, during the course of a verification in accordance with the method set forth in subparagraph 1(a), the information shall be provided by the competent governmental authority of the exporting Party in accordance with paragraph 3 above.
Where the customs authority of the importing Party requests information relating to the origin of a material pursuant to paragraph 16 above, during the course of a verification in accordance with the method set forth in subparagraph 1(b), the information shall be provided by the exporter or producer of the good or the competent governmental authority of the exporting Party, as the case may be, in accordance with paragraph 6 or 7 above, as appropriate and mutatis mutandis, provided that in case the information is provided by the competent governmental authority, the 30 day period referred to in paragraph 6 or 7 above shall mean the period beginning on the date of the receipt of the questionnaire by that exporter or producer.
Where the customs authority of the importing Party requests information relating to the origin of a material pursuant to paragraph 16 above, during the course of a verification in accordance with the method set forth in subparagraph 1(c), the information shall be provided by the competent governmental authority of the exporting Party in accordance with paragraph 15 above.

19. The requesting of information relating to the origin of a material pursuant to paragraph 16 above during the course of a verification in accordance with one of the methods set forth in paragraph 1 above shall not preclude the requesting of information relating to the origin of a material during the course of a verification in accordance with another verification method provided for in paragraph 1 above.

20. The customs authority of the importing Party shall determine that a material used in the production of the good is a non-originating material where the exporter or producer of the good or the competent governmental authority of the exporting Party, as the case may be, does not provide the information that demonstrates that the material in question qualifies as originating, or where the information provided is not sufficient to determine whether that material is originating. Such a determination shall not necessarily lead to a decision that the good itself is not originating.

21. Each Party shall, through its customs authority, conduct a verification of a regional value content requirement in accordance with the Generally Accepted Accounting Principles applied in the Party from which the good was exported.

22. After carrying out the verification procedures outlined in paragraph 1 above, the customs authority of the importing Party shall in the manner specified in paragraph 4 above, provide the exporter or producer whose good is subject to the verification, a written determination of whether or not the good qualifies as an originating good under Chapter 4, including findings of fact and the legal basis for the determination.

23. Where the customs authority of the importing Party denies preferential tariff treatment to the good in question in the cases of paragraph 3, 8(b) or 14 above, a written determination thereof shall be sent to the exporter or producer, in the manner specified in paragraph 4 above.

24. When the Party conducting a verification referred to in paragraph 1 above determines, based on the information obtained during the verification, that a good does not qualify as an originating good, and provides the exporter or producer with a written determination pursuant to paragraph 22 above, it shall grant the exporter or producer whose good was the subject of the verification, 30 days from the date of receipt of the written determination, to provide any comments or additional information before denying preferential tariff treatment to the good, and shall issue a final determination after taking into consideration any comments or additional information received from the exporter or producer during the above-mentioned period, and shall send it to the exporter or producer in the manner specified in paragraph 4 above.

25. Where the verification completed by the customs authority of the importing Party indicates that an exporter or a producer has repeatedly made false representations that a good imported into the Party qualifies as an originating good, the customs authority of the importing Party may withhold preferential tariff treatment to identical goods exported or produced by such person until that person establishes compliance with Chapter 4 to that authority. In taking such an action, the customs authority of the importing Party shall notify the person who completed and signed the certificate of origin and the competent governmental authority of the exporting Party.

26. Communications from the importing Party to an exporter or producer in the exporting Party as well as the response to the questionnaire referred to in subparagraph 1(b) to the importing Party shall be conducted in the English language

Article 45. Confidentiality

1. Each Party shall maintain, in accordance with its domestic laws and regulations, the confidentiality of information provided to it as confidential pursuant to Section 1 and this Section and shall protect that information from disclosure that could prejudice the competitive position of the persons providing the information.

2. Information obtained pursuant to Section 1 and this Section may only be disclosed, for the purposes of Section1 and this Section, to those competent authorities of the Parties responsible for the administration and enforcement of determinations of origin and of customs duties and other indirect taxes on imports, and shall not be used by a Party in any criminal proceedings carried out by a court or a judge, unless the information is requested to the other Party and provided to the former Party, in accordance with the applicable laws of the requested Party or appropriate international cooperation agreements to which both Parties are parties.

Article 46. Penalties

Each Party shall ensure that criminal, civil or administrative penalties or other appropriate sanctions against its importers, exporters and producers for providing false declaration or documents relating to Section 1 and this Section to its customs authority, competent governmental authority or its designees, shall be established or maintained.

Article 47. Review and Appeal

Each Party shall ensure that its importers have access to:
(a) at least one level of administrative review of a decision by its customs authority, provided that such review is done by an official or office different from the official or office making the decision subject to review; and
(b) judicial or quasi-judicial review of the decision referred to in subparagraph (a), in accordance with its domestic laws and regulations.

Article 48. Goods In Transit or Storage

The provisions of this Agreement may be applied to goods which comply with the provisions of Chapter 4 and Section 1, and which on the date of entry into force of this Agreement are in transit, in Japan or Mexico, or in temporary storage in bonded area, subject to the submission to the customs authority of the importing Party in accordance with the domestic laws and regulations of that Party, within 4 months of that date, of a certificate of origin issued retrospectively, in accordance with paragraph5 of Article 39, by the competent governmental authority or its designees of the exporting Party together with the documents showing that the goods have been transported directly.

Article 49. Definitions

1. For the purposes of Section 1 and this Section:
(a) the term "authorized representative" means the person designated in accordance with its domestic laws and regulations by the exporter to be responsible for completing and signing the certificate of origin on his behalf;
(b) the term "commercial importation" means the importation of a good into a Party for the purposes of sale, or any commercial, industrial or other like use;
(c) the term "competent governmental authority" means the authority that, according to the legislation of each Party, is responsible for the issuing of the certificate of origin or for the designation of the certification entities or bodies. In the case of Japan, the Minister of Economy, Trade and Industry or his authorized representative, and in the case of Mexico, the Ministry of Economy;
(d) the term "customs authority" means the authority that, according to the legislation of each Party, is responsible for the administration of its customs laws and regulations. In the case of Japan, the Minister of Finance or his authorized

representative, and in the case of Mexico, the Ministry of Finance and Public Credit;
(e) the term "determination of origin" means a determination whether a good qualifies as an originating good in accordance with Chapter 4;
(f) the term "exporter" means a person located in an exporting Party who exports a good from the exporting Party;
(g) the term "identical goods" means goods that are the same in all respects, including physical characteristics, quality and reputation, irrespective of minor differences in appearance that are not relevant to a determination of origin;
(h) the term "importer" means a person located in an importing Party who imports a good into the importing Party;
(i) the term "preferential tariff treatment" means the duty rate applicable to an originating good in accordance with this Agreement;
(j) the term "producer" means "producer", as defined in Article 38, located in a Party;
(k) the term "valid certificate of origin" means a certificate of origin in the format referred to in paragraph 1 of Article 39, completed and signed by the exporter or the producer and stamped and signed by the competent governmental authority of the exporting Party or its designees, in accordance with the provisions of Section 1 and with the instructions indicated in the format; and
(l) the term "value" means the value of a good or material for the purposes of applying Chapter 4.
2. Except as otherwise defined in this Article, the definitions of Chapter 4 shall apply.

Section 3. Customs Cooperation for Trade Facilitation

Article 50. Customs Cooperation for Trade Facilitation

For prompt customs clearance of goods traded between the Parties, each Party, recognizing the significant role of customs authorities and the importance of customs procedures in promoting trade facilitation, shall make cooperative efforts to:
(a) make use of information and communications technology;
(b) simplify its customs procedures; and
(c) make its customs procedures conform, as far as possible, to relevant international standards and recommended practices such as those made under the auspices of the Customs Cooperation Council.

Chapter 6. Bilateral Safeguard Measures

Article 51. General Provision

1. This Chapter establishes rules for the application of bilateral safeguard measures to originating goods, which shall be applied only between the Parties (hereinafter referred to as "bilateral safeguard measures").
2. Nothing in this Agreement shall prevent a Party from applying safeguard measures in accordance with Article XIX of the GATT 1994 and the Agreement on Safeguards in Annex1A to the WTO Agreement, as may be amended. Except for the bilateral safeguard measures provided for in this Chapter, no Party shall apply safeguard measures to originating goods which are accorded the preferential tariff treatment in accordance with Article 5, outside the scope of Article XIX of the GATT 1994 and the Agreement on Safeguards in Annex 1A to the WTO Agreement, as may be amended.

Article 52. Consistency

Each Party shall ensure the consistent, impartial and reasonable administration of its laws, regulations, decisions and rulings governing proceedings of bilateral safeguard measures.

Article 53. Conditions

1. Subject to the provisions of this Chapter, each Party may apply a bilateral safeguard measure, to the minimum extent necessary to prevent or remedy the serious injury and to facilitate adjustment if an originating good imported from the other Party, which is accorded the preferential tariff treatment in accordance with Article 5, as a result of the elimination or reduction of a customs duty, is being imported into the former Party in such increased quantities, in absolute terms, and under such conditions that the imports of that originating good constitute a substantial cause of serious injury, or threat thereof, to a domestic industry of the former Party.

2. A Party proposing to apply a bilateral safeguard measure may (a) suspend the further reduction of any rate of customs duty on the originating good referred to in paragraph 1 above in accordance with Article 5; or (b) increase the rate of customs duty on the originating good to a level not to exceed the lesser of:
(i) the most-favored-natioin applied rate of customs duty in effect at the time when the bilateral safeguard measure is taken; and

(ii) the most-favored-nation applied rate of customs duty in effect on the day immediately preceding the date of entry into force of this Agreement.

3. A bilateral safeguard measure shall consist of tariff measures, including application of tariff rate quotas.

4. Each Party shall not apply bilateral safeguard measures on an originating good imported up to the limit of quota quantities granted under tariff rate quotas applied in accordance with Schedule in Annex 1.

5. No bilateral safeguard measure shall be maintained for a period exceeding 3 years. However, in very exceptional circumstances, after the prior consultations referred to in paragraph 9 below, a bilateral safeguard measure may be maintained for up to a total maximum period of 4 years. A Party taking such measure shall present to the other Party a schedule leading to its progressive elimination.

6. No bilateral safeguard measure shall be applied again to the imports of the same originating good which has been subject to a bilateral safeguard measure, for a period of time equal to the duration of the previous measure or 1 year, whichever is longer.

7. A Party shall deliver a written notice in English to the other Party immediately upon initiation of an investigation referred to in Article 55. Such written notice shall include the reason for the initiation of the investigation, a precise description of the originating good involved and its subheading or a more detailed level of the Harmonized System.

8. A Party shall deliver a written notice in English to the other Party prior to applying a bilateral safeguard measure. Such written notice shall include a description of evidence of the serious injury or threat thereof caused by the increased imports, a precise description of the originating good involved and its subheading or a more detailed level of the Harmonized System, a precise description of the proposed bilateral safeguard measure, its date of entry into force, and its expected duration.

9. A Party proposing to apply a bilateral safeguard measure shall provide adequate opportunity for prior consultations with the other Party on such measure with a view to, inter alia, reaching an agreement on compensation set out in paragraph 10 below.

10. A Party proposing to apply a bilateral safeguard measure shall offer the other Party adequate means of trade compensation in the form of additional concessions of customs duties whose levels are substantially equivalent to the value of the additional customs duties expected to result from such measure, and, in the case that room for such sufficient additional concessions of customs duties is already exhausted through overall reduction of customs duties, other concessions which the Parties may agree upon.

11. If the Parties are unable to agree on compensation within 60 days after the date when a Party initiates the application of the bilateral safeguard measure, the other Party shall be free to suspend, to the trade of the Party applying such measure, the application of concessions of customs duties under Article 5, which are substantially equivalent to such measure applied. For this purpose, the Party exercising the right of suspension may suspend the application of concessions of customs duties only for the minimum period necessary.

12. Upon termination of a bilateral safeguard measure, the rate of customs duty shall be the rate which would have been in effect but for such measure. 13. The Parties shall review the provisions of this Chapter, if necessary, after 10 years of the date of entry into force of this Agreement.

Article 54. Provisional Bilateral Safeguard Measures

1. In critical circumstances, where delay would cause damage which it would be difficult to repair, a Party may take a provisional bilateral safeguard measure pursuant to a preliminary determination that there is clear evidence that increased imports have caused or are threatening to cause serious injury to a domestic industry.
2. A Party shall deliver a written notice in English to the other Party prior to applying a provisional bilateral safeguard measure. Consultations on such measure shall take place promptly after such measure is taken.
3. The duration of the provisional bilateral safeguard measure shall not exceed 200 days. During that period, the pertinent requirements of Articles 52 and 55 shall be met. The duration of such measure shall be counted as a part of the period referred to in paragraph 5 of Article 53.
4. Paragraphs 2 through 4 and 12 of Article 53 shall be applied mutatis mutandis to the provisional bilateral safeguard measure. The customs duty imposed as a result of such measure shall be refunded within 60 days if the subsequent investigation referred to in Article 55 does not determine that increased imports have caused or threatened to cause serious injury to a domestic industry.

Article 55. Bilateral Safeguard Measures Proceedings

1. Each Party shall adopt or maintain equitable, timely, transparent and effective proceedings relating to bilateral safeguard measures.
2. A Party shall apply a bilateral safeguard measure only following an investigation by its investigating authority pursuant to the provisions of this Chapter.
3. The investigating authority of a Party shall examine and ensure the existence of sufficient evidence that the increased imports of an originating good are causing serious injury or threat thereof to the domestic industry concerned, to justify the initiation of an investigation.
4. An investigation shall, except in special circumstances, be completed within 1 year, and in no case more than 18 months, following its date of initiation.
5. Upon initiation of an investigation, the investigating authority of a Party shall give a public notice of the initiation of the investigation through the official journal of that Party. The public notice shall identify the originating good subject to the investigation and its subheading or a more detailed level of the Harmonized System, the period of investigation, the date of initiation of the investigation, deadlines for filing statements and other documents, and the place at which documents filed during the investigation may be inspected.
6. Each Party shall establish procedure to allow an interested party to have access to information submitted by other interested parties to the investigating authority of that Party after submission of such information. The investigating authority shall, upon request of an interested party, provide timely access to the information, including documents, items of evidence, and non-confidential written summaries referred to in paragraph 7 below, which were submitted by other interested parties during the investigation. In particular, the investigating authority shall grant access to the interested parties to the following information related to the investigation:
(a) production processes for the good concerned;
(b) production costs of the good concerned and specifications of its components;
(c) distribution costs of the good concerned;
(d) terms and conditions of sale of the good concerned; (e) selling prices of the good concerned;
(f) description of the category of individual customers, distributors, suppliers, and any other enterprises related to the good concerned;
(g) data considered for the injury analysis such as the level of sales, production, productivity, capacity utilization, profits and losses, and employment related to the domestic industry concerned; and
(h) any other information about the enterprise related to the good concerned.
7. Notwithstanding paragraph 6 above, each Party shall adopt or maintain procedures for the treatment of confidential information as specified by that Party in accordance with its domestic laws and regulations and which is provided in the course of an investigation. When the interested parties provide such information, they shall be required to furnish non-confidential written summaries thereof, or if they indicate that the information cannot be summarized, the reasons why a summary cannot be provided.
8. During the course of each investigation, the investigating authority of a Party shall endeavor to hold a public hearing after providing reasonable notice, so that opposite views may be presented and rebuttal arguments offered. Such public hearing should allow interested parties to defend their interest and to question the other parties.
9. In the investigation to determine whether increased imports have caused serious injury or are threatening to cause serious injury to a domestic industry, the investigating authority of a Party shall evaluate all relevant factors of an objective and quantifiable nature having a bearing on the situation of that domestic industry, in particular, the rate and amount of the increase in imports of the originating good, in absolute terms, the share of the domestic market taken by increased imports, and changes in the level of sales, production, productivity, capacity utilization, profits and losses, employment, and prices.
10. The determination that increased imports have caused serious injury or are threatening to cause serious injury to a domestic industry shall not be made unless this investigation demonstrates, on the basis of objective evidence, the existence of the causal link between increased imports of the originating good and serious injury or threat thereof. When factors other than increased imports are causing injury to the domestic industry at the same time, such injury shall not be attributed to increased imports.
11. With regard to determination on whether increased imports have caused serious injury or are threatening to cause serious injury to a domestic industry, the investigating authority of a Party shall not arbitrarily modify a negative injury determination.
12. Upon decision to apply a bilateral safeguard measure, the investigating authority of a Party shall give a public notice through the official journal of that Party. The public notice shall identify the originating good subject to such measure and its subheading or a more detailed level of the Harmonized System, the duration of such measure, and the findings and reasoned conclusions reached on all pertinent issues of law and fact.
13. In the public notice the investigating authority of a Party shall not disclose any confidential information referred to in paragraph 7 above.

Article 56. Definitions

For the purposes of this Chapter:
(a) the term "domestic industry" means the producers as a whole of the like or directly competitive goods operating in the Area of a Party, or those whose collective output of the like or directly competitive goods constitutes a major proportion of the total domestic production of those goods;
(b) the term "serious injury" means a significant overall impairment in the position of a domestic industry; and
(c) the term "threat of serious injury" means serious injury that is clearly imminent, based on facts and not merely on allegation, conjecture or remote possibility.

Chapter 7. Investment

Section 1. Investment

Article 57. Scope and Coverage

1. This Chapter shall apply to measures adopted or maintained by a Party relating to:
(a) investors of the other Party;
(b) investments of investors of the other Party in the Area of the former Party; and (c) with respect to Articles 65 and 74, all investments in the Area of the former Party.
2. A Party has the right to perform exclusively the economic activities set out in Annex 8 and to refuse to permit the establishment of investment in such activities.
3. This Chapter shall not apply to measures adopted or maintained by a Party to the extent that they are covered by Chapter 9.
4. Nothing in this Chapter shall impose any obligation on either Party regarding measures pursuant to immigration laws and regulations. Note: Nothing in this Chapter shall be construed to prevent a Party from providing a service or performing a function such as law enforcement, correctional services, income security or insurance, social security or insurance, social welfare, public education, public training, health, and child care, in a manner that is not inconsistent with this Chapter.

Article 58. National Treatment

1. Each Party shall accord to investors of the other Party and to their investments treatment no less favorable than the treatment it accords, in like circumstances, to its own investors and to their investments with respect to the establishment, acquisition, expansion, management,conduct, operation, maintenance, use, enjoyment and sale or other disposition of investments (hereinafter referred to in this Chapter as "investment activities").
2. The treatment accorded by a Party under paragraph 1above means, with respect to a local government in the case of Japan, and with respect to a state in the case of Mexico, treatment no less favorable than the most favorable treatment accorded, in like circumstances, by that local government or state to investors, and to investments of investors, of the Party of which it forms a part.

Article 59. Most-favored-nation Treatment

Each Party shall accord to investors of the other Party and to their investments, treatment no less favorable than the treatment it accords, in like circumstances, to investors of a non-Party and to their investments with respect to investment activities.

Note 1: Each Party shall accord to investors of the other Party and to their investments the better of the treatment required by Articles 58 and 59.
Note 2: For greater certainty, it is confirmed by both Parties that in the application of Articles 58 and 59 a Party:
(a) may not impose on an investor of the other Party a requirement that a minimum level of equity in an enterprise in the Area of the former Party beheld by its nationals; or
(b) may not require an investor of the other Party, by reason of its nationality, to sell or otherwise dispose of an investment in the Area of the former Party.
Note 3: Each Party shall in its Area accord to investors of the other Party treatment no less favorable than the treatment which it accords, in like circumstances, to its own investors or investors of a non-Party with respect to access to the courts of justice and administrative tribunals and agencies in all degrees of jurisdiction, both in pursuit and in defense of such investor's rights.

Article 60. General Treatment

Each Party shall accord to investments of investors of the other Party treatment in accordance with international law, including fair and equitable treatment and full protection and security.

Note: This Article prescribes the customary international law minimum standard of treatment of aliens as the minimum standard of treatment to be afforded to investments of investors of the other Party. The concepts of "fair and equitable treatment" and "full protection and security" do not require treatment in addition to or beyond that which is required by the customary international law minimum standard of treatment of aliens. A determination that there has been a breach of another provision of this Agreement, or of a separate international agreement, does not establish that there has been a breach of this Article.

Article 61. Expropriation and Compensation

1. Neither Party shall expropriate or nationalize an investment of an investor of the other Party in its Area either directly or indirectly through measures tantamount to expropriation or nationalization (hereinafter referred to as "expropriation") except:
(a) for a public purpose;
(b) on a non-discriminatory basis;
(c) in accordance with due process of law and Article 60; and
(d) on payment of compensation pursuant to paragraphs 2 through 5 below.
2. Compensation shall be equivalent to the fair market value of the expropriated investment immediately before the expropriation occurred. The fair market value shall not reflect any change in value occurring because the expropriatory action had become known earlier. Valuation criteria to determine the fair market value may included eclared tax value of tangible property. The compensation shall be paid without delay and be fully realizable.
3. If payment is made in a freely usable currency, compensation shall include interest at a commercially reasonable rate for that currency from the date of expropriation until the date of actual payment.
4. If a Party elects to pay in a currency other than a freely usable currency, the compensation paid, converted into the currency of payment at the market rate of exchange prevailing on the date of payment, shall be no less than:
(a) the fair market value on the date of expropriation, converted into a freely usable currency at the market rate of exchange prevailing on that date, plus (b) interest, at a commercially reasonable rate for that freely usable currency, accrued from the date of expropriation until the actual date of payment.
5. On payment, compensation shall be freely transferable as provided in Article 63.

Article 62. Protection from Strife

Without prejudice to Article 60 and notwithstanding Article 66, each Party shall accord to investors of the other Party and to their investments treatment no less favorable than the treatment it accords to its own investors or investors of a non-Party and to their investments, whichever is more favorable to the investor of the other Party or its investments, with respect to measures, such as restitution, indemnification,compensation or any other settlement, it adopts or maintains relating to losses suffered by investments in its Area owing to armed conflict, civil strife or any other similar event.

Article 63. Transfers

1. Each Party shall allow all transfers relating to an investment in its Area of an investor of the other Party to be made freely and without delay. Such transfers shall include:
(a) the initial capital and additional amounts to maintain or increase the investment;
(b) profits, dividends, interest, capital gains, royalty payments, management fees, technical assistance fees and other fees;
(c) proceeds from the sale or liquidation of all or any part of the investment;
(d) payments made under a contract including payments made pursuant to a loan agreement;
(e) payments made in accordance with Article 61; and (f) payments arising out of the settlement of a dispute under Section 2.
2. Each Party shall allow transfers to be made without delay in a freely usable currency at the market rate of exchange prevailing on the date of the transfer with respect to spot transactions in the currency to be transferred.
3. Notwithstanding paragraphs 1 and 2 above, a Party may delay or prevent a transfer through the equitable, nondiscriminatory and good faith application of its laws relating to:
(a) bankruptcy, insolvency or the protection of the rights of creditors;
(b) issuing, trading or dealing in securities;
(c) criminal or penal offenses; (d) reports of transfers of currency or other monetary instruments; or (e) ensuring compliance

with orders or judgments in adjudicatory proceedings.

Article 64. Senior Management and Boards of Directors

1. Neither Party may require that an enterprise of that Party that is an investment of an investor of the other Party appoint to senior management positions individuals of any particular nationality.
2. A Party may require that a majority of the board of directors, or any committee thereof, of an enterprise of that Party that is an investment of an investor of the other Party, be of a particular nationality, or resident of the Party, provided that the requirement does not materially impair the ability of the investor to exercise control over its investment.

Article 65. Performance Requirements

1. Neither Party may impose or enforce any of the following requirements, or enforce any commitment or undertaking, 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 Area:
(a) to export a given level or percentage of goods or services;
(b) to achieve a given level or percentage of domestic content;
(c) to purchase, use or accord a preference to goods produced or services provided in its Area, or to purchase goods or services from persons in its Area;
(d) to 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) to restrict sales of goods or services in its Area that such investment produces or provides by relating such sales in any way to the volume or value of its exports or foreign exchange earnings;
(f) to transfer technology, a production process or other proprietary knowledge to a person in its Area, except when the requirement is imposed or the commitment or undertaking is enforced by a court, administrative tribunal or competition authority to remedy an alleged violation of competition laws or to act in a manner not inconsistent with multilateral agreements in respect of protection of intellectual property rights. A measure that requires an investment to use a technology to meet generally applicable health, safety or environmental requirements shall not be construed to be inconsistent with this paragraph. For greater certainty, Articles 58 and 59 shall apply to the measure; or
(g) to act as the exclusive supplier of the goods it produces or services it provides to a specific region or world market.

2. Neither Party may condition the receipt or continued receipt of an advantage, in connection with an investment in its Area of an investor of a Party or of a non-Party, on compliance with any of the following requirements:
(a) to achieve a given level or percentage of domestic content;
(b) to purchase, use or accord a preference to goods produced in its Area, or to purchase goods from producers in its Area;
(c) to 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) to restrict sales of goods or services in its Area that such investment produces or provides by relating such sales in any way to the volume or value of its exports or foreign exchange earnings.

3. Nothing in paragraph 2 above shall be construed to prevent a Party from conditioning the receipt or continued receipt of an advantage, in connection with an investment in its Area of an investor of a Party or of a non-Party, on compliance with a requirement to:
(a) locate production;
(b) provide a service;
(c) train or employ workers;
(d) construct or expand particular facilities; or
(e) carry out research and development in its Area.

4. Paragraphs 1 and 2 above shall not apply to any requirement other than the requirements set out in those paragraphs.

5. Provided that such measures are not applied in an arbitrary or unjustifiable manner, or do not constitute a disguised restriction on international trade or investment activities, nothing in subparagraph 1(b) or (c) or 2(a) or (b) above shall be construed to prevent any Party from adopting or maintaining measures:
(a) necessary to secure compliance with laws and regulations that are not inconsistent with the provisions of this Agreement;
(b) necessary to protect human, animal or plant life or health; or
(c) necessary for the conservation of living or nonliving exhaustible natural resources.

Article 66. Reservations and Exceptions

1. Articles 58, 59, 64 and 65 shall not apply to:
(a) any existing non-conforming measure that is maintained by a Party at the federal or central government level, as set out in its Schedule to Annex 6 or Annex 8; or
(b) any existing non-conforming measure that is maintained by:
(i) with respect to Mexico:
(AA) a state, for 6 months after the date of entry into force of this Agreement, and thereafter as to be set out by Mexico in its Schedule to Annex 6 in accordance with paragraph 2 below; or
(BB) a local government; and
(ii) with respect to Japan:
(AA) a prefecture, for 6 months after the date of entry into force of this Agreement, and thereafter as to be set out by Japan in its Schedule to Annex 6in accordance with paragraph 2 below;or (BB) a local authority other than prefectures;
(c) the continuation or prompt renewal of any nonconforming measure referred to in subparagraphs (a) and (b) above; or
(d) an amendment or a modification to any nonconforming measure referred to in subparagraphs (a) and (b) above provided that the amendment or modification does not decrease the conformity of the measure, as it existed immediately before the amendment or modification, with Articles 58, 59,64 and 65.
2. Each Party shall set out in its Schedule to Annex 6,within 6 months of the date of entry into force of this Agreement, any existing non-conforming measure maintained by a state or a prefecture as referred to in subparagraphs1(b)(i)(AA) and 1(b)(ii)(AA) above, and shall notify thereof the other Party by a diplomatic note.
3. Articles 58, 59, 64 and 65 shall not apply to any measure that a Party adopts or maintains with respect to sectors, subsectors or activities, as set out in its Schedule to Annex 7.
4. Neither Party may, under any measure adopted after the date of entry into force of this Agreement and covered by Annex 7, require an investor of the other Party, by reason of its nationality, to sell or otherwise dispose of an investment that exists at the time the measure becomes effective.
5. Article 59 shall not apply to treatment accorded by a Party pursuant to agreements, or with respect to sectors, set out in its Schedule to Annex 9.
6. Articles 58, 59 and 64 shall not apply to any measure adopted or maintained with respect to procurement by a Party or a state enterprise.
7. The provisions of:
(a) subparagraphs 1(a), (b) and (c), and 2(a) and (b)of Article 65 shall not apply to qualification requirements for goods or services with respect to export promotion and foreign aid programs;
(b) subparagraphs 1(b), (c), (f) and (g), and 2(a)and (b) of Article 65 shall not apply to procurement by a Party or a state enterprise; and
(c) subparagraphs 2(a) and (b) of Article 65 shall not apply to requirements imposed by an importing Party relating to the content of goods necessary to qualify for preferential tariffs or preferential quotas.

Article 67. Notification

To the maximum extent possible, each Party shall notify the other Party of any new measure that the former Party considers might materially affect the implementation and operation of this Chapter and of Annexes 6 to 9.

Article 68. Special Formalities and Information Requirements

1. Nothing in Article 58 shall be construed to prevent a Party from adopting or maintaining a measure that prescribes special formalities in connection with the establishment of investments by investors of the other Party, such as the compliance with registration requirements or that investments be legally constituted under the laws or regulations of the Party, provided that such formalities do not materially impair the protection afforded by a Party to investors of the other Party and investments of investors of the other Party pursuant to this Chapter.
2. Notwithstanding Article 58 or 59, a Party may require an investor of the other Party, or its investment in its Area, to provide routine information concerning that investment solely for information or statistical purposes.The Party shall protect such business information that is confidential from any disclosure that would prejudice the competitive position of the investor or the investment.Nothing in this paragraph shall be construed to prevent a Party from otherwise obtaining or disclosing information in connection with the equitable and good faith application of its law.

Article 69. Relation to other Chapters

In the event of any inconsistency between this Chapter and another Chapter, the other Chapter shall prevail to the extent of

the inconsistency.

Article 70. Denial of Benefits

1. A Party may deny the benefits of this Chapter to an investor of the other Party that is an enterprise of such Party and to an investment of such investor if investors of a non-Party own or control the enterprise and the denying Party:
(a) does not maintain diplomatic relations with the non-Party; or
(b) adopts or maintains measures with respect to the non-Party that prohibit transactions with the enterprise or that would be violated or circumvented if the benefits of this Chapter were accorded to the enterprise or to its investments.
2. Subject to prior notification and consultation, a Party may deny the benefits of this Chapter to an investor of the other Party that is an enterprise of such Party and to investments of such investor if investors of a non-Party own or control the enterprise and the enterprise has no substantial business activities in the Area of the Party under whose law it is constituted or organized.

Article 71. Investment Support

1. An issuer may provide to investors of any Party, investment support in connection with projects or activities in the Area of the other Party. Investors and investments of investors of a Party in the Area of the other Party may enter into agreements for investment support with the issuer. The issuer will undertake investment support only in respect of projects and activities allowed by this Agreement.
2. If the issuer makes a payment to any person or entity, or exercises its rights as a creditor or subrogee, in connection with any investment support, the other Party shall recognize the transfer to, or acquisition by, the issuer of any cash, accounts, credits, instruments or other assets in connection with such payment or the exercise of such rights, as well as the succession of the issuer to any right, title, claim, privilege or cause of action, existing, or which may arise, in connection therewith.
3. With respect to any interests transferred to or acquired by the issuer or any interests to which the issuer succeeds, under this Article, in its own right or otherwise by contract or operation of law, the issuer shall assert no greater rights than those of the person or entity from whom such interests were received.
4. To the extent that the laws of a Party partially or wholly restrict ownership or acquisition by, or transfer or succession to, the issuer of any interests as described in paragraph 3 above, the Party shall permit the issuer to make appropriate arrangements to transfer such assets,interests or rights to a person or entity permitted to own them under the laws of that Party.

Article 72. Temporary Safeguard Measures

1. A Party may adopt or maintain measures not conforming with its obligations under Article 58 relating to cross-border capital transactions and Article 63:
(a) in the event of serious balance-of-payments and external financial difficulties or imminent threat thereof; or (b) in cases where, in exceptional circumstances, movements of capital cause or threaten to cause serious difficulties for macroeconomic management, in particular, monetary and exchange rate policies.
2. Measures referred to in paragraph 1 above:
(a) shall be consistent with the Articles of Agreement of the International Monetary Fund, as may be amended;
(b) shall not exceed those necessary to deal with the circumstances set out in paragraph 1 above;
(c) shall be temporary and shall be eliminated as soon as conditions permit; and (d) shall be promptly notified to the other Party.
3. Nothing in this Chapter shall be regarded as altering the rights enjoyed and obligations undertaken by a Party as a party to the Articles of Agreement of the International Monetary Fund, as may be amended.

Article 73. Intellectual Property Rights

1. Nothing in this Chapter shall be construed so as to derogate from the rights and obligations under multilateral agreements in respect of protection of intellectual property rights to which the Parties are parties.
2. Nothing in this Chapter shall be construed so as to oblige either Party to extend to investors of the other Party and their investments treatment accorded to investors of a non-Party and their investments by virtue of multilateral agreements in respect of protection of intellectual property rights, to which the former Party is a party.

Article 74. Environmental Measures

The Parties recognize that it is inappropriate to encourage investment by relaxing domestic health, safety or environmental measures. Accordingly, a Party should not waive or otherwise derogate from, or offer to waive or otherwise derogate from, such measures as an encouragement for the establishment, acquisition, expansion or retention in its Area of an investment of an investor. If a Party considers that the other Party has offered such an encouragement, it may request consultations with the other Party and the Parties shall consult with a view to avoiding any such encouragement.

Section 2. Settlement of Investment Disputes between a Party and an Investor of the other Party

Article 75. Purpose

Without prejudice to the rights and obligations of the Parties under Chapter 15, this Section establishes a mechanism for the settlement of investment disputes that assures both equal treatment among investors of the Parties and due process before an impartial tribunal.

Article 76. Claim by an Investor

1. An investor of a Party:
(a) on its own behalf, may submit to arbitration under this Section a claim that the other Party has breached an obligation under Section 1 and that the investor has incurred loss or damage by reason of, or arising out of, that breach; and
(b) on behalf of an enterprise of the other Party that is a legal person that the investor owns or controls directly or indirectly, may submit to arbitration under this Section a claim that the other Party has breached an obligation under Section 1 and that the enterprise has incurred loss or damages by reason of, or arising out of, that breach.
2. An investment may not make a claim under this Section.

Article 77. Consultation and Negotiation

The disputing parties should first attempt to settle a claim through consultation or negotiation.

Article 78. Written Request

1. The disputing investor shall submit to the disputing Party a written request for consultations with a view to settling the claim amicably at least 180 days before the claim may be submitted to arbitration. Such a request shall specify:
(a) the name and address of the disputing investor and, where a claim is submitted by an investor of a Party on behalf of an enterprise, the name and address of the enterprise;
(b) the provisions of this Agreement alleged to have been breached and any other relevant provisions;
(c) the issues and the factual and legal basis for the claim, including specific measures adopted by the disputing Party; and
(d) the relief sought and the approximate amount of damages claimed.
2. The disputing investor may not submit its written request referred to in paragraph 1 above before the events giving rise to a claim have occurred.

Article 79. Submission of a Claim to Arbitration

1. Subject to the compliance of the requirements established under Article 78 the disputing investor may submit the claim to:
(a) arbitration under the ICSID Convention provided that both the disputing Party and the Party of the investor are parties to the ICSID Convention; (b) arbitration under the ICSID Additional Facility Rules, as may be amended, provided that either the disputing Party or the Party of the investor,but not both, is a party to the ICSID Convention;
(c) arbitration under the UNCITRAL Arbitration Rules; or (d) if agreed by the disputing parties, any arbitration in accordance with other arbitration rules.
2. The applicable arbitration rules shall govern the arbitration under this Section except to the extent modified by this Section.

Article 80. Consent to Arbitration

1. Each Party consents to the submission of a claim to arbitration in accordance with the procedures set out in this Section.
2. The consent given by paragraph 1 above and the submission by a disputing investor of a claim to arbitration shall satisfy the requirement of:

(a) Chapter II of the ICSID Convention (Jurisdiction of the Centre) and the Additional Facility Rules for written consent of the parties; and (b) Article II of the New York Convention for an agreement in writing.

Article 81. Conditions and Limitations on Consent of Each Party

1. No claim may be submitted to arbitration under this Section if more than 3 years have elapsed from the date on which the investor (for claims brought under subparagraph 1 (a) of Article 76) or the enterprise (for claims brought under subparagraph 1(b) of Article 76) first acquired, or should have first acquired knowledge of the breach alleged under Article 76 and knowledge that the investor (for claims brought under subparagraph 1(a) of Article 76), or the enterprise (for claims brought under subparagraph 1(b)of Article 76) had incurred loss or damage.
2. No claim may be submitted to arbitration under this Section unless:
(a) (i) for claims submitted to arbitration under subparagraph 1(a) of Article 76, the investor consents in writing to arbitration in accordance with the procedures set out in this Section; (ii) for claims submitted to arbitration under subparagraph 1(b) of Article 76, the investor and the enterprise agree upon the submission of a claim on behalf of the enterprise by the investor with respect to the claim and both of them consent in writing to arbitration in accordance with the procedures set out in this Section;
(b) for claims submitted to arbitration under subparagraph 1(a) of Article 76, the investor and, where the claim is for loss or damage to an interest in an enterprise of the other Party that is a legal person that the investor owns or controls directly or indirectly, the enterprise, waive in writing their right to initiate or continue before any administrative tribunal or court under the law of either Party, or other dispute settlement procedures, any proceedings with respect to any measure alleged to constitute a breach referred to in paragraph 1 of Article76;
(c) for claims submitted to arbitration under subparagraph 1(b) of Article 76, both the investor and the enterprise waive in writing their right to initiate or continue before any administrative tribunal or court under the law of either Party, or other dispute settlement procedures, any proceedings with respect to any measure alleged to constitute a breach referred to in paragraph 1 of Article 76; and
(d) where the investor (for claims brought under subparagraph 1(a) of Article 76) or the enterprise (for claims brought under subparagraph1(b) of Article 76) has initiated any proceedings before any administrative tribunal or court referred to in subparagraphs (b) and (c) above, those proceedings are withdrawn in accordance with the laws of that Party.
3. Notwithstanding subparagraphs (b) and (c) above, the investor (for claims submitted to arbitration under subparagraph 1(a) of Article 76) and both the investor and the enterprise (for claims submitted to arbitration under subparagraph 1(b) of Article 76), may initiate or continue an action that seeks interim injunctive relief or other extraordinary relief that does not involve the payment of damages before an administrative tribunal or court under the law of the disputing Party.
4. With respect to the submission of a claim to arbitration:
(a) an investor of a Party may not allege that the other Party has breached an obligation under Section 1, both in an arbitration under this Section and in proceedings before an administrative tribunal or court under the law of either Party; and
(b) where an enterprise of a Party that is a legal person that an investor of the other Party owns or controls directly or indirectly alleges in proceedings before an administrative tribunal or court under the law of either Party that such a Party has breached an obligation under Section 1,the investor may not allege the breach in an arbitration under this Section.

Article 82. Constitution of a Tribunal

1. Except in respect of a Tribunal established under Article 83, and unless the disputing parties otherwise agree, the Tribunal shall comprise 3 arbitrators, one arbitrator appointed by each of the disputing parties and the third, who shall be the presiding arbitrator, appointed by agreement of the disputing parties.
2. The Secretary-General shall serve as appointing authority for an arbitration under this Section.
3. If the Tribunal, other than the Tribunal established under Article 83, has not been constituted within 90 days from the date on which a claim was submitted to arbitration, the Secretary-General, on the request of either disputing party, shall appoint, in his discretion,the arbitrator or arbitrators not yet appointed except that the presiding arbitrator shall be appointed in accordance with paragraph 4 below.
4. The Secretary-General shall appoint the presiding arbitrator from the roster of presiding arbitrators referred to in paragraph 5 below or, if not available, from the ICSID Panel of Arbitrators, provided that in both cases the presiding arbitrator shall not be a national of the disputing Party or a national of the Party of the disputing investor.
5. The Parties may establish, and thereafter maintain, a roster of 20 presiding arbitrators experienced in international law and investment matters. The roster members shall be appointed by agreement of the Parties and without regard to nationality.

Article 83. Consolidation of Multiple Claims

1. When a disputing party considers that two or more claims submitted to arbitration under Article 76 have a question of law or fact in common, the disputing party may seek a consolidation order in accordance with the terms of paragraphs 2 through 9 below.
2. A disputing party that seeks a consolidation order under this Article shall deliver, in writing, a request to the Secretary-General to establish a Tribunal under this Article. The request shall: (a) specify the nature of the order sought and the grounds on which the order is sought; and (b) be accompanied by a request for arbitration made under paragraph 1 of Article 36 of the ICSID Convention or a notice of arbitration submitted under Article 2 of Schedule C of the ICSID Additional Facility Rules, as may be amended.
3. Within 60 days of receipt of the request, the Secretary-General shall establish a Tribunal comprising 3 arbitrators. One arbitrator shall be a national of the disputing Party, the second arbitrator shall be a national of the Party of the disputing investor, and the presiding arbitrator shall not be a national of any of the Parties.
4. A Tribunal established under this Article shall be established under the ICSID Convention or the ICSID Additional Facility Rules as may be amended, as appropriate, and shall conduct its proceedings in accordance with the provisions thereof, except as modified by this Section. 5. Any disputing investor that has submitted a claim to arbitration and considers that such a claim raises questions of law or fact which are common to those upon which the consolidation under paragraph 2 above has been requested, but has not been named in a request made under paragraph 2 above, may request to the Tribunal established under this Article to consider the consolidation of his claim. The request shall comply with the requirements established in paragraph 2 above.
6. The disputing investor referred to in paragraph 5above shall deliver to the disputing Party or disputing investors with respect to whom the order is sought, a copy of the request made under paragraph 5 above.
7. On application of a disputing party, a Tribunal established under this Article may order the adjourning of the proceedings related to claims referred to in paragraphs1 and 5 above.
8. A Tribunal established under this Article may, in the interests of fair and efficient resolution of the dispute, and after hearing the disputing parties, by order:
(a) assume jurisdiction over, and hear and determine together, all or part of the claims referred to in paragraphs 1 and 5 above; or
(b) assume jurisdiction over, and hear and determine one or more of the claims referred to in paragraphs 1 and 5 above, the determination of which it believes would assist in the resolution of the others.
9. A Tribunal established under Article 79 shall not have jurisdiction to decide a claim, or a part of a claim, over which a Tribunal established under this Article has assumed jurisdiction in the terms of paragraph 8 above.

Article 84. Governing Law

1. A Tribunal established under this Section shall decide the issues in dispute in accordance with this Agreement and applicable rules of international law.
2. An interpretation of a provision of this Agreement adopted by the Joint Committee shall be binding on a Tribunal established under this Section. Such interpretation shall be made publicly available through the means that each Party considers appropriate.

Article 85. Notice

A disputing Party shall deliver to the other Party:
(a) written notice of a claim that has been submitted to arbitration no later than 30 days after the date on which the claim was submitted; and
(b) copies of all pleadings filed in the arbitration.

Article 86. Participation by a Party

On written notice to the disputing parties, the Party other than the disputing Party may make submissions to a Tribunal on a question of interpretation of this Agreement.

Article 87. Documents

1. The Party other than the disputing Party shall be entitled to receive from the disputing Party, at the cost of the requesting Party a copy of:
(a) the evidence that has been tendered to the Tribunal; and
(b) the written argument of the disputing parties.
2. The Party receiving information pursuant to paragraph1 above shall treat the information as if it were a disputing Party.

Article 88. Place of Arbitration

Unless the disputing parties agree otherwise, a Tribunal shall hold an arbitration in a country that is a party to the New York Convention.

Article 89. Interpretation of Annexes

1. Where a disputing Party asserts as a defense that the measure alleged to be a breach is within the scope of a reservation or exception set out in Annex 6, Annex 7, Annex8 or Annex 9, on request of the disputing Party, the Tribunal shall request the Joint Committee to adopt an interpretation on the issue. The Joint Committee, within 60 days of delivery of the request, shall adopt an interpretation and submit in writing its interpretation to the Tribunal. 2. Further to Article 84, an interpretation adopted and submitted under paragraph 1 above shall be binding on the Tribunal. If the Joint Committee fails to submit an interpretation within 60 days, the Tribunal shall decide the issue.

Article 90. Expert Reports

Without prejudice to the appointment of other kinds of experts where authorized by the applicable arbitration rules, a Tribunal, at the request of a disputing party or, unless the disputing parties disapprove, on its own initiative, may appoint one or more experts in the fields of environmental, health, safety or other scientific matters to report to it in writing on any factual issue concerning matters of their expertise raised by a disputing party in a proceeding, subject to such terms and conditions as the disputing parties may agree.

Article 91. Interim Measures of Protection

A Tribunal may order an interim measure of protection to preserve the rights of a disputing party, or to facilitate the conduct of arbitral proceedings, including an order to preserve evidence in the possession or control of a disputing party. A Tribunal may not order attachment or enjoin the application of the measure alleged to constitute a breach referred to in paragraph 1 of Article 76.

Article 92. Final Award

1. Where a Tribunal makes a final award against a disputing Party, the Tribunal may award, separately or in combination, only:
(a) monetary damages and any applicable interest; or
(b) restitution of property, in which case the award shall provide that the disputing Party may pay monetary damages and any applicable interest in lieu of restitution. A Tribunal may also award costs in accordance with the applicable arbitration rules.
2. Subject to paragraph 1 above, where a claim is made under subparagraph 1 (b) of Article 76:
(a) an award of monetary damages and any applicable interest shall provide that the sum be paid to the enterprise; and
(b) an award of restitution of property shall provide that restitution be made to the enterprise.
3. A Tribunal may not order a Party to pay punitive damages.

Article 93. Finality and Enforcement of an Award

1. Any arbitral award rendered pursuant to Article 92shall be final, and binding on the disputing parties in respect of the particular case.
2. Subject to the applicable revision, annulment or set aside procedures, a disputing party shall abide by and comply with an award without delay.
3. If a disputing Party fails to abide by or comply with a final award, the Party whose investor was a party to the arbitration may have recourse to the dispute settlement procedure under Chapter 15. In this event, the requesting Party may seek:
(a) a determination that the failure to abide by or comply with the final award is inconsistent with the obligations of this Agreement; and
(b) a recommendation that the Party abide by or comply with the final award.

Article 94. General

1. A claim is submitted to arbitration under this Section when:
(a) the request for arbitration under paragraph (1)of Article 36 of the ICSID Convention has been received by the Secretary-

General;
(b) the notice of arbitration under Article 2 of Schedule C of the ICSID Additional Facility Rules, as may be amended, has been received by the Secretary-General; or
(c) the notice of arbitration given under the UNCITRAL Arbitration Rules is received by the disputing Party. The disputing parties shall otherwise agree in relation to subparagraph 1 (d) of Article 79.

2. Delivery of notice and other documents on a Party shall be made:
(a) in the case of Mexico: through the Directorate General of Foreign Investment of the Ministry of Economy; and
(b) in the case of Japan: through the Ministry of Foreign Affairs.

3. In an arbitration under this Section, a Party shall not assert, as a defense, counterclaim, right of setoff or otherwise, that the disputing investor has received or will receive, pursuant to an insurance or guarantee contract, indemnification or other compensation for all or part of its alleged damages.

4. Either disputing party may make available to the public in a timely manner all documents, including an award, submitted to, or issued by, a Tribunal established under this Section, subject to redaction of:
(a) confidential business information;
(b) information which is privileged or otherwise protected from disclosure under the applicable law of either Party; and
(c) information which the Party must withhold pursuant to the relevant arbitral rules, as applied. Note: For greater certainty, it is confirmed by both Parties that a Party may share with officials of its central or local government in the case of Japan, and its federal or state government in the case of Mexico, all relevant documents in the course of dispute settlement under this Section, including confidential information and that the disputing parties may disclose to other persons in connection with the arbitral proceedings the documents submitted to, or issued by, a Tribunal established under this Section, as they consider necessary for the preparation of their cases; provided that they shall ensure that those persons protect the confidential information in such documents.

Article 95. Exceptions from Dispute Settlement Procedure

1. Without prejudice to the applicability or non-applicability of the dispute settlement provisions of this Section or of Chapter 15 to other actions taken by a Party pursuant to Article 169, a decision by a Party to prohibit or restrict the acquisition of an investment in its Area by an investor of the other Party, or its investment, pursuant to that Article shall not be subject to such provisions.
2. In the case of Mexico, the dispute settlement provisions of this Section and of Chapter 15 shall not apply to a decision by the National Commission on Foreign Investment ("Comisión Nacional de Inversiones Extranjeras")following a review pursuant to Annex 6, reservation 3 setout in the Schedule of Mexico, with respect to whether or not to permit an acquisition that is subject to review.

Section 3. Definitions

Article 96. Definitions

For the purposes of this Chapter:
(a) the term "disputing investor" means an investor that makes a claim under Section 2;
(b) the term "disputing parties" means the disputing investor and the disputing Party;
(c) the term "disputing party" means the disputing investor or the disputing Party;
(d) the term "disputing Party" means a Party against which a claim is made under Section 2; (e) the term "equity or debt securities" includes voting and non-voting shares, bonds, convertible debentures, stock options and warrants;
(f) the term "freely usable currency" means any currency designated as such by the International Monetary Fund from time to time;
(g) the term "ICSID" means the International Centre for Settlement of Investment Disputes;
(h) the term "ICSID Convention" means the Convention on the Settlement of Investment Disputes between States and Nationals of other States done at Washington, March 18, 1965, as may be amended;
(i) the term "investment" means:
(AA) an enterprise;
(BB) an equity security of an enterprise;
(CC) a debt security of an enterprise:
(aa) where the enterprise is an affiliate of the investor, or
(bb) where the original maturity of the debt security is at least 3 years, but does not include a debt security, regardless of original maturity, of a Party or a state enterprise;
(DD) a loan to an enterprise:

(aa) where the enterprise is an affiliate of the investor, or
(bb) where the original maturity of the loan is at least 3 years, but does not include a loan, regardless of original maturity, to a Party or a state enterprise;
(EE) an interest in an enterprise that entitles the owner to share in income or profits of the enterprise;
(FF) an interest in an enterprise that entitles the owner to share in the assets of that enterprise on dissolution, other than a debt security or a loan excluded from subparagraph (CC) or (DD) above;
(GG) real estate or other property, tangible or intangible, and any related property rights such as lease, liens and pledges, acquired in the expectation or used for the purpose of economic benefit or other business purposes; and
(HH) interests arising from the commitment of capital or other resources in the Area of a Party to economic activity in such Area,such as under:
(aa) contracts involving the presence of an investor's property in the Area of the Party, including turnkey or construction contracts, or concessions, or
(bb) contracts where remuneration depends substantially on the production,revenues or profits of an enterprise; but investment does not mean,
(II) claims to money that arise solely from:
(aa) commercial contracts for the sale of goods or services by a national or enterprise in the Area of a Party to an enterprise in the Area of the other Party, or
(bb) the extension of credit in connection with a commercial transaction, such as trade financing, other than a loan covered by subparagraph (DD) above;or (JJ) any other claims to money, that do not involve the kinds of interests set out in subparagraphs (AA) through (HH)above;
(j) the term "investment of an investor of a Party"means an investment owned or controlled directly or indirectly by an investor of such Party;
(k) the term "investor of a Party" means a Party or state enterprise thereof, or a national or an enterprise of such Party, that seeks to make, is making or has made an investment; (l) the term "investment support" means any debt or equity investment, any investment guaranty and any investment insurance or reinsurance provided by the issuer in connection with projects or activities in the Area of a Party;
(m) the term "issuer" means a designated agency of a Party, or any successor agency, and any agent of either, which provides investment support, but does not refer to the Government of any of the Parties;
(n) the term "New York Convention" means the Convention on the Recognition and Enforcement of Foreign Arbitral Awards, done at New York, June10, 1958, as may be amended;
(o) the term "Secretary-General" means the Secretary-General of ICSID;
(p) the term "transfers" means transfers and international payments;
(q) the term "Tribunal" means an arbitration tribunal established under Article 79 or 83; and
(r) the term "UNCITRAL Arbitration Rules" means the arbitration rules of the United Nations Commission on International Trade Law, approved by the United Nations General Assembly on December 15, 1976, as may be amended.

Chapter 8. Cross-border Trade In Services

Article 97. Scope and Coverage

1. This Chapter shall apply to measures adopted or maintained by a Party affecting cross-border trade in services by service suppliers of the other Party, including measures respecting:
(a) the supply of a service; Note: The measures respecting the supply of a service include those respecting the provision of any financial security as a condition for the supply of a service.
(b) the purchase or use of, or payment for, a service;
(c) the access to services offered to the public generally and the use of them, in connection with the supply of a service; and
(d) the presence in its Area of a service supplier of the other Party.
2. This Chapter shall not apply to:
(a) financial services, as defined in Chapter 9;
(b) cabotage in maritime transport services, including navigation in inland waters;
(c) with respect to air transport services, measures affecting traffic rights, however granted; or measures affecting services directly related to the exercise of traffic rights, other than measures affecting:
(i) aircraft repair and maintenance services;
(ii) the selling and marketing of air transport services; and
(iii) computer reservation system (CRS) services; Note: The term "traffic rights" means the rights for scheduled and non-scheduled services to operate and/or to carry passengers, cargo and mail for remuneration or hire from, to, within, or over a Party, including points to be served, routes to be operated, types of traffic to be carried, capacity to be provided, tariffs to be charged and their conditions, and criteria for designation of air lines, including such criteria as number, ownership, and control.

(d) procurement by a Party or a state enterprise;
(e) subsidies provided by a Party or a state enterprise thereof, including grants, government-supported loans, guarantees and insurance;
(f) measures pursuant to immigration laws and regulations;
(g) services supplied in the exercise of governmentalauthority; and Note: For the purposes of this Chapter, servicessupplied in the exercise of governmentalauthority means any service which issupplied neither on a commercial basis norin competition with one or more servicesuppliers.
(h) measures of a Party with respect to a national ofthe other Party seeking access to its employmentmarket, or employed on a permanent basis in thatParty.

Article 98. National Treatment

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

Note: Nothing in this Article shall be construed torequire either Party to compensate for any inherent competitive disadvantages which resultfrom the foreign character of the relevantservices or service suppliers.

2. The treatment accorded by a Party under paragraph 1above means, with respect to a local government in the case of Japan, and with respect to a state in the case ofMexico, treatment no less favorable than the most favorable treatment accorded, in like circumstances, by that localgovernment or state to services and service suppliers ofthe Party of which it forms a part.

Article 99. Most-favored-nation Treatment

Each Party shall accord to services and servicesuppliers of the other Party treatment no less favorablethan that it accords, in like circumstances, to servicesand service suppliers of any non-Party.

Note: Each Party shall accord to services and service suppliers of the other Party the better of thetreatment required by Articles 98 and 99.

Article 100. Local Presence

Neither Party shall require a service supplier of the other Party to establish or maintain a representative office or any form of enterprise, or to be resident, in its Area as a condition for the cross-border supply of a service.

Article 101. Reservations

1. Articles 98, 99 and 100 shall not apply to:
(a) any existing non-conforming measure that is maintained by a Party at the federal or central government level, as set out in its Schedule to Annex 6;
(b) any existing non-conforming measure that is maintained by:
(i) with respect to Mexico:
(AA) a state, for 6 months after the date of entry into force of this Agreement, and thereafter as to be set out by Mexico in its Schedule to Annex 6 in accordance with paragraph 2 below; or
(BB) a local government; and
(ii) with respect to Japan:
(AA) a prefecture, for 6 months after the date of entry into force of this Agreement, and thereafter as to be set out by Japan in its Schedule to Annex 6in accordance with paragraph 2 below;or (BB) a local authority other than prefectures;
(c) the continuation or prompt renewal of any nonconforming measure referred to in subparagraphs (a) and (b) above; or
(d) an amendment or a modification to any nonconforming measure referred to in subparagraphs (a) and (b) above provided that the amendment or modification does not decrease the conformity of the measure, as it existed immediately before the amendment or modification, with Articles 98, 99and 100.

2. Each Party shall set out in its Schedule to Annex 6,within 6 months of the date of entry into force of this Agreement, any existing non-conforming measure maintained by a state or prefecture referred to in subparagraphs1(b)(i)(AA) and 1(b)(ii)(AA) above, and shall notify thereof the other Party by a diplomatic note. 3. Articles 98, 99 and 100 shall not apply to any measure that a Party adopts or maintains with respect to sectors, subsectors or activities, as set out in its Schedule to Annex 7.

Article 102. Notification

To the maximum extent possible, each Party shall notify the other Party of any new measure that the Party considers might materially affect the implementation and operation of this Chapter and of Annexes 6 and 7.

Article 103. Sub-committee on Cross-border Trade In Services

1. For the purposes of the effective implementation and operation of this Article, a Sub-Committee on Cross-Border Trade in Services (hereinafter referred to in this Article as "the Sub-Committee") shall be established pursuant to Article 165.
2. The functions of the Sub-Committee shall be:
(a) reviewing the implementation and operation of this Chapter;
(b) discussing any issues related to this Chapter;
(c) reporting the findings of the Sub-Committee and making recommendations to the Joint Committee;and (d) carrying out other functions which may be delegated by the Joint Committee pursuant to Article 165.

Article 104. Licensing and Certification

1. With a view to ensuring that any measure adopted or maintained by a Party relating to the licensing, certification, or technical standards of service suppliers of the other Party does not constitute an unnecessary barrier to cross-border trade in services, each Party shall endeavor to ensure that such measure:
(a) is based on objective and transparent criteria, such as competence and the ability to supply the services;
(b) is not more burdensome than necessary to ensure the quality of the services; and
(c) does not constitute a disguised restriction on the cross-border supply of the services.

2. Where a Party recognizes, unilaterally or by agreement, education, experience, licenses or certifications obtained in a non-Party, nothing in Article 99 shall be construed to require the Party to accord such recognition to education, experience, licenses or certifications obtained in the other Party.

Article 105. Denial of Benefits

1. A Party may deny the benefits of this Chapter to a service supplier of the other Party where the Party establishes that the service is being supplied by an enterprise that is owned or controlled by persons of a non-Party, and that the denying Party:
(a) does not maintain diplomatic relations with the non-Party; or
(b) adopts or maintains measures with respect to the non-Party that prohibit transactions with the enterprise or that would be violated or circumvented if the benefits of this Chapter were accorded to the enterprise.

Note: An enterprise is "owned" by persons of a non-Party if more than 50 percent of the equity interests in it is beneficially owned by persons of that non-Party. An enterprise is "controlled" by persons of a non-Party if such persons have the power to name a majority of its directors or otherwise to legally direct its actions.

2. Subject to prior notification and consultation, a Party may deny the benefits of this Chapter to a service supplier of the other Party where the Party establishes that the service is being supplied by an enterprise that is owned or controlled by persons of a non-Party and that has no substantial business activities in the Area of that other Party.

Article 106. Definitions

For the purposes of this Chapter:
(a) the term "cross-border trade in services" means the supply of a service:
(i) from the Area of a Party into the Area of the other Party;
(ii) in the Area of a Party by a person of that Party to a person of the other Party; or
(iii) by a national of a Party in the Area of the other Party; but does not include the supply of a service by an investment of an investor of a Party, as defined in Article 96 in the Area of the other Party;
(b) the term "measures by a Party" means measures taken by:
(i) federal or central government, state, or prefecture or any other local authority; and
(ii) non-governmental bodies in the exercise of powers delegated by federal or central government, state, or prefecture or any other local authority;
(c) the term "service supplier of a Party" means a person of a Party that seeks to supply or supplies a service; and
(d) the term "supply of a service" includes the production, distribution, marketing, sale and delivery of a service.

Chapter 9. Financial Services

Article 107. Scope and Coverage

1. This Chapter shall apply to measures adopted or maintained by a Party affecting:
(a) cross-border trade in financial services;
(b) financial institutions of the other Party; and
(c) investors of the other Party, and investments of such investors, in financial institutions in the Party.
2. This Chapter shall not apply to measures pursuant to immigration laws and regulations.
3. Nothing in this Chapter shall be construed to prevent a Party, including its public entities, from exclusively conducting or providing in its Area:
(a) activities or services forming part of a public retirement plan or statutory system of social security; or
(b) activities or services for the account or with the guarantee or using the financial resources ofthe Party, including its public entities.

Article 108. Commitments Under International Agreements

The Parties shall be bound by the terms and conditions that each Party is committed to under the Organisation for Economic Cooperation and Development Code of Liberalisation of Capital Movements, as may be amended, and the GATS, including the Understanding on Commitments in Financial Services, and under other international agreements to which both Parties are parties. Note: Nothing in this Chapter shall be construed to affect the terms and conditions committed to by either Party under the respective agreements referred to in this Article.

Article 109. Non-application of Chapter 15

The dispute settlement procedure provided for in Chapter 15 shall not apply to this Chapter.

Article 110. Exceptions

Notwithstanding the provisions of this Chapter, Chapter 7 and Chapter 8, a Party shall not be prevented from adopting or maintaining measures for prudential reasons with respect to financial services, including for the protection of investors, depositors, policy holders, policy claimants or persons to whom a fiduciary duty is owed by a financial institution or a cross-border financial service supplier, or to ensure the soundness, integrity and stability of a Party's financial system.

Article 111. Relation to other Chapters

The provisions of Chapters 7 and 8 shall not apply to measures referred to in paragraph 1 of Article 107.

Article 112. Definitions

For the purposes of this Chapter:
(a) the term "cross-border financial service supplier" means a person of a Party that is engaged in the business of supplying financial services within the Area of the Party and that seeks to supply or supplies financial services through the cross-border supply of such services;
(b) the term "cross-border trade in financial services" means the supply of a financial service:
(i) from the Area of a Party into the Area of the other Party;
(ii) in the Area of a Party by a person of that Party to a person of the other Party; or
(iii) by a national of a Party in the Area of the other Party; but does not include the supply of a service by an investment of an investor of a Party, in the Area of that other Party;
(c) the term "financial institution" means any enterprise that is authorized to do business and regulated or supervised as a financial institution under the law of the Party in which it is located;
(d) the term "financial institution of the other Party" means a financial institution located in a Party that is owned or controlled by persons of the other Party;
(e) the term "financial service" means a service of a financial nature, including insurance, and a service incidental or auxiliary to a service of a financial nature;
(f) the term "investment" means "investment" as defined in Article 96, except that, with respect to "loan" and "debt security" referred to in that Article:
(i) a loan to or debt security issued by a financial institution is an investment only where it is treated as regulatory capital by the Party in which the financial institution is located; and
(ii) a loan granted by or debt security owned by a financial institution, other than a loan to or debt security of a financial

institution referred to in subparagraph
(i)above, is not an investment; for greater certainty,
(iii) a loan to, or debt security issued by, a Party or a state enterprise thereof is not an investment; and
(iv) a loan granted by or debt security owned by a cross-border financial service supplier, other than a loan to or debt security issued by a financial institution referred to in subparagraph (i) above, is an investment under Chapter 7 if such loan or debt security meets the criteria for investments set out in Article 96;
(g) the term "investor of a Party" means a Party or state enterprise thereof, or a person of that Party, that seeks to make, makes, or has made an investment; and
(h) the term "public entity" means a central bank or a monetary authority of a Party, or any financial institution owned or controlled by a Party.

Chapter 10. Entry and Temporary Stay of Nationals for Business Purposes

Article 113. General Principles

1. This Chapter reflects the preferential trading relationship between the Parties, the desirability off acilitating entry and temporary stay on a reciprocal basis and of establishing transparent criteria and procedures for entry and temporary stay, and the need to ensure border security and to protect the domestic labor force and permanent employment in either Party.
2. Each Party shall apply its measures relating to the provisions of this Chapter in accordance with paragraph 1above, and in particular, shall apply expeditiously those measures so as to avoid unduly impairing or delaying trade in goods or services or conduct of investment activities under this Agreement.

Article 114. Scope and Coverage

1. This Chapter shall apply to measures affecting the entry and temporary stay of nationals of a Party who enter into the other Party for business purposes.
2. This Chapter shall not apply to measures affecting nationals seeking access to the employment market of the Parties, nor shall it apply to measures regarding nationality or citizenship, or residence or employment on a permanent basis.
3. This Chapter shall not prevent a Party from applying measures to regulate the entry of nationals of the other Party into, or their temporary stay in, the former Party, including those measures necessary to protect the integrity of, and to ensure the orderly movement of natural persons across, its borders, provided that such measures are not applied in such a manner as to nullify or impair the benefits accruing to the other Party under the terms of the categories in Annex 10.

Note: The sole fact of requiring a visa for natural persons of a certain nationality and not for those of others shall not be regarded as nullifying or impairing benefits under a specific category.

Article 115. Grant of Entry and Temporary Stay

1. Each Party shall grant entry and temporary stay to nationals of the other Party in accordance with this Chapter including the terms of the categories in Annex 10.
2. Each Party shall ensure that fees charged by its competent authorities for processing applications for entry and temporary stay of nationals of the other Party for business purposes have regard to the administrative costs involved.

Article 116. Provision of Information

1. Further to Article 160, each Party shall:
(a) provide to the other Party such materials as will enable that other Party to become acquainted with its measures relating to this Chapter; and
(b) prepare, publish and make publicly available in the Parties, explanatory material in a consolidated document regarding the requirements for entry and temporary stay under this Chapter, no later than one year after the date of entry into force of this Agreement.
2. From the entry into force of this Agreement, each Party shall, to the extent possible, collect, maintain and make available to the other Party, data respecting the granting of entry and temporary stay under this Chapter to nationals of the other Party.

Article 117. Sub-committee on Entry and Temporary Stay

1. For the purposes of the effective implementation and operation of this Chapter, a Sub-Committee on Entry and Temporary Stay (hereinafter referred to in this Article as"the Sub-Committee") shall be established pursuant to Article 165.
2. The functions of the Sub-Committee shall be:
(a) reviewing the implementation and operation of this Chapter;
(b) considering the development of measures to further facilitate entry and temporary stay of nationals on a reciprocal basis;
(c) enhancing mutual understanding between the Parties on credentials and other qualifications relevant to entry and temporary stay of nationals under this Chapter;
(d) reporting the findings of the Sub-Committee and making recommendations to the Joint Committee;and
(e) carrying out other functions which may be delegated by the Joint Committee pursuant to Article 165. Such functions may include reporting to the Joint Committee on options for possible modifications or additions to this Chapter.

Article 118. Dispute Settlement

1. Notwithstanding the provisions of Article 152, a Party may not request consultations with the other Party regarding refusal to grant entry and temporary stay under this Chapter unless:
(a) the matter involves a pattern of practice; and
(b) the nationals concerned have exhausted the administrative remedies, where available, regarding the particular matter.
2. The remedies referred to in subparagraph 1(b) above shall be deemed to be exhausted if a final determination in the matter has not been issued by the competent authority of a Party within one year after the date of the institution of an administrative remedy, and the failure to issue a determination is not attributable to delay caused by the nationals concerned.

Chapter 11. Government Procurement

Article 119. Scope and Coverage

1. This Chapter shall apply to any measures adopted or maintained by a Party relating to government procurement:
(a) by entities specified in Annex 11;
(b) of goods specified in Annex 12, services specified in Annex 13, or construction services specified in Annex 14; and
(c) where the value of the contracts to be awarded is estimated to be not less than the thresholds specified in Annex 15 at the time of publication of an invitation to participate for procurement.
2. Paragraph 1 above is subject to the General Notes set out in Annex 16.
3. This Chapter shall apply to government procurement by any contractual means, including through such methods as purchase or as lease, rental or hire purchase, with or without an option to buy, including any combination of goods and services.
4. Subject to paragraph 5 below, where a contract to be awarded by an entity is not covered by this Chapter, this Chapter shall not be construed to cover any good or service component of that contract.
5. Neither Party shall prepare, design or otherwise structure any government procurement contract in order to avoid the obligations of this Chapter.

Article 120. National Treatment

1. With respect to any measures regarding government procurement covered by this Chapter, each Party shall provide immediately and unconditionally to the goods, services and suppliers of the other Party offering goods or services of the other Party, treatment no less favorable than that accorded to domestic goods, services and suppliers.
2. With respect to any measures regarding government procurement covered by this Chapter, each Party shall ensure:
(a) that its entities shall not treat a locally-established supplier less favorably than another locally-established supplier on the basis of the degree of affiliation to, or ownership by, a person of the other Party; and
(b) that its entities shall not discriminate against locally-established suppliers on the basis of the country of production of the goods or service being supplied, provided that the country of production is the other Party in accordance with the provisions of Article 121.
3. The provisions of paragraphs 1 and 2 above shall not apply to customs duties and charges of any kind imposed on or in connection with importation, the method of levying such duties and charges, other import regulations and formalities, and measures affecting trade in services other than measures regarding government procurement covered by this Chapter.

Article 121. Rules of Origin

1. A Party shall not apply rules of origin to goods or services imported or supplied for purposes of government procurement

covered by this Chapter from the other Party which are different from the rules of origin applied by the former Party in the normal course of trade. Note: Rules of origin to services applied in the normal course of trade shall be understood in accordance with paragraph (f) "service of another Member" and (g) "service supplier" of Article XXVIII "Definitions" of the GATS.
2. Subject to prior notification and consultation, a Party may deny the benefits of this Chapter to a service supplier of the other Party where the denying Party establishes that the service is being provided by an enterprise that is owned or controlled by persons of a non-Party and that has no substantial business activities in the Area of any Party.
3. A Party may deny to an enterprise of the other Party the benefits of this Chapter if nationals of a non-Party own or control the enterprise and:
(a) the denying Party does not maintain diplomatic relations with the non-Party; or
(b) the denying Party adopts or maintains measures with respect to the non-Party that prohibit transactions with the enterprise or that would be violated or circumvented if the benefits of this Chapter were accorded to the enterprise.

Article 122. Procurement Procedures and other Provisions

1. Each Party shall apply the respective rules and procedures set up in accordance with the provisions, as maybe amended, specified in Annex 18.
2. Where a Party considers that a modification to rules and procedures of the other Party corresponding to an amendment of the provisions specified in Annex 18 affects access to the other Party's government procurement market considerably, the former Party can request consultations in order to maintain equivalence between the treatments under the rules and procedures of the Parties. If no satisfactory solution can be found, the former Party may have recourse to the dispute settlement procedure under Chapter 15, with a view to maintaining an equivalent level of access to the other Party's government procurement market.
3. The Party concerned shall notify the other Party of any modification to the rules and procedures referred to in paragraph 1 above no later than 30 days prior to the date of entry into force of such modification.
4. If, in tendering procedures, an entity allows tenders to be submitted in several languages, one of those languages shall be English.
5. No entity of either Party shall make it a condition for the qualification of suppliers and for the awarding of a contract that the supplier has previously been awarded one or more contracts by an entity of that Party or that the supplier has prior work experience in the Area of that Party.

Article 123. Offsets

Each Party shall ensure that its entities do not, in the qualification and selection of suppliers, goods or services, in the evaluation of bids or the award of contracts, consider, seek or impose offsets, except as set out in the General Notes of Annex 16. For the purpose of this Article, offsets means conditions considered, sought or imposed by an entity prior to or in the course of its procurement process that encourage local development or improve its Party's balance of payments accounts, by means of requirements of local content, licensing of technology, investment, counter-trade or similar requirements.

Article 124. Provision of Information

1. Each Party shall promptly publish any law, regulation, judicial decision, administrative ruling of general application, and any procedure (including standard contract clauses) regarding government procurement covered by this Chapter, in the appropriate publications listed in Annex 17and in such a manner as to enable the other Party and suppliers to become acquainted with them.
2. The Party of an unsuccessful tenderer may seek, without prejudice to the provisions under Chapter 15, such additional information on the contract award as may be necessary to ensure that the procurement was made fairly and impartially. To this end, the Party of the procuring entity shall provide information on both the characteristics and relative advantages of the winning tender and the contract price. Normally this latter information may be disclosed by the former Party provided it exercises this right with discretion. In cases where release of this information would prejudice competition in future tenders, this information shall be confidential and not be disclosed except after consultation with and agreement of the latter Party which gave the information to the former Party.
3. Available information concerning procurement by covered entities and their individual contract awards shall be provided, upon request, to the Party requesting the information.
4. Confidential information provided to a Party which would impede law enforcement or otherwise be contrary to the public interest or would prejudice the legitimate commercial interest of particular enterprises, public or private, or might prejudice fair competition between suppliers shall not be revealed without formal authorization from the other Party.
5. With a view to ensuring effective monitoring of government procurement covered by this Chapter, each Party shall collect

statistics and provide to the other Party on a reciprocal basis an annual report which shall contain the following information to the extent that such information is available:
(a) statistics on the number and total value of contracts above and below the applicable threshold values broken down by entities;
(b) statistics on the number and total value of contracts above the applicable threshold values, broken down by entities, by categories of goods and services and by the country of origin of the goods and services procured; and
(c) statistics on the number and total value of contracts awarded under limited tendering procedures, broken down by entities, and by country of origin of the goods and services procured.

Article 125. Challenge Procedures

1. In the event of a complaint by a supplier that there has been a breach of this Chapter in the context of a government procurement, each Party shall encourage the supplier to seek resolution of its complaint in consultation with the procuring entity. In such instances the procuring entity shall accord impartial and timely consideration to any such complaint, in a manner that is not prejudicial to obtaining corrective measures under the challenge system. 2. Each Party shall provide non-discriminatory, timely, transparent and effective procedures enabling suppliers to challenge alleged breaches of this Chapter arising in the context of government procurement in which they have, or have had, an interest.
3. Each Party shall provide its challenge procedures in writing and make them generally available.
4. Each Party shall ensure that documentation relating to all aspects of the process concerning government procurement covered by this Chapter shall be retained for3 years. 5. The interested supplier may be required to initiate a challenge procedure and notify the procuring entity within specified time-limits from the time when the basis of the complaint is known or reasonably should have been known, but in no case within a period of less than 10 days.
6. A Party may require that a challenge procedure be initiated only after the notice of procurement has been published or, where a notice is not published, after tender documentation has been made available. Where a Party imposes such a requirement, the 10 day period described in paragraph 5 above shall begin no earlier than the date that the notice is published or the tender documentation is made available.
7. Challenges shall be heard by an impartial and independent reviewing authority with no interest in the outcome of the government procurement and the members of which are secure from external influence during the term of appointment. A reviewing authority which is not a court shall either be subject to judicial review or shall have procedures which provide that:
(a) participants can be heard before an opinion is given or a decision is reached;
(b) participants can be represented and accompanied;
(c) participants shall have access to all proceedings;
(d) proceedings can take place in public;
(e) opinions or decisions are given in writing with a statement describing the basis for the opinions or decisions;
(f) witnesses can be presented; and
(g) documents are disclosed to the reviewing authority.
8. Challenge procedures shall provide for:
(a) rapid interim measures to correct breaches of this Chapter and to preserve commercial opportunities. Such action may result in suspension of the procurement process. However, procedures may provide that overriding adverse consequences for the interests concerned, including the public interest, may be taken into account in deciding whether such measures should be applied. In such circumstances, just cause for not acting shall be provided in writing;
(b) an assessment and a possibility for a decision on the justification of the challenge; and
(c) where appropriate, correction of the breach of this Chapter or compensation for the loss or damages suffered, which may be limited to costs for tender preparation or protest.
9. With a view to the preservation of the commercial and other interests involved, the challenge procedure shall normally be completed in a timely fashion.

Article 126. Exceptions

1. Nothing in this Chapter shall be construed to prevent a Party from taking any action or not disclosing any information which it considers necessary for the protection of its essential security interests relating to the procurement of arms, ammunition or war materials, or to procurement indispensable for national security or for national defence purposes.

2. Provided that such measures are not applied in a manner that would constitute a means of arbitrary or unjustifiable discrimination between the Parties where the same conditions prevail, or a disguised restriction on trade between the Parties, nothing in this Chapter shall be construed to prevent a Party from imposing, enforcing or maintaining measures:
(a) necessary to protect public morals, order or safety;
(b) necessary to protect human, animal or plant life or health;
(c) necessary to protect intellectual property; or

(d) relating to goods or services of handicapped persons, of philanthropic institutions or of prison labor.

Article 127. Sub-committee on Government Procurement

1. For the purposes of the effective implementation and operation of this Chapter, a Sub-Committee on Government Procurement (hereinafter referred to in this Article as"the Sub-Committee") shall be established pursuant to Article 165.
2. The functions of the Sub-Committee shall be:
(a) analyzing available information on each Party's government procurement market including the statistical information provided under paragraph5 of Article 124;
(b) evaluating the effective access of suppliers of a Party to government procurement market of the other Party covered by this Chapter;
(c) monitoring the application of the provisions of this Chapter and providing a forum to identify and address any problems or other issues that may arise;
(d) reporting the findings of the Sub-Committee to the Joint Committee; and
(e) carrying out other functions which may be delegated by the Joint Committee pursuant to Article 165.
3. The Parties shall cooperate, on mutually agreed terms, to increase understanding of their respective government procurement systems, with a view to maximizing for the suppliers of both Parties the access to their respective government procurement market. For this purpose, each Party shall develop and implement, within one year after the entry into force of this Agreement, concrete measures for the cooperation, which may include training and orientation programs for government personnel or interested suppliers regarding such aspects as how to identify government procurement opportunities and how to participate in the respective government procurement markets. In developing such measures, special attention should be given to small businesses in each Party.

Article 128. Rectifications or Modifications

1. A Party shall notify the other Party of its rectifications, or in exceptional cases, other modifications relating to Annexes 11, 12, 13, 14, 16 and 17along with the information as to the likely consequences of the change for the mutually agreed coverage provided in this Chapter. If the rectifications or other modifications are of a purely formal or minor nature, notwithstanding paragraph 1 of Article 174, they shall become effective provided that no objection from the other Party has been raised within 30 days. In other cases, both Parties shall consult the proposal and any claim for compensatory adjustments with a view to maintaining a balance of rights and obligations and a comparable level of mutually agreed coverage provided in this Chapter prior to such rectification or other modification. In the event of an agreement between the Parties not being reached, the Party which has received such notification may have recourse to the dispute settlement procedure under Chapter 15.
2. Notwithstanding any other provision of this Chapter, a Party may undertake reorganizations of its entities covered by this Chapter, including programs through which the procurement of such entities is decentralized or the corresponding government functions cease to be performed by any government entity, whether or not subject to this Chapter. In cases of reorganizations, compensation need not be proposed. Neither Party shall undertake such reorganizations or programs to avoid the obligations of this Chapter.

Article 129. Privatization of Entities

When government control at the federal or central government level over an entity specified in Annex 11 has been effectively eliminated, notwithstanding that the government may possess holding thereof or appoint member of the board of directors thereto, this Chapter shall nol onger apply to that entity. A Party shall notify the other Party of the name of such entity before elimination of government control or as soon thereafter as possible.

Article 130. Miscellaneous Provisions

1. The Joint Committee may make recommendations to the Parties to adopt appropriate measures to enhance the conditions for effective access to a Party's covered government procurement or, as the case may be, to adjust a Party's coverage so that such conditions for effective access are maintained on an equitable basis.
2. In the event that after the entry into force of this Agreement a Party offers a non-Party specified in paragraph3 below additional advantages of access to its government procurement market beyond what the other Party has been provided with under this Chapter, the former Party shall consent to enter into negotiations with the other Party with a view to extending these advantages to the other Party on a reciprocal basis.
3. A non-Party referred to in paragraph 2 above shall be, in the case of Japan, a Party to the Agreement on Government Procurement in Annex 4 to the WTO Agreement, as may be amended, (hereinafter referred to as "the GPA") or a party to an existing Economic Partnership Agreement with Japan and in the case of Mexico, a party to the North American Free Trade

Agreement, as may be amended,(hereinafter referred to as "the NAFTA") or the European Communities.

Chapter 12. Competition

Article 131. Anticompetitive Activities

Each Party shall, in accordance with its applicable laws and regulations, take measures which it considers appropriate against anticompetitive activities, in order to facilitate trade and investment flows between the Parties and the efficient functioning of its market.

Article 132. Cooperation on Controlling Anticompetitive Activities

1. The Parties shall, in accordance with their respective laws and regulations, cooperate in the field of controlling anticompetitive activities.
2. The details and procedures of cooperation under this Article shall be specified in an implementing agreement.

Article 133. Non-discrimination

Each Party shall apply its competition laws and regulations in a manner which does not discriminate between persons in like circumstances on the basis of their nationality.

Article 134. Procedural Fairness

Each Party shall implement administrative and judicial procedures in a fair manner to control anticompetitive activities, pursuant to its relevant laws and regulations.

Article 135. Non-application of Article 164 and Chapter 15

Article 164 and the dispute settlement procedure provided for in Chapter 15 shall not apply to this Chapter.

Chapter 13. Improvement of the Business Environment

Article 136. Consultations for the Improvement of the Business Environment

The Parties, confirming their interest in creating a more favorable business environment with a view to promoting trade and investment activities by their private enterprises, shall from time to time have consultations in order to address issues concerning the improvement of the business environment in the Parties.

Article 137. Committee for the Improvement of the Business Environment

1. For the purposes of addressing issues concerning the improvement of the business environment, a Committee for the Improvement of the Business Environment (hereinafter referred to in this Article as "the Committee") shall be established.
2. The Committee:
(a) shall discuss ways and means to improve the business environment in the Parties;
(b) may, as needed, make recommendations on appropriate measures to be taken by the Parties. Such recommendations should be taken into consideration by the Parties;
(c) shall be provided with information on the implementation of such recommendations;
(d) may make public such recommendations in an appropriate manner; and
(e) may give the Joint Committee advisory opinions,where appropriate.
3. The Committee:
(a) shall be composed of representatives of the Governments of the Parties;
(b) may invite representatives of relevant entities other than the Governments of the Parties with the necessary expertise relevant to the issues to be discussed; and
(c) shall establish its rules and procedures.

Article 138. Non-application of Chapter 15

The dispute settlement procedure provided for in Chapter 15 shall not apply to this Chapter.

Chapter 14. Bilateral Cooperation

Article 139. Cooperation In the Field of Trade and Investment Promotion

1. The Parties shall cooperate in promoting trade and investment activities by private enterprises of the Parties, recognizing that the joint efforts of the Parties to facilitate exchange and collaboration between private enterprises will act as a catalyst to further promote trade and investment between the Parties. Such cooperation between the Parties includes:
(a) encouraging the exchange of trade, investment and marketing experts and trainees to foster business opportunities;
(b) exchanging information concerning laws, regulations and practices in relation to bilateral trade and investment;
(c) encouraging the joint organization of trade and investment missions, seminars, fairs and exhibitions;
(d) encouraging the sharing, through electronic linkages, of online databases of private enterprises of the Parties keen to establish business ties; and
(e) encouraging the exchange of information, for the identification of investment opportunities and the promotion of business alliances, for the establishment of joint ventures between private enterprises of both Parties.
2. For the purposes of the effective implementation and operation of this Article, a Sub-Committee on Cooperation in the Field of Trade and Investment Promotion (hereinafter referred to in this Article as "the Sub-Committee") shall be established pursuant to Article 165.
3. The functions of the Sub-Committee shall be:
(a) reviewing the implementation and operation of this Article;
(b) discussing any issues related to this Article;
(c) reporting the findings of the Sub-Committee to the Joint Committee; and
(d) carrying out other functions which may be delegated by the Joint Committee pursuant toArticle 165.

Article 140. Cooperation In the Field of Supporting Industries

The Parties shall cooperate in promoting the development of supporting industries of both Parties with a view to improving the business environment and to promoting bilateral trade and investment. Such cooperation includes encouraging appropriate entities to:
(a) assist private enterprises of either Party to enter supporting industries' market of the other Party through direct investment or joint ventures;
(b) assist private enterprises of supporting industries to establish their business ties with other private enterprises of supporting industries, as well as final goods suppliers;
(c) assist actual or potential private enterprises of supporting industries through financial and technological support; and
(d) exchange experts and information on best practices and methodologies for the development of supporting industries.

Article 141. Cooperation In the Field of Small and Medium Enterprises

The Parties shall cooperate in promoting the development of small and medium enterprises of both Parties(hereinafter referred to in this Article as "SMEs") in order to maintain the dynamism of their respective economies and promote favorable environment for bilateral trade and investment. Such cooperation may include:
(a) exchange of information on SMEs policies for:
(i) strengthening competitiveness of SMEs;
(ii) assisting SMEs to start up businesses; and
(iii) promoting entrepreneurial networks of SMEs;
(b) encouragement of establishment of networks among appropriate entities of both Parties that provide assistance to SMEs; and
(c) encouragement of the exchange of experts on the development of SMEs.

Article 142. Cooperation In the Field of Science and Technology

1. The Parties, recognizing that science and technology will contribute to the continued expansion of the irrespective economies in the medium and long term, shall develop and promote cooperative activities between the Governments of the Parties for peaceful purposes in the field of science and technology on the basis of equality and mutual benefit.
2. Forms of the cooperative activities under this Article may include:
(a) exchange of information regarding science and technology policies and programs and data; (b) joint seminars, workshops and meetings;
(c) visits and exchanges of scientists, technical personnel or other experts;
(d) implementation of joint projects and programs;

(e) encouragement of cooperation for research and development related to industrial technologies;and
(f) encouragement of cooperation between educational and research institutions.
3. Scientific and technological information of a non-proprietary nature arising from the cooperative activities under this Article may be made available to the public by the Government of either Party.
4. In accordance with the applicable laws and regulations of the Parties and with relevant international agreements to which the Parties are parties, the Parties shall ensure the adequate and effective protection, and give due consideration to the distribution, of intellectual property rights or other rights of a proprietary nature resulting from the cooperative activities under this Article. The Parties shall consult for this purpose as necessary.
5. The implementation of this Article shall be subject to the availability of appropriated funds and the applicable laws and regulations of each Party.
6. Costs of the cooperative activities under this Article shall be borne in such manner as may be mutually agreed.
7. Implementing arrangements setting forth the details and procedures of the cooperative activities under this Article may be made between the government agencies of the Parties.

Article 143. Cooperation In the Field of Technical and Vocational Education and Training

The Parties, recognizing that sustainable economic growth and prosperity largely depend on people's knowledge and skills, in order to raise the productivity and competitiveness of private enterprises of either Party, shall develop cooperation between the Governments of the Parties in the field of technical and vocational education and training. Such cooperation may include:
(a) exchange of information related to best practices on technical and vocational education and training including labor policy;
(b) encouragement of technical and vocational education and training, including training of related instructors and development of training programs, particularly for the development of higher technological education and distance education; and
(c) encouragement of exchange of scholars, teachers, instructors and students.

Article 144. Cooperation In the Field of Intellectual Property

The Parties, recognizing the growing importance of intellectual property (hereinafter referred to in this Article as "IP") as a factor of economic competitiveness in the knowledge-based economy, and of IP protection in this new environment, shall develop their cooperation in the field of IP. Such cooperation may include the exchange of information on: (a) public awareness activities of the importance of IP protection and the function of IP protection systems to their respective nationals;
(b) improvement of IP protection systems and their operation;
(c) policy measures conducive to ensuring adequate enforcement of IP rights; and
(d) automation of administrative processes of IP authority in order to enhance its efficiency. Note: Information provided from a Party to the other Party pursuant to this Article shall not include information regarding individual cases of infringement of intellectual property rights so as not to be used by the receiving Party in criminal proceedings carried out by a court or a judge.

Article 145. Cooperation In the Field of Agriculture

1. The Parties, recognizing that the development in the field of agriculture in both Parties is of mutual interest and of economic and social importance for the rational and sustainable use of natural resources, shall cooperate in the field of agriculture. Such cooperation may include:
(a) exchange of information and data regarding experience of rural development, know-how of financial assistance to farmers and the agricultural cooperatives system;
(b) encouragement of dialogues and exchange of information between entities other than the Governments of the Parties concerning agriculture; and
(c) encouragement of joint scientific and technological research in agriculture including new technologies.
2. For the purposes of the effective implementation and operation of this Article, a Sub-Committee on Cooperation in the Field of Agriculture (hereinafter referred to in this Article as "the Sub-Committee") shall be established pursuant to Article 165.
3. The functions of the Sub-Committee shall be:
(a) reviewing the implementation and operation of this Article;
(b) discussing any issues related to this Article;
(c) reporting the findings of the Sub-Committee to the Joint Committee; and

(d) carrying out other functions which may be delegated by the Joint Committee pursuant to Article 165.

Article 146. Cooperation In the Field of Tourism

1. The Parties, recognizing that tourism will contribute to the enhancement of mutual understanding between them and that tourism is an important industry for their economies, shall cooperate to promote and develop tourism in the Parties. Such cooperation may include:
(a) exchange of information on:
(i) activities and policies, including best practices, concerning market research, sustainable development of tourism and the strengthening of the competitiveness of the tourism industry; and
(ii) laws, regulations and statistics on tourism;
(b) provision of appropriate assistance for tourism promotion campaigns;
(c) encouragement of cooperation between entities other than the Governments of the Parties concerning the promotion and development of tourism; and
(d) encouragement of training of persons engaged in the tourism industry.
2. For the purposes of the effective implementation and operation of this Article, a Sub-Committee on Cooperation in the Field of Tourism (hereinafter referred to in this Article as "the Sub-Committee") shall be established pursuant to Article 165.
3. The functions of the Sub-Committee shall be:
(a) reviewing the implementation and operation of this Article;
(b) discussing any issues related to this Article;
(c) reporting the findings of the Sub-Committee to the Joint Committee; and
(d) carrying out other functions which may be delegated by the Joint Committee pursuant to Article 165.

Article 147. Cooperation In the Field of Environment

1. The Parties, recognizing the need for environmental preservation and improvement to promote sound and sustainable development, shall cooperate in the field of environment. Cooperative activities under this Article may include:
(a) exchange of information on policies, laws, regulations and technology related to the preservation and improvement of the environment, and the implementation of sustainable development;
(b) promotion of capacity and institutional building to foster activities related with the Clean Development Mechanism under the Kyoto Protocol to the United Nations Framework Convention on Climate Change, as may be amended, by means of workshops and dispatch of experts, and exploration of appropriate ways to encourage the implementation of the Clean Development Mechanism projects;
(c) encouragement of trade and dissemination of environmentally sound goods and services; and
(d) encouraging the exchange of information for the identification of investment opportunities and the promotion and development of business alliances in the field of environment.
2. Implementing arrangements setting forth the details and procedures of cooperative activities under this Article may be made between the government agencies of the Parties.

Article 148. Non-application of Chapter 15

The dispute settlement procedure provided for in Chapter 15 shall not apply to this Chapter.

Article 149. Relation to other Agreements

1. The Agreement between the Government of Japan and the Government of the United Mexican States concerning Cooperation in the Field of Tourism signed in Tokyo, on November 1, 1978 shall expire upon the date of entry into force of this Agreement.
2. It is confirmed by both Parties that nothing in this Chapter prejudices the rights and obligations of the Parties under the Agreement on Technical Cooperation between the Government of Japan and the Government of the United Mexican States signed in Tokyo, on December 2, 1986,as may be amended.

Chapter 15. Dispute Settlement

Article 150. Scope and Coverage

Except as otherwise provided for in this Agreement, this Chapter shall apply with respect to the settlement of all disputes between the Parties regarding the interpretation or application of this Agreement.

Article 151. Choice of Dispute Settlement Procedure

1. Nothing in this Chapter shall prejudice any rights of the Parties to have recourse to dispute settlement procedures available under any other international agreement to which both Parties are parties.
2. Notwithstanding paragraph 1 above, once a dispute settlement procedure has been initiated under this Chapter or under any other international agreement to which both Parties are parties with respect to a particular dispute,that procedure shall be used to the exclusion of any other procedure for that particular dispute. However, this does not apply if substantially separate and distinct rights or obligations under different international agreements are in dispute.
3. For the purposes of paragraph 2 above, a dispute settlement procedure under this Chapter shall be deemed to be initiated by a Party's request for the establishment ofan arbitral tribunal pursuant to paragraph 1 of Article 153.
4. For the purposes of paragraph 2 above, a dispute settlement procedure under the WTO Agreement shall be deemed to be initiated by a Party's request for the establishment of a panel pursuant to Article 6 of the Understanding on Rules and Procedures Governing the Settlement of Disputes in Annex 2 to the WTO Agreement, as may be amended.

Article 152. Consultations

1. Each Party may request in writing consultations with the other Party regarding any matter on the interpretation or application of this Agreement.
2. When a Party requests consultations pursuant to paragraph 1 above, the other Party shall reply to the request and enter into consultations in good faith within30 days after the date of receipt of the request, with a view to a prompt and satisfactory resolution of the matter. In a case of consultations regarding perishable goods, the requested Party shall enter into consultations within 15 days after the date of receipt of the request.

Article 153. Establishment of Arbitral Tribunals

1. The complaining Party that requested consultations under Article 152 above may request in writing the establishment of an arbitral tribunal to the Party complained against:
(a) if the Party complained against does not enter into such consultations within 30 days after the date of its receipt of the request for consultations under that Article; or
(b) if the Parties fail to resolve the dispute through such consultations under that Article within 60 days after the date of receipt of the request for such consultations, provided that the complaining Party considers that any benefit accruing to it directly or indirectly under this Agreement is being nullified or impaired as a result of the failure of the Party complained against to carry out its obligations, or as a result of the application by the Party complained against of measures which are in conflict with the obligations of that Party, under this Agreement.
2. Any request for the establishment of an arbitral tribunal pursuant to this Article shall identify:
(a) the legal basis of the complaint, including the provisions of this Agreement alleged to have been breached and any other relevant provisions; and
(b) the factual basis for the complaint.
3. The arbitral tribunal shall comprise 3 arbitrators.
4. Each Party shall, within 30 days after the date of receipt of the request for the establishment of an arbitral tribunal, appoint one arbitrator who may be its national and propose up to 3 candidates to serve as the third arbitrator who shall be the chair of the arbitral tribunal. The third arbitrator shall not be a national of either Party, nor have his or her usual place of residence in either Party, nor be employed by either Party.
5. The Parties shall agree on and appoint the third arbitrator within 45 days after the date of receipt of the request for the establishment of an arbitral tribunal, taking into account the candidates proposed pursuant to paragraph 4 above.
6. If a Party has not appointed one arbitrator pursuant to paragraph 4 above or if the Parties fail to agree on and appoint the third arbitrator pursuant to paragraph 5 above, such arbitrator or such third arbitrator shall be chosen by lot within further 7 days from the candidates proposed pursuant to paragraph 4 above.
7. The date of the establishment of an arbitral tribunal shall be the date on which the chair is appointed.
8. Unless the Parties otherwise agree within 20 days from the date of receipt of the request for the establishment of the arbitral tribunal, the terms of reference of such arbitral tribunal shall be: "To examine, in the light of the relevant provisions of this Agreement, the matter referred to in the request for the establishment of an arbitral tribunal pursuant to this Article, to rule on the consistency of the measures at issue with this Agreement, and, where the arbitral tribunal reaches the conclusion that the measure is inconsistent with this Agreement, to make recommendations that the Party complainedagainst bring the measure into conformity with this Agreement. When making recommendations, the arbitral tribunal may not suggest specific ways in which the Party complained against could implement there commendations."
9. The Parties shall promptly deliver the terms of reference pursuant to paragraph 8 above to the arbitral tribunal.
10. If an arbitrator dies, withdraws or is removed, are placement shall be appointed within 30 days in accordance with the

appointment procedure provided for in paragraphs 4to 6 above, which shall be applied, respectively, mutatis mutandis. In such a case, any time period applicable to the arbitral tribunal proceeding shall be suspended for a period beginning on the date the arbitrator dies, withdraws or is removed and ending on the date the replacement is appointed.

Article 154. Award of Arbitral Tribunals

1. The arbitral tribunal shall meet in closed session.
2. The deliberations of the arbitral tribunal, the documents submitted to it and the draft award referred to in paragraph 4 below shall be kept confidential.
3. Nothing in this Chapter shall preclude a Party from disclosing statements of its own position to the public.Each Party shall treat as confidential, information submitted by the other Party to the arbitral tribunal which that other Party has designated as confidential. A Party shall also, upon request of the other Party, provide a non-confidential summary of the information contained in its written submissions that could be disclosed to the public.
4. The arbitral tribunal shall, within 90 days after the date of its establishment, submit to the Parties its draft award, including both descriptive part and its findings and conclusions, for the purposes of enabling the Parties to review precise aspects of the draft award. When the arbitral tribunal considers that it cannot submit to the Parties its draft award within the aforementioned 90 day period, it may extend that period with the consent of the Parties. However, in no case should the period from the establishment of the arbitral tribunal to the submission of the draft award to the Parties exceed 150 days. A Party may submit comments in writing to the arbitral tribunal on the draft award within 15 days after the date of the submission of the draft award.
5. The arbitral tribunal shall issue its award within 30 days after the date of the submission of the draft award.
6. In the case that the matters referred to the arbitral tribunal are those concerning perishable goods, the arbitral tribunal shall make every effort to issue its award to the Parties within 90 days after the date of its establishment. In no case should it do so later than 120 days.
7. The arbitral tribunal shall take its decisions including its award by majority vote.
8. The award of the arbitral tribunal shall be final and binding on the Parties.

Article 155. Termination of Proceedings of the Arbitral Tribunal

While the proceedings of the arbitral tribunal are in progress, the Parties may agree to terminate the proceedings at any time by jointly so notifying the chair of the arbitral tribunal.

Article 156. Implementation of Award

1. The Party complained against shall promptly comply with the award of the arbitral tribunal issued pursuant to Article 154.
2. The Party complained against shall, within 20 days after the date of issuance of the award, notify the complaining Party of the period of time for implementing the award. If the complaining Party considers the period of time notified to be unacceptable, it may refer the matter to an arbitral tribunal.
3. If the Party complained against fails to comply with the award within the implementation period as determined pursuant to paragraph 2 above, the Party complained against shall no later than the expiry of that implementation period enter into consultations with the complaining Party, with a view to developing mutually acceptable compensation. If no satisfactory compensation has been agreed within 20 days after the date of expiry of that implementation period, the complaining Party may notify the Party complained against that it intends to suspend the application to the Party complained against of concessions or other obligations under this Agreement.
4. If the complaining Party considers that measures taken by the Party complained against for implementing the award do not comply with the award within the implementation period as determined pursuant to paragraph 2 above, it may refer the matter to an arbitral tribunal.
5. If the arbitral tribunal to which the matter is referred pursuant to paragraph 4 above confirms that the Party complained against has failed to comply with the award within the implementation period as determined pursuant to paragraph 2 above, the complaining Party may, within 30 days after the date of such confirmation by the arbitral tribunal, notify the Party complained against that it intends to suspend the application to the Party complained against of concessions or other obligations under this Agreement.
6. Suspension of the application of concessions or other obligations under paragraphs 3 and 5 above may only be implemented at least 30 days after the date of the notification in accordance with those paragraphs.
Such suspension shall:
(a) not be effected if, in respect of the dispute to which the suspension relates, consultations, or proceedings before an arbitral tribunal are in progress;
(b) be temporary, and be discontinued when the Parties reach a mutually satisfactory resolution or where compliance with the award is effected;

(c) be restricted to the same level of nullification or impairment that is attributable to the failure to comply with the award; and
(d) be restricted to the same sector or sectors to which the nullification or impairment relates, unless it is not practicable or effective to suspend the application of concessions or other obligations in such sector or sectors.
7. If the Party complained against considers that the requirements for the suspension of the application to it of concessions or other obligations under this Agreement by the complaining Party set out in paragraph 3, 5 or 6 above have not been met, it may refer the matter to an arbitral tribunal.
8. The arbitral tribunal that is established for the purposes of this Article shall, wherever possible, have as its arbitrators, the arbitrators to the original arbitral tribunal. If this is not possible, then the arbitrators to the arbitral tribunal that is established for the purposes of this Article shall be appointed pursuant to paragraphs 4to 6 of Article 153. Unless the Parties agree to a different period, such arbitral tribunal shall issue its award within 30 days after the date when the matter is referred to it. The award of the arbitral tribunal established under this Article shall be binding on the Parties.

Article 157. Modification of Time Periods

Any time period provided for in this Chapter may be modified by mutual consent of the Parties.

Article 158. Expenses

Unless the Parties agree otherwise, the expenses of the arbitral tribunal, including the remuneration of its arbitrators, shall be borne by the Parties in equal shares.

Article 159. Rules of Procedure

Unless the Parties agree otherwise, the details and procedures for the arbitral tribunal provided for in this Chapter shall be in accordance with the Rules of Procedure to be adopted by the Joint Committee within the first year of the date of entry into force of this Agreement.

Chapter 16. Implementation and Operation of the Agreement

Article 160. Transparency

1. Each Party shall promptly publish, or otherwise make publicly available, its laws, regulations, administrative procedures and administrative rulings and judicial decisions of general application as well as international agreements to which the Party is a party, respecting any matter covered by this Agreement.
2. Each Party shall, upon request by the other Party, promptly respond to specific questions from, and provide information to, the other Party with respect to matters referred to in paragraph 1 above.
3. Nothing in this Article shall prejudice as to whether a measure adopted by a Party is consistent with this Agreement.

Article 161. Public Comment Procedures

The Government of each Party shall, in accordance with the domestic laws and regulations of the Party, endeavor to maintain public comment procedures, except in cases of emergency, inter alia, a real or imminent danger to the health, safety, or welfare of persons, to the preservation of the environment or to the conservation of exhaustible natural resources, in order to:
(a) make public in advance regulations of general application that affect any matter covered by this Agreement, accompanied by an explanation of their rationale and potential effects, when the Government adopts, amends or repeals them;
(b) provide a reasonable opportunity for comments by the public and give consideration to those comments before the adoption of such regulations;and
(c) make public those comments. Where appropriate, those comments should be compiled and accompanied by the views of the Government on them.

Article 162. Administrative Proceedings

1. Where measures are to be adopted which pertain to or affect the implementation and operation of this Agreement, the competent authorities of a Party shall, in accordance with the domestic laws and regulations of the Party:
(a) inform the applicant of the decision concerning the application within a reasonable period of time after the submission

of an application considered complete under the domestic laws and regulations of the Party; and
(b) provide, without undue delay, information concerning the status of the application, at the request of the applicant.
2. Where measures are to be adopted by the competent authorities of a Party which pertain to or affect the implementation and operation of this Agreement and which impose obligations on or restrict rights of a person, such competent authorities shall, prior to any final decision, when time, the nature of the measures and public interest permit and in accordance with the domestic laws and regulations of the Party, provide that person with: (a) a reasonable notice, including a description of the nature of the measure, specific provisions upon which such measure will be based, and the facts which may be a cause of taking such measure; and
(b) a reasonable opportunity to present facts and arguments in support of the position of such person.

Article 163. Review and Appeal

1. Each Party shall maintain judicial or administrative tribunals or procedures for the purpose of prompt review and, where warranted, correction of administrative actions regarding matters covered by this Agreement. Such tribunals or procedures shall be impartial and independent of the authorities entrusted with the administrative enforcement.
2. Each Party shall ensure that, in any such tribunals or procedures, the parties to the proceeding are provided with the right to:
(a) a reasonable opportunity to support or defend their respective positions; and
(b) a decision based on the evidence and submissions of record.
3. Each Party shall ensure, subject to appeal or further review as provided in its domestic laws and regulations, that such decisions are implemented by the competent authorities of the Party with respect to the administrative action at issue.

Article 164. Confidential Information

1. Unless otherwise provided for in this Agreement, neither Party shall be required by this Agreement to provide confidential information, the disclosure of which would impede the enforcement of its domestic laws and regulations, including the law protecting the information relating to personal privacy or the financial affairs or accounts of individual customers of financial institutions, or otherwise be contrary to the public interest, or which would prejudice legitimate commercial interests of particular enterprises, public or private.
2. Each Party shall, in accordance with its domestic laws and regulations, maintain the confidentiality of information provided in confidence by the other Party pursuant to this Agreement.

Article 165. Joint Committee

1. The Joint Committee composed of representatives of the Governments of the Parties shall be established under this Agreement.
2. The functions of the Joint Committee shall be:
(a) reviewing the implementation and operation of this Agreement and, when necessary, making appropriate recommendations to the Parties;
(b) considering and recommending to the Parties any amendments to this Agreement;
(c) by mutual consent of the Parties, serving as a forum for consultations referred to in Article 152;
(d) supervising the work of all Sub-Committe esestablished under this Agreement;
(e) adopting:
(i) modifications to Annexes referred to in Articles 8 and 37;
(ii) the Uniform Regulations referred to in Article 10;
(iii) an interpretation of a provision of this Agreement referred to in Articles 84 and 89;
(iv) the Rules of Procedure referred to in Article 159; and
(v) any necessary decisions; and
(f) carrying out other functions as the Parties may agree.
3. The Joint Committee may:
(a) establish and delegate its responsibilities to Sub-Committees for the purposes of the effective implementation and operation of this Agreement;and
(b) take such other action in the exercise of its functions as the Parties may agree.
4. The following Sub-Committees shall be established on the date of entry into force of this Agreement:
(a) Sub-Committee on Trade in Goods.
(b) Sub-Committee on Sanitary and Phytosanitary Measures.
(c) Sub-Committee on Technical Regulations, Standards and Conformity Assessment Procedures.
(d) Sub-Committee on Rules of Origin, Certificate of Origin and Customs Procedures.
(e) Sub-Committee on Cross-Border Trade in Services.

(f) Sub-Committee on Entry and Temporary Stay.
(g) Sub-Committee on Government Procurement.
(h) Sub-Committee on Cooperation in the Field of Trade and Investment Promotion.
(i) Sub-Committee on Cooperation in the Field of Agriculture.
(j) Sub-Committee on Cooperation in the Field of Tourism. Other Sub-Committees may be established as the Parties may agree.
5. The Joint Committee shall establish its rules and procedures.
6. The Joint Committee shall meet alternately in Japan and Mexico at the request of either Party.

Article 166. Communications

Each Party shall designate a contact point to facilitate communications between the Parties on any matter relating to this Agreement.

Article 167. Relation to other Agreements

1. The Parties reaffirm their rights and obligations under the WTO Agreement.
2. Nothing in Chapters 3, 7 and 8 shall be construed to prevent either Party from taking any necessary action as may be authorized by Article 22 of the Understanding on Rules and Procedures Governing the Settlement of Disputes in Annex 2 to the WTO Agreement, as may be amended.
3. The Convention on Commerce between Japan and the United Mexican States signed at Tokyo on January 30, 1969shall expire upon the date of entry into force of this Agreement.

Chapter 17. Exceptions

Article 168. General Exceptions

1. For the purposes of Chapters 3, 4, 5, and 6, Article XX of the GATT 1994 is incorporated into and made part of this Agreement, mutatis mutandis.
2. For the purposes of Chapters 8 and 10, paragraphs (a), (b) and (c) of Article XIV of the GATS are incorporated into and made part of this Agreement, mutatis mutandis.

Article 169. National Security

For the purposes of Chapters 3, 4, 5, 6, 7, 8, 10 and16, nothing in this Agreement shall be construed:
(a) to require a Party to furnish or allow access to any information the disclosure of which it considers contrary to its essential security interests;
(b) to prevent a Party from taking any action that it considers necessary for the protection of its essential security interests:
(i) relating to the traffic in arms, ammunition and implements of war and to such traffic and transactions in other goods, materials or services undertaken directly or indirectly for the purpose of supplying a military or other security establishment,
(ii) taken in time of war or other emergency in international relations, or
(iii) relating to the implementation of national policies or international agreements respecting the non-proliferation of nuclear weapons or other nuclear explosive devices,or relating to fissionable and fusionable materials or the materials from which they are derived; or
(c) to prevent a Party from taking any action in pursuance of its obligations under the United Nations Charter, as may be amended, for the maintenance of international peace and security.

Article 170. Taxation

1. Except as otherwise provided for in this Article, nothing in this Agreement shall apply to taxation measures.
2. Nothing in this Agreement shall affect the rights and obligations of either Party under any tax convention. In the event of any inconsistency between this Agreement and any such convention, that convention shall prevail to the extent of the inconsistency. Note: The term "tax convention" means a convention for the avoidance of double taxation or other international taxation agreement or arrangement.
3. Notwithstanding paragraph 2 above:
(a) Article 3 shall apply to taxation measures to the same extent as does Article III of the GATT 1994;and
(b) Article 6 shall apply to taxation measures.

4. (a) Article 61 shall apply to taxation measures except that no investor may invoke that Article as the basis for a claim under Article 76, where it has been determined pursuant to subparagraph (b) below that the measure is not an expropriation.
(b) The investor shall refer the issue, at the time that it gives a written request under Article 78,to the competent authorities of both Parties to determine whether such measure is not an expropriation. If the competent authorities of both Parties do not consider the issue or, having considered it, fail to determine that the measure is not an expropriation within a period of 180 days of such referral, the investor may submit its claim to arbitration under Article 79.
(c) For the purposes of subparagraph (b) above, the term "competent authorities" means:
(i) in the case of Mexico, the Ministry of Finance and Public Credit; and
(ii) in the case of Japan, the Minister of Finance or his authorized representative.

Article 171. Payments and Transfers and Restrictions to Safeguard the Balance of Payments

1. For the purposes of Chapter 3:
(a) nothing in this Agreement shall be construed to prevent a Party from taking any measure for balance-of-payments purposes;
(b) a Party taking such measure shall do so in accordance with the conditions established under Article XII of the GATT 1994, and the Understanding on the Balance-of-Payments Provisions of the General Agreement on Tariffs and Trade 1994 in Annex 1A to the WTO Agreement, as may be amended; and
(c) nothing in this Agreement shall preclude the use by a Party of exchange controls or exchange restrictions in accordance with the Articles of Agreement of the International Monetary Fund, as may be amended.
2. For the purposes of Chapter 8:
(a) except under the circumstances envisaged in subparagraph (d) below, a Party shall not apply restrictions on international transfers and payments for current transactions relating to cross-border trade in services under Chapter 8;
(b) nothing in this Agreement shall affect the rights and obligations of the Parties as members of the International Monetary Fund under the Articles of Agreement of the International Monetary Fund, as may be amended, including the use of exchange actions which are in conformity with the Articles of Agreement of the International Monetary Fund,as may be amended;
(c) notwithstanding subparagraph (b) above, a Party shall not impose restrictions on any capital transactions inconsistently with its obligations regarding such transactions under Chapter 8except under subparagraph (d) below or at the request of the International Monetary Fund;
(d) in the event of serious balance-of-payments and external financial difficulties or threat thereof, a Party may adopt or maintain restrictions on trade in services, including on payments or transfers for transactions;
(e) the restrictions referred to in subparagraph (d)above: (i) shall ensure that the other Party is treated as favorably as any non-Party; (ii) shall be consistent with the Articles of Agreement of the International Monetary Fund, as may be amended; (iii) shall avoid unnecessary damage to the commercial, economic and financial interests of the other Party; (iv) shall not exceed those necessary to deal with the circumstances described in subparagraph (d) above; and
(v) shall be temporary and be phased out progressively as the situation specified in subparagraph (d) above improves;
(f) in determining the incidence of such restrictions referred to in subparagraph (d) above, a Party may give priority to the supply of services which are more essential to their economic or development programs. However, such restrictions shall not be adopted or maintained for the purpose of protecting a particular service sector; and
(g) any restrictions adopted or maintained under subparagraph (d) above, or any changes therein, shall be promptly notified to the other Party.

Chapter 18. Final Provisions

Article 172. Table of Contents and Headings

The table of contents and the headings of the Chapters, Sections and Articles of this Agreement are inserted for convenience of reference only and shall not affect the interpretation of this Agreement.

Article 173. Annexes and Notes

The Annexes and Notes to this Agreement shall constitute an integral part of this Agreement.

Article 174. Amendment

1. Unless otherwise provided for in this Agreement, this Agreement may be amended by agreement between the Parties. Such amendment shall be approved by the Parties in accordance with their respective legal procedures. Such amendment shall enter into force on the thirtieth day after the date of exchange of diplomatic notes indicating such approval. 2. Any amendment to this Agreement shall constitute an integral part of this Agreement.

Article 175. Entry Into Force

This Agreement shall enter into force on the thirtieth day after the date on which the Government of Japan and the Government of Mexico exchange diplomatic notes informing each other that their respective legal procedures necessary for entry into force of this Agreement have been completed. It shall remain in force unless terminated as provided for in Article 176 below.

Article 176. Termination

Either Party may terminate this Agreement by giving one year's advance notice in writing to the other Party.

Article 177. Authentic Texts

1. The texts of this Agreement in the Japanese, Spanish and English languages shall be equally authentic. In case of differences of interpretation, the English text shall prevail.
2. Notwithstanding paragraph 1 above:
(a) Section 2 of Annex 1 is written in the Japanese and English languages, such texts being equally authentic; and (b) Section 3 of Annex 1 is written in the Spanish and English languages, such texts being equally authentic.

IN WITNESS WHEREOF, the undersigned, being duly authorized by their respective Governments, have signed this Agreement. DONE at Mexico City, on this seventeenth day of September, 2004, in duplicate.

For Japan: Junichiro Koizumi

For the United Mexican States:Vicente Fox Quesada

Annex 6 referred to in Chapters 7 and 8. Reservations for Existing Measures

1. The Schedule of a Party sets out, pursuant toparagraph 1 of Articles 66 and 101, the reservations takenby that Party with respect to existing measures that do notconform with obligations imposed by:

(a) Article 58 or 98 (National Treatment);

(b) Article 59 or 99 (Most-Favored-Nation Treatment);

(c) Article 64 (Senior Management and Boards ofDirectors);

(d) Article 65 (Performance Requirements); or

(e) Article 100 (Local Presence);

and, in certain cases, sets out commitments for immediateor future liberalization.

2. Each reservation sets out the following elements:

(a) “Sector” refers to the general sector in which areservation is taken;

(b) “Sub-Sector” refers to the specific sector inwhich a reservation is taken;

(c) “Industry Classification” refers, whereapplicable, to the activity covered by thereservation according to domestic industryclassification codes;

(d) “Type of Reservation” specifies the obligationreferred to in paragraph 1 above for which areservation is taken;

(e) “Level of Government” indicates the level of

government maintaining the measure for which areservation is taken;

(f) “Measures” identifies the existing laws,

regulations or other measures, as qualified,

where indicated, by the Description element, forwhich the reservation is taken. A measure cited

in the Measures element:

(i) means the measure as amended, continued orrenewed as of the date of entry into forceof this Agreement, and

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(ii) includes any subordinate measure adopted ormaintained under the authority of andconsistent with the measure;

(g) “Description” sets out commitments, if any, forliberalization on the date of entry into force ofthis Agreement and, with regard to theobligations referred to in paragraph 1 above, theremaining non-conforming aspects of the existingmeasures for which the reservation is taken; and

(h) “Phase-Out” sets out commitments, if any, forliberalization after the date of entry into forceof this Agreement.

3. In the interpretation of a reservation, all elementsof the reservation shall be considered. A reservation

shall be interpreted in the light of the relevantprovisions of the Chapters against which the reservation istaken. To the extent that:

(a) the Phase-Out element provides for the phasingout of non-conforming aspects of measures, thePhase-Out element shall prevail over all otherelements;

(b) the Measures element is qualified by aliberalization commitment from the Descriptionelement, the Measures element as so qualifiedshall prevail over all other elements; and

(c) the Measures element is not so qualified, theMeasures element shall prevail over all otherelements, unless any discrepancy between theMeasures element and the other elements

considered in their totality is so substantialand material that it would be unreasonable to

conclude that the Measures element should

prevail, in which case the other elements shallprevail to the extent of that discrepancy.

4. Where a Party maintains a measure that requires that aservice supplier be a national, permanent resident orresident of that Party as a condition to the supply of aservice in its Area, a reservation for that measure takenwith respect to Article 98, 99 or 100 shall operate as areservation with respect to Article 58, 59 or 65 to theextent of that measure.

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5. For the purposes of determining the percentage offoreign investment in the economic activities subject tomaximum percentages of foreign equity participation as setout in the Schedule of Mexico, the foreign investmentindirectly carried out in such activities through Mexicanenterprises holding majority of Mexican capital will not betaken into account, provided that such enterprises are notcontrolled by the foreign investment.

6. The prior notification requirement under the ForeignExchange and Foreign Trade Law (Law No. 228, 1949) as setout in the Schedule of Japan means the requirement that aninvestor of Mexico or an enterprise of Japan which theinvestor of Mexico owns or controls submits a notification

concerning the intended investment to the Minister ofFinance and the Minister in charge of the industryconcerned. If the Ministers consider that the investment

concerned could adversely affect national security, publicorder or public safety, or sound management of nationaleconomy, they may make recommendation or order to changethe planning of the investment or to cancel the investment.

7. For the purposes of this Annex:

the term “CMAP” means Mexican Classification of

Activities and Products (Clasificación Mexicana deActividades y Productos) numbers as set out inNational Institute for Statistics, Geography andInformatics (Instituto Nacional de Estadística,

Geografía e Informática), Mexican Classification ofActivities and Products (Clasificación Mexicana deActividades y Productos), 1994;

the term “concession” means an authorization providedby the Mexican State to a person to exploit a naturalresource or provide a service, for which Mexicannationals and Mexican enterprises are granted priorityover foreigners;

the term “foreigners’ exclusion clause” means theexpress provision in an enterprise’s by-laws, statingthat the enterprise shall not allow foreigners,

directly or indirectly, to become partners orshareholders of the enterprise; and

the term “JSIC” means Japan Standard IndustrialClassification numbers as set out in the Statistics

Bureau, Ministry of Internal Affairs andCommunications, Japan Standard IndustrialClassification, revised March 7, 2002.

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1 Sector:

Schedule of Japan

Automobile Maintenance Business

Sub-Sector: Motor Vehicle Disassembling RepairBusiness

IndustryClassification:

JSIC 86 Automobile maintenance

services

Type ofReservation:

Local Presence (Article 100)

Level of

Government:

Central Government

Measures:

Description:

Phase-Out:

Road Vehicle Law (Law No. 185 of1951), Chapter 6

Cross-Border Services

A person who intends to conduct motorvehicle disassembling repairbusinesses is required to establish aworkplace in Japan, and to obtain anapproval of the Director-General ofthe District Transport Bureau havingjurisdiction over the district wherethe workplace is located.

None

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2 Sector: Business Services

Sub-Sector:

IndustryClassification:

JSIC 9051 Private employmentservices

JSIC 9095 Worker dispatchingservices

Type ofReservation:

Local Presence (Article 100)

Level of

Government:

Central Government

Measures:

Description:

Phase-Out:

Employment Security Law (Law No. 141of 1947), Chapter 3

Law Concerning Securing the ProperOperation of Worker DispatchingUndertakings and Improved WorkingConditions for Dispatched Workers(Law No. 88 of 1985), Chapter 2

Port Labour Law (Law No. 40 of 1988),

Chapter 4

Mariner's Employment Security Law(Law No. 130 of 1948), Chapter 3

Cross-Border Services

A person who intends to supplyprivate job placement services orworker dispatching services includingstevedore dispatching services andmariner dispatching services forenterprises in Japan is required tohave an establishment in Japan, andto obtain a permission from, or tosubmit notification to the competentauthority, as applicable.

None

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3 Sector: Construction

Sub-Sector:

IndustryClassification:

JSIC 06 Construction work,

general, including

public and privateconstruction work

JSIC 07 Construction work byspecialist contractor,

except equipment

installation work

JSIC 08 Equipment installationwork

Type ofReservation:

Local Presence (Article 100)

Level of

Government:

Central Government

Measures:

Description:

Construction Business Law (LawNo. 100 of 1949), Chapter 2

Law Concerning Recycling ofConstruction Materials (Law No. 104of 2000), Chapter 5

Cross-Border Services

1. A person who intends to conductconstruction businesses is requiredto establish a place of businesses inJapan, and to obtain permission fromthe Minister of Land, Infrastructureand Transport or from the prefecturalgovernor having jurisdiction over thedistrict where the place of businessis located.

Phase-Out:

2. A person who intends to conductdemolition work businesses is

required to establish a place ofbusiness in Japan, and to registerwith the prefectural governor havingjurisdiction over the district wherethe place of business is located.

None

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4 Sector:

Sub-Sector:

Heat Supply

IndustryClassification:

JSIC 3511 Heat supply

Type ofReservation:

National Treatment (Article 58)

Level of

Government:

Central Government

Measures:

Description:

Phase-Out:

Foreign Exchange and Foreign TradeLaw (Law No. 228 of 1949), Article 27

Cabinet Order of Foreign DirectInvestment (Cabinet Order No. 261 of1980), Article 3

Investment

The prior notification requirementunder the Foreign Exchange andForeign Trade Law applies to foreigninvestors who intend to make

investment in the heat supplyindustry in Japan.

None

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5 Sector: Information and Communication

Sub-Sector: Telecommunications

IndustryClassification:

Type ofReservation:

Level of

Government:

National Treatment (Article 58)

Senior Management and Boards ofDirectors (Article 64)

Central Government

Measures:

Description:

Law Concerning Nippon Telegraph andTelephone Corporation (Law No. 85 of1984), Articles 6 and 10

Investment

1. Nippon Telegraph and TelephoneCorporation may not enter the nameand address in its register ofshareholders if the aggregate of theratio of the voting rights directlyand/or indirectly held by the personsset forth in item (a) through (c)

below reaches or exceeds one third:

(a) a natural person who does nothave Japanese nationality;

(b) a foreign government or itsrepresentative; or

(c) a foreign juridical person orassociation.

Phase-Out:

2. Any natural person who does nothave Japanese nationality may notassume the office of director or

auditor of Nippon Telegraph andTelephone Corporation, NipponTelegraph and Telephone EastCorporation and Nippon Telegraph andTelephone West Corporation.

None

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6 Sector: Information and Communications

Sub-Sector: Telecommunications and Internet Based

Services

IndustryClassification:

JSIC 3721*

JSIC 3722*

Regionaltelecommunications,

except wired broadcasttelephones

Long-distancetelecommunications

JSIC 3729* Miscellaneous fixed

telecommunications

JSIC 3731* Mobile

telecommunications

JSIC 4011* Internet based services

(An asterisk (*) on the JSIC numberindicates that the activities covered

by the reservation under such numberare limited to the activities which

are subject to the registrationobligation under Article 9 of theTelecommunications Business Law.)

Type ofReservation:

National Treatment (Article 58)

Level of

Government:

Central Government

Measures:

Description:

Phase-Out:

Foreign Exchange and Foreign TradeLaw (Law No. 228 of 1949), Article 27

Cabinet Order on Foreign DirectInvestment (Cabinet Order No. 261 of1980), Article 3

Investment

The prior notification requirementunder the Foreign Exchange andForeign Trade Law applies to foreigninvestors who intend to make

investment in telecommunications

business and internet based services

in Japan.

None

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7 Sector:

Sub-Sector:

IndustryClassification:

Manufacturing

Drugs and Medicines Manufacturing

JSIC 1763 Biological preparations

Type ofReservation:

National Treatment (Article 58)

Level of

Government:

Central Government

Measures:

Description:

Phase-Out:

Foreign Exchange and Foreign TradeLaw (Law No. 228 of 1949), Article 27

Cabinet Order on Foreign DirectInvestment (Cabinet Order No. 261 of1980), Article 3

Investment

The prior notification requirementunder the Foreign Exchange andForeign Trade Law applies to foreigninvestors who intend to make

investment in biological preparationsmanufacturing industry in Japan. For

greater certainty, “biologicalpreparations manufacturing industry”

deals with economic activities in

establishment which mainly producesvaccine, serum, toxoid, antitoxin andsome preparations similar to theaforementioned products, or bloodproducts.

None

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Sector:

Sub-Sector:

IndustryClassification:

Type ofReservation:

Level of

Government:

Measures:

Manufacturing

Leather and Leather Products

Manufacturing

JSIC 1257 Fur apparel and apparelaccessories

JSIC 1259* Textile apparel andaccessories, n.e.c.

JSIC 1794** Gelatine and adhesives

JSIC 202 Rubber and plasticfootwear and its

findings

JSIC 21 Manufacture of leather

tanning, leather

products and fur skins

JSIC 3234* Sporting and athleticgoods

(An asterisk (*) on the JSIC numberindicates that the activities covered

by the reservation under such numberare limited to the activities related

to leather and leather productsmanufacturing.)

(Two asterisks (**) on the JSICnumber indicate that the activities

covered by the reservation under suchnumber are limited to the activities

related to animal glue (nikawa) andgelatine manufacturing.)

National Treatment (Article 58)

Central Government

Foreign Exchange and Foreign TradeLaw (Law No. 228 of 1949), Article 27

Cabinet Order on Foreign DirectInvestment (Cabinet Order No. 261 of1980), Article 3

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Description: Investment

The prior notification requirementunder the Foreign Exchange andForeign Trade Law applies to foreigninvestors who intend to make

investment in the leather and leather

products manufacturing industry inJapan.

Phase-Out: None

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9 Sector:

Sub-Sector:

Matters Related to the Nationality ofa Ship

IndustryClassification:

Type ofReservation:

Level of

Government:

National Treatment (Article 58)

Senior Management and Boards ofDirectors (Article 64)

Central Government

Measures: Ship Law (Law No. 46 of 1899),

Article 1

Description:

Phase-Out:

Investment

The Japanese nationality shall begiven to a ship whose owner is anatural person with Japanesenationality, or a legal personestablished under Japanese law, withall representatives and not less thantwo-thirds of executives

administering the affairs of thelegal person having Japanesenationality.

None

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10 Sector:

Sub-Sector:

Measuring Services

IndustryClassification:

JSIC 902 Commodity inspectionservice

Type ofReservation:

JSIC 903 Surveyor certification

Local Presence (Article 100)

Level of

Government:

Central Government

Measures:

Description:

Measurement Law (Law No. 51 of 1992),

Chapters 3, 5, 6 and 8

Regulations on Measurement Law(Ministerial Ordinance of Ministryof International Trade and IndustryNo. 69 of 1993)

Ministerial Ordinance for DesignatedInspection Body, DesignatedVerification Body, DesignatedMeasurement Certification InspectionBody, and Specified MeasurementCertification Accreditation Body(Ministerial Ordinance of Ministry ofEconomy, Trade and Industry No. 72 of1993)

Cross-Border Services

1. A person who intends to supplyservices of conducting the periodicinspection of specified measuringinstruments is required to establisha legal person in Japan, and to bedesignated by the prefecturalgovernor having jurisdiction over thedistrict where the person intends toconduct such inspection, or by themayor of the designated city or thechief of the designated ward orvillage in case the place where theperson intends to conduct suchinspection is located within thedistrict of such designated city,

ward or village.

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2. A person who intends to supplyservices of conducting theverification of specified measuringinstruments is required to establisha legal person in Japan, and to bedesignated by the Minister ofEconomy, Trade and Industry.

3. A person who intends to conductmeasurement certification business,

including specified measurementcertification business is required toestablish a workplace in Japan, andto be registered with the prefecturalgovernor having jurisdiction over thedistrict where the workplace islocated.

4. A person who intends to supplyservices of conducting inspection ofspecified measuring instruments usedfor the measurement certification is

required to establish a legal personin Japan, and to be designated by theprefectural governor havingjurisdiction over the district wherethe person intends to conduct suchinspection.

5. A person who intends to supplyservices of conducting theaccreditation for a person engaged inspecified measurement certificationbusiness is required to establish alegal person in Japan, and to bedesignated by the Minister ofEconomy, Trade and Industry.

6. A person who intends to supplyservices of conducting calibration ofthe measuring instruments and otherservices is required to establish alegal person in Japan, and to bedesignated by the Minister ofEconomy, Trade and Industry.

Phase-Out: None

1029

11 Sector: Medical, Health Care and Welfare

Sub-Sector:

IndustryClassification:

JSIC 7599 Miscellaneous social

insurance, social

welfare and care

services

Type ofReservation:

Local Presence (Article 100)

Level of

Government:

Central Government

Measures:

Description:

Law Concerning Collection of LabourInsurance Premium (Law No. 84 of1969), Chapter 4

Enforcement Regulations for the LawConcerning Collection of LabourInsurance Premium (MinisterialOrdinance of Ministry of Labour No. 8of 1972)

Cross-Border Services

Only an association of businessproprietors or a federation of suchassociations approved by the Ministerof Health, Labour and Welfare underthe laws and regulations of Japan mayconduct labor insurance businesses

entrusted by business proprietors. An

association which intends to conduct

such labor insurance businesses under

the laws and regulations of Japan isrequired to establish an office inJapan, and to obtain the approval ofthe Minister of Health, Labour andWelfare.

Phase-Out: None

1030

12 Sector:

Sub-Sector:

Mining

IndustryClassification:

JSIC 05 Mining

Type ofReservation:

Level of

Government:

National Treatment (Articles 58 and98)

Local Presence (Article 100)

Central Government

Measures:

Description:

Phase-Out:

Mining Law (Law No. 289 of 1950),

Chapters 2 and 3

Investment and Cross-Border Services

Only a Japanese national or aJapanese legal person may have miningrights or mining lease rights.

None

1031

13 Sector: Oil Industry

Sub-Sector:

IndustryClassification:

JSIC 053 Crude petroleum andnatural gas production

JSIC 181 Petroleum refining

JSIC 182 Lubricating oils andgreases(not made inpetroleum refineries)

JSIC 1841* Paving materials

JSIC 1899* Miscellaneous petroleumand coal products

JSIC 4711* Warehousing

JSIC 4721* Refrigerated warehousing

JSIC 5231 Petroleum (wholesaletrade)

JSIC 6031 Petrol stations

(gasoline servicestations)

JSIC 6032* Fuel stores, exceptgasoline servicestations

JSIC 9099** Miscellaneous business

services, n.e.c.

(An asterisk (*) on the JSIC numberindicates that the activities covered

by the reservation under such numberare limited to the activities related

to oil industry.)

(Two asterisks (**) on the JSICnumber indicates that the activities

covered by the reservation under suchnumber are limited to the activities

related to liquefied petroleum gasindustry.)

Type ofReservation:

National Treatment (Article 58)

1032

Level of Central Government

Government:

Measures: Foreign Exchange and Foreign TradeLaw (Law No. 228 of 1949), Article 27

Cabinet Order on Foreign DirectInvestment (Cabinet Order No. 261 of1980), Article 3

Description: Investment

The prior notification requirementunder the Foreign Exchange andForeign Trade Law applies to foreigninvestors who intend to make

investment in oil industry in Japan.

All organic chemicals such asethylene, ethylene glycol andpolycarbonates are outside the scopeof the oil industry. Therefore, priornotification under the ForeignExchange and Foreign Trade Law is notrequired for the investment in themanufacture of these products.

Phase-Out: None

1033

14 Sector:

Sub-Sector:

Primary Industry Related toAgriculture, Forestry and Fisheries(except those covered by Annex 7)

IndustryClassification:

JSIC 01

JSIC 02

JSIC 03

Agriculture

Forestry

Fisheries

JSIC 04

JSIC 6224

JSIC 6225

JSIC 791

Aquaculture

Agriculturalcooperatives

Fishery and fisheryprocessing cooperatives

Agriculture, forestryand fisheries

cooperativeassociations, n.e.c.

Type ofReservation:

National Treatment (Article 58)

Level of

Government:

Central Government

Measures:

Description:

Phase-Out:

Foreign Exchange and Foreign TradeLaw (Law No. 228 of 1949), Article 27

Cabinet Order on Foreign DirectInvestment (Cabinet Order No. 261 of1980), Article 3

Investment

The prior notification requirementunder the Foreign Exchange andForeign Trade Law applies to foreigninvestors who intend to make

investment in primary industryrelated to agriculture, forestry andfisheries in Japan.

None

1034

15 Sector: Professional Services

Sub-Sector:

IndustryClassification:

JSIC 8011 Lawyers' offices

Type ofReservation:

Local Presence (Article 100)

Level of

Government:

Central Government

Measures:

Description:

Phase-Out:

Lawyers Law (Law No. 205 of 1949),

Chapters 3, 4, 4-2 and 5

Cross-Border Services

A person who intends to supply legalservices is required to be qualifiedas attorney at law under the laws andregulations of Japan ("Bengoshi"),

and to establish an office within the

district of the local bar association

which the person belongs to.

An enterprise which intends to supplylegal services is required toestablish a law firm under the laws

and regulations of Japan ("Bengoshi-

Hojin").

None

1035

16 Sector: Professional Services

Sub-Sector:

IndustryClassification:

JSIC 8011 Lawyers' office

Type ofReservation:

Local Presence (Article 100)

Level of

Government:

Central Government

Measures:

Description:

Phase-Out:

Law on Special Measures Concerningthe Handling of the Legal Business byForeign Legal Consultant (Law No. 66of 1986), Chapter 4

Cross-Border Services

A person who intends to supplyforeign legal consultant services isrequired to be qualified as foreignlegal consultant under the laws andregulations of Japan ("GaikokuhoJimu-

Bengoshi"), and to establish anoffice within the district of the

local bar association which the

person belongs to.

A foreign legal consultant under thelaws and regulations of Japan isrequired to stay in Japan for notless than 180 days per year.

None

1036

17 Sector: Professional Services

Sub-Sector:

IndustryClassification:

JSIC 8012 Patent attorneys'offices

Type ofReservation:

Local Presence (Article 100)

Level of

Government:

Central Government

Measures:

Description:

Phase-Out:

Patent Attorney Law (Law No. 49 of2000), Chapters 6 and 8

Cross-Border Services

An enterprise which intends to supplypatent attorney services is requiredto establish a patent businesscorporation under the laws andregulations of Japan (“Tokkyo-Gyoumu-

Hojin”).

None

1037

18 Sector: Professional Services

Sub-Sector:

IndustryClassification:

JSIC 8021 Notaries public’s andjudicial scriveners’

offices

Type ofReservation:

Level of

Government:

National Treatment (Article 98)

Local Presence (Article 100)

Central Government

Measures:

Description:

Notary Law (Law No. 53 of 1908),

Chapters 2 and 3

Cross-Border Services

Only a Japanese national may beappointed as a notary in Japan.

The notary is required to establishan office in the place designated bythe Minister of Justice.

Phase-Out: None

1038

19 Sector: Professional Services

Sub-Sector:

IndustryClassification:

JSIC 8021 Notaries public’s andjudicial scriveners’

offices

Type ofReservation:

Local Presence (Article 100)

Level of

Government:

Central Government

Measures:

Description:

Phase-Out:

Judicial Scrivener Law (Law No. 197of 1950), Chapters 3, 4, 5 and 7

Cross-Border Services

A person who intends to supplyjudicial scrivener services isrequired to be qualified as judicialscrivener under the laws and regulations of Japan ("Shiho-Shoshi"), and to establish an officewithin the district of the judicialscrivener association which the person belongs to.

An enterprise which intends to supplyjudicial scrivener services in Japanis required to establish a judicialscrivener corporation under the lawsand regulations of Japan ("ShihoShoshi-Hojin").

None

1039

20 Sector: Professional Services

Sub-Sector:

IndustryClassification:

JSIC 8031 Certified publicaccountants' offices

Type ofReservation:

Local Presence (Article 100)

Level of Government:

Central Government

Measures:

Description:

Phase-Out:

Certified Public Accountant Law (LawNo. 103 of 1948), Chapters 5-2 and 7

Cross-Border Services

An enterprise which intends to supplyauditing services is required toestablish an audit corporation underthe laws and regulations of Japan("Kansa-Hojin").

None

1040

21 Sector: Professional Services

Sub-Sector:

IndustryClassification:

JSIC 8032 Auditors' Offices

Type ofReservation:

Local Presence (Article 100)

Level of

Government:

Central Government

Measures: Certified Public Tax Accountant Law

(Law No. 237 of 1951), Chapters 3, 4,5-2, 6 and 7

Description:

Enforcement Regulation on CertifiedPublic Tax Accountant Law

(Ministerial Ordinance of Ministry ofFinance No. 55 of 1951)

Cross-Border Services

A person who intends to supplycertified public tax accountantservices is required to be qualifiedas certified public tax accountantunder the laws and regulations ofJapan (“Zeirishi”), and to establishan office within the district of

certified public tax accountantassociation which the person belongsto.

Phase-Out:

An enterprise which intends to supplycertified public tax accountantservices is required to establish acertified public tax accountantcorporation under the laws andregulations of Japan (“Zeirishi-

Hojin”).

None

1041

22 Sector: Professional Services

Sub-Sector:

IndustryClassification:

JSIC 8051 Architectural designservices

JSIC 8097

JSIC 8098

Certified real estate

appraisers

Administrative

scriveners’ offices

JSIC 8099 Professional services

n.e.c.

Type ofReservation:

Local Presence (Article 100)

Level of

Government:

Central Government

Measures:

Description:

Phase-Out:

Architect and/or Building EngineerLaw (Law No. 202 of 1950), Chapter 5

Cross-Border Services

An architect and/or buildingengineer, qualified as such under thelaws and regulations of Japan(“Kenchikushi”), or a personemploying such an architect and/orbuilding engineer, who intends toconduct businesses of design,

superintendence of construction work,

administrative work related to

construction work contracts,

supervision of building constructionwork, survey and evaluation ofbuildings, and representation inprocedure under the laws andregulations concerning construction,

upon request from others forremuneration, is required toestablish an office in Japan.

None

1042

23 Sector: Professional Services

Sub-Sector:

IndustryClassification:

JSIC 8092 Certified social

insurance and labour

consultants’ offices

Type ofReservation:

Local Presence (Article 100)

Level of

Government:

Central Government

Measures:

Description:

Phase-Out:

Certified Social Insurance and Labour

Consultant Law (Law No. 89 of 1968),

Chapters 2-2, 4-2 and 4-3

Cross-Border Services

A person who intends to supply socialinsurance and labor consultant

services is required to be qualifiedas a certified social insurance and

labor consultant under the laws and

regulations of Japan (“Shakai-Hoken-

Romushi”), and to establish an officein Japan.

An enterprise which intends to supplysocial insurance and labor consultant

services is required to establish acertified social insurance and labor

consultant corporation under the lawsand regulations of Japan (“Shakai-

Hoken-Romushi-Hojin”).

None

1043

24 Sector: Professional Services

Sub-Sector:

IndustryClassification:

JSIC 8098 Administrative

scriveners’ office

Type ofReservation:

Local Presence (Article 100)

Level of

Government:

Central Government

Measures: Administrative Scrivener Law (LawNo. 4 of 1951), Articles 6, 6-2, 8and 19

Description:

Phase-Out:

Cross-Border Services

A person who intends to supplyadministrative scrivener services is

required to be qualified asadministrative scrivener under the

laws and regulations of Japan(“Gyousei-Shoshi”), and to establishan office within the district of the

administrative scrivener association

which the person belongs to.

None

1044

25 Sector: Professional Services

Sub-Sector:

IndustryClassification:

JSIC 8099 Professional services,

n.e.c.

Type ofReservation:

Local Presence (Article 100)

Level of

Government:

Central Government

Measures: Land and House Surveyor Law (LawNo. 228 of 1950), Chapters 3, 4, 5and 7

Description:

Phase-Out:

Cross-Border Services

A person who intends to supply landand house surveyor services isrequired to be qualified as land andhouse surveyor under the laws andregulations of Japan (“Tochi-Kaoku-

Chosashi”), and to establish anoffice within the district of the

land and house surveyor associationwhich the person belongs to.

An enterprise which intends to supplyland and house surveyor services isrequired to establish a land andhouse surveyor corporation under thelaws and regulations of Japan(“Tochi-Kaoku-Chosashi-Hojin”).

None

1045

26 Sector: Real Estate

Sub-Sector:

IndustryClassification:

JSIC 6811 Sales agents ofbuildings and houses

JSIC 6812

JSIC 6821

Land subdividers and

developers

Real estate agents andbrokers

Type ofReservation:

JSIC 6941 Real estate managers

Local Presence (Article 100)

Level of

Government:

Central Government

Measures:

Description:

Building Lots and BuildingsTransaction Business Law (Law No. 176of 1952), Chapter 2

Real Estate Syndication Law (LawNo. 77 of 1994), Chapter 2

Law Concerning Improving Managementof Condominiums (Law No. 149 of2000), Chapter 3

Cross-Border Services

1. A person who intends to conductbuilding lots and buildingstransaction businesses is required toestablish an office in Japan, and toobtain license from the Minister of

Land, Infrastructure and Transport orfrom the prefectural governor havingjurisdiction over the district wherethe office is located;

1046

2. A person who intends to conductreal estate syndication businesses isrequired to establish an office inJapan, and to obtain permission fromthe competent Minister or from theprefectural governor havingjurisdiction over the district wherethe office is located; and

3. A person who intends to conductcondominiums management businesses isrequired to establish an office inJapan, and to be registered in thelist maintained by the Ministry ofLand, Infrastructure and Transport.

Phase-Out: None

1047

27 Sector:

Sub-Sector:

Real Estate Appraisal Services

IndustryClassification:

Type ofReservation:

JSIC 8097 Certified real estate

appraisers

Local Presence (Article 100)

Level of

Government:

Central Government

Measures: Law Concerning the Appraisal of RealEstate (Law No. 152 of 1963), Chapter3

Description: Cross-Border Services

A person who intends to supply realestate appraisal services is requiredto establish an office in Japan, andto be registered in the listmaintained by the Ministry of Land,

Infrastructure and Transport or theprefecture having jurisdiction overthe district where the office is

located.

Phase-Out: None

1048

28 Sector: Seafarers

Sub-Sector:

IndustryClassification:

Type ofReservation:

JSIC 031 Marine fisheries

JSIC 451 Oceangoing transport

JSIC 452 Coastwise transport

National Treatment (Article 98)

Level of

Government:

Central Government

Measures: Mariners Law (Law No. 100 of 1947),

Chapter 4

The 9th Basic Plan for EmploymentMeasures (Cabinet Decision, August13, 1999)

Official Notification of the Director

General of Seafarers Department,

Maritime Technology and Safety Bureauof the Ministry of Transport,

No. 115, 1990

Official Notification of the Director

General of Seafarers Department,

Maritime Technology and Safety Bureauof the Ministry of Transport,

No. 327, 1990

Description:

Phase-Out:

Official Notification of the Director

General of Maritime, Bureau of theMinistry of Land, Infrastructure andTransport, No. 153, 2004

Cross-Border Services

Foreign nationals employed byJapanese enterprises except for theseafarers referred to in the relevant

official notification may not work onthe vessels flying the Japanese flag.

None

1049

29 Sector: Security Guard Services

Sub-Sector:

Industry JSIC 9061 Guard services

Classification:

Type of National Treatment (Article 58)

Reservation:

Local Presence (Article 100)

Level of Central Government

Government:

Measures: Foreign Exchange and Foreign TradeLaw (Law No. 228 of 1949), Article 27

Cabinet Order on Foreign DirectInvestment (Cabinet Order No. 261 of1980), Article 3

Security Business Law (Law No. 117 of1972), Chapter 2

Description: Investment and Cross-Border Services

1. The prior notificationrequirement under the ForeignExchange and Foreign Trade Lawapplies to foreign investors whointend to make investment in securityguard services in Japan.

2. A person who intends to conductsecurity guard services is requiredto establish a place of business inJapan, and to obtain an approval fromthe Prefectural Public SafetyCommission having jurisdiction overthe district where the place ofbusiness is located.

Phase-Out: None

1050

30 Sector:

Sub-Sector:

Services Related to OccupationalSafety and Health

IndustryClassification:

JSIC 7722 Vocational guidancecenters

JSIC 8099 Professional services,

n.e.c.

JSIC 9021 Commodity inspectionservices

JSIC 9032 Environmental surveyingcertification

Type ofReservation:

Local Presence (Article 100)

Level of

Government:

Central Government

Measures: Industrial Safety and Health Law (LawNo. 57 of 1972), Chapters 5 and 8

Regulation Concerning RegisteredInspection Agency and Other RelatedAgencies (Ministerial Ordinance ofMinistry of Labour No. 44 of 1972)

Working Environment Measurement Law(Law No. 28 of 1975), Chapters 2 and3

Enforcement Regulation of the WorkingEnvironment Measurement Law

(Ministerial Ordinance of Ministry ofLabour No. 20 of 1975)

1051

Description: Cross-Border Services

A person who intends to supplyinspection or verification servicesfor working machines, skill trainingcourse and other related services in

connection with occupational safetyand health, or working environmentmeasurement services is required tobe resident or to establish an office

in Japan, and to register with theMinister of Health, Labour andWelfare or Director-General of the

Prefectural Labour Bureau.

Phase-Out: None

1052

31 Sector:

Sub-Sector:

Survey Services

IndustryClassification:

JSIC 8052 Surveying services

Type ofReservation:

Local Presence (Article 100)

Level of

Government:

Central Government

Measures:

Description:

Phase-Out:

Survey Law (Law No. 188 of 1949),

Chapter 6

Cross-Border Services

A person who intends to supplysurveying services is required toestablish a place of business inJapan, and to register with theMinister of Land, Infrastructure andTransport.

None

1053

32 Sector: Transport

Sub-Sector: Air Transport

Industry JSIC 4611 Air transportClassification:

Type of National Treatment (Article 58)

Reservation:

Most-Favored-Nation Treatment

(Article 59)

Senior Management and Boards ofDirectors (Article 64)

Level of Central Government

Government:

Measures: Foreign Exchange and Foreign TradeLaw (Law No. 228 of 1949), Article 27

Cabinet Order on Foreign DirectInvestment (Cabinet Order No. 261 of1980), Article 3

Civil Aeronautics Law (Law No. 231 of1952), Chapters 7 and 8

Description: Investment

1. The prior notificationrequirement under the ForeignExchange and Foreign Trade Lawapplies to foreign investors whointend to make investment in air

transport business in Japan.

2. A permission of the Minister ofLand, Infrastructure and Transportfor conducting air transportbusinesses as a Japanese air carrieris not granted to the followingnatural person or entity applying forthe permission:

(a) a natural person who does nothave Japanese nationality;

(b) a foreign state, or publicentity or its equivalentthereof;

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(c) an enterprise or other entityconstituted or organized underthe laws of any foreign state;

(d) an enterprise represented by thenatural person or entityreferred to in subparagraph (a),

(b) or (c) above; an enterpriseof which more than one-third of

the members of the board of

directors is composed of thenatural person or entityreferred to in subparagraph (a),

(b) or (c) above; or anenterprise of which more thanone-third of voting rights isheld by the natural person orentity referred to insubparagraph (a), (b) or (c)

above.

In the event an air carrier becomes

the natural person or entity referredto in subparagraphs (a) through (d)

above, the permission will loseeffect. The conditions for the

permission also apply to enterprises,

such as holding companies, which haveeffective control over the air

carriers.

3. Japanese air carriers and theenterprises having effective controlover the air carriers, such asholding companies, can reject therequest from a natural person or anentity set forth in subparagraphs2(a) through 2(c) above, who ownsequity investment in such aircarriers or enterprises, to entertheir names and addresses in the

register of shareholders, in theevent such air carriers and

enterprises become the natural personor entity referred to in subparagraph2(d) by accepting such request.

4. Foreign air carriers arerequired to obtain permissions of theMinister of Land, Infrastructure andTransport to conduct internationalair transport businesses.

1055

5. Permission of the Minister of

Land, Infrastructure and Transport isrequired for the use of foreignaircraft for air transportation ofpassengers or cargoes to and fromJapan for remuneration.

6. A foreign aircraft may not beused for a flight and fortransporting passengers or cargoesfor remuneration, between pointswithin Japan.

Phase-Out: None

1056

33 Sector: Transport

Sub-Sector: Air Transport

Industry JSIC 4621 Aircraft service,

Classification: except air transport

Type of National Treatment (Articles 58 andReservation: 98)

Senior Management and Boards ofDirectors (Article 64)

Level of Central Government

Government:

Measures: Foreign Exchange and Foreign TradeLaw (Law No. 228 of 1949), Article 27

Cabinet Order on Foreign DirectInvestment (Cabinet Order No. 261 of1980), Article 3

Civil Aeronautics Law (Law No. 231 of1952), Chapters 7 and 8

Description: Investment and Cross-Border Services

1. The prior notificationrequirement under the ForeignExchange and Foreign Trade Lawapplies to foreign investors whointend to make investment in aerial

work business in Japan.

2. A permission of the Minister ofLand, Infrastructure and Transportfor conducting aerial work businessesis not granted to the followingnatural person or entity applying forthe permission:

(a) a natural person who does nothave Japanese nationality;

(b) a foreign state, or publicentity or its equivalentthereof;

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(c) an enterprise or other entityconstituted or organized underthe laws of any foreign state;

(d) an enterprise represented by thenatural person or entityreferred to in subparagraph (a),

(b) or (c) above; an enterpriseof which more than one-third of

the members of the board of

directors is composed of thenatural person or entityreferred to in subparagraph (a),

(b) or (c) above; or anenterprise of which more thanone-third of voting rights isheld by the natural person orentity referred to insubparagraph (a), (b) or (c)

above.

In the event a person conducting anaerial work businesses becomes the

natural person or entity referred toin subparagraphs (a) through (d)

above, the permission will loseeffect. The conditions for the

permission also apply to enterprises,

such as holding companies, which haveeffective control over the personconducting aerial work businesses.

A foreign aircraft may not be usedfor a flight between points withinJapan.

Phase-Out: None

1058

34 Sector: Transport

Sub-Sector: Air Transport (Registration ofAircraft in the National Register)

IndustryClassification:

Type ofReservation:

National Treatment (Article 58)

Senior Management and Boards ofDirectors (Article 64)

Level of

Government:

Central Government

Measures: Civil Aeronautics Law (Law No. 231 of1952), Chapter 2

Description: Investment

1. An aircraft owned by any of thefollowing natural persons or entitymay not be registered in the nationalregister:

(a) a natural person who does nothave Japanese nationality;

(b) a foreign state, or publicentity or its equivalentthereof;

(c) an enterprise or associationconstituted or organized underthe laws of any foreign state;

(d) an enterprise represented by thenatural person or entityreferred to in subparagraph (a),

(b) or (c) above; an enterpriseof which more than one-third of

the members of the board of

directors is composed of thenatural person or entityreferred to in subparagraph (a),

(b) or (c) above; or anenterprise of which more thanone-third of voting shares isheld by the natural person orentity referred to insubparagraph (a),(b) or (c)

above.

1059

2. An aircraft which has the

nationality of a country other thanJapan may not be registered in thenational register.

Phase-Out: None

1060

35 Sector:

Sub-Sector:

IndustryClassification:

Type ofReservation:

Transport

Customs Brokerage

JSIC 4899 Miscellaneous services

incidental to transport

Local Presence (Article 100)

Level of

Government:

Central Government

Measures:

Description:

Phase-Out:

Customs Brokerage Law (Law No. 122 of1967), Chapter 2

Cross-Border Services

A person who intends to conductcustoms brokerage businesses isrequired to have a place of businessin Japan, and to obtain permission ofthe Director-General of Customs

having jurisdiction over the districtwhere the person intends to conductcustoms brokerage businesses.

None

1061

36 Sector: Transport

Sub-Sector: Freight Forwarding Business(excluding freight forwardingbusiness using air transportation)

IndustryClassification:

JSIC 4441 Collect-and-deliver

freight transport

JSIC 4821 Deliver freighttransport, exceptcollect-and-deliver

freight transport

Type ofReservation:

National Treatment

(Articles 58 and 98)

Most-Favored-Nation Treatment

(Articles 59 and 99)

Senior Management and Boards ofDirectors (Article 64)

Local Presence (Article 100)

Level of Central Government

Government:

Measures: Freight Forwarding Business Law (LawNo. 82 of 1989), Chapters 2, 3 and 4

Enforcement Regulation of FreightForwarding Business Law (MinisterialOrdinance of Ministry of TransportNo. 20 of 1990)

Description: Investment and Cross-Border Services

1. The following natural person orentity is required to register with,

or to obtain permission or approvalof the Minister of Land,

Infrastructure and Transport forconducting freight forwardingbusinesses using internationalshipping. Such registration shall bepermitted, or such permission orapproval shall be granted, on thebasis of mutual reciprocity, to:

(a) a natural person who does nothave Japanese nationality;

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(b) a foreign state, or publicentity or its equivalentthereof;

(c) an enterprise or associationconstituted or organized underthe laws of any foreign state;

(d) any enterprise represented bythe natural person or entityreferred to in subparagraph (a),

(b) or (c) above; an enterpriseof which more than one-third of

the members of the board of

directors is composed of thenatural person or entityreferred to in subparagraph (a),

(b) or (c) above; or anenterprise of which more thanone-third of voting shares isheld by the natural person orentity referred to insubparagraph (a), (b) or (c)

above.

2. A person who intends to conductfreight forwarding businesses inJapan is required to establish anoffice in Japan, and to registerwith, or to obtain permission orapproval of the Minister of Land,

Infrastructure and Transport.

Phase-Out: None

1063

37 Sector: Transport

Sub-Sector: Freight Forwarding Business (onlyfreight forwarding business using airtransportation)

IndustryClassification:

JSIC 4441 Collect-and-deliver

freight transport

JSIC 4821 Deliver freighttransport, exceptcollect-and-deliver

freight transport

Type ofReservation:

National Treatment (Article 58)

Most-Favored-Nation Treatment

(Article 59)

Senior Management and Boards ofDirectors (Article 64)

Level of Central Government

Government:

Measures: Freight Forwarding Business Law (LawNo. 82 of 1989), Chapters 2, 3 and 4

Enforcement Regulation of FreightForwarding Business Law (MinisterialOrdinance of Ministry of TransportNo. 20 of 1990)

Description: Investment

1. The following natural person orentity may not conduct freightforwarding businesses using airtransportation between any points inJapan:

(a) a natural person who does nothave Japanese nationality;

(b) a foreign state, or publicentity or its equivalentthereof;

1064

(c) an enterprise or associationconstituted or organized underthe laws of any foreign state;

(d) any enterprise represented bythe natural person or entityreferred to in subparagraph (a),

(b) or (c) above; an enterpriseof which more than one-third of

the members of the board of

directors is composed of thenatural person or entityreferred to in subparagraph (a),

(b) or (c) above; or anenterprise of which more thanone-third of voting shares isheld by the natural person orentity referred to insubparagraph (a), (b) or (c)

above.

2. The natural person or entityreferred to in subparagraphs 1(a)

through 1(d) above is required toregister with, or to obtainpermission or approval of theMinister of Land, Infrastructure andTransport for conducting freightforwarding businesses usinginternational air transportation.

Such registration shall be permitted,

or such permission or approval shallbe granted, on the basis of mutualreciprocity.

Phase-Out: None

1065

38 Sector:

Sub-Sector:

IndustryClassification:

Transport

Railway Transport

JSIC 42 Railway transport

JSIC 4851 Railway facilitiesservices

Type ofReservation:

National Treatment (Article 58)

Level of

Government:

Central Government

Measures:

Description:

Phase-Out:

Foreign Exchange and Foreign TradeLaw (Law No. 228 of 1949), Article 27

Cabinet Order on Foreign DirectInvestment (Cabinet Order No. 261 of1980), Article 3

Investment

The prior notification requirementunder the Foreign Exchange andForeign Trade Law applies to foreigninvestors who intend to make

investment in railway transportindustry in Japan. The manufacture of

vehicles, parts and components forthe railway transport industry is notincluded in railway transportindustry. Therefore, prior

notification under the ForeignExchange and Foreign Trade Law is notrequired for the investment in themanufacture of

these products.

None

1066

39 Sector:

Sub-Sector:

IndustryClassification:

Transport

Road Passenger Transport

JSIC 4311 Common omnibus operators

Type ofReservation:

National Treatment (Article 58)

Level of

Government:

Central Government

Measures:

Description:

Phase-Out:

Foreign Exchange and Foreign TradeLaw (Law No. 228 of 1949), Article 27

Cabinet Order on Foreign DirectInvestment (Cabinet Order No. 261 of1980), Article 3

Investment

The prior notification requirementunder the Foreign Exchange andForeign Trade Law applies to foreigninvestors who intend to make

investment in road passengertransport industry in Japan. The

manufacture of vehicles, parts andcomponents is not included in omnibusindustry. Therefore, prior

notification under the ForeignExchange and Foreign Trade Law is notrequired for the investment in themanufacture of these products.

None

1067

40 Sector:

Sub-Sector:

IndustryClassification:

Type ofReservation:

Transport

Road Transport

JSIC 43 Road passenger transport

JSIC 44 Road freight transport

Local Presence (Article 100)

Level of

Government:

Central Government

Measures:

Description:

Phase-Out:

Road Transport Law (Law No. 183 of1951), Chapter 2

Trucking Business Law (Law No. 83 of1989), Chapter 2

Cross-Border Services

A person who intends to conductpassenger motor transport businessesor trucking businesses is required to establish a place of business inJapan, and to obtain permission ofthe Minister of Land, Infrastructureand Transport.

None

1068

41 Sector:

Sub-Sector:

IndustryClassification:

Transport

Services Incidental to Transport

Type ofReservation:

Level of

Government:

National Treatment (Article 98)

Local Presence (Article 100)

Central Government

Measures:

Description:

Phase-Out:

Pilotage Law (Law No. 121 of 1949),

Chapters 2 and 3

Cross-Border Services

Only a Japanese national may become apilot in Japan.

Pilots directing ships in the samepilotage district are required toestablish a pilot association for thepilotage district.

None

1069

42 Sector:

Sub-Sector:

IndustryClassification:

Transport

Water Transport

JSIC 451 Oceangoing transport

Type ofReservation:

Level of

Government:

National Treatment (Article 98)

Most-Favored-Nation Treatment

(Article 99)

Central Government

Measures:

Description:

Phase-Out:

Law Concerning Special Measuresagainst Unfavorable Treatment toJapanese Oceangoing Ship Operators byForeign Government (Law No. 60 of1977)

Cross-Border Services

The oceangoing ship operators ofMexico may be restricted orprohibited from entering Japaneseports or from loading and unloadingof cargoes in Japan in cases whereJapanese oceangoing ship operatorsare prejudiced by Mexico.

None

1070

43 Sector:

Sub-Sector:

IndustryClassification:

Type ofReservation:

Transport

Water Transport

JSIC 452 Coastwise transport

JSIC 453 Inland water transport

JSIC 4542 Coastwise ship leasing

National Treatment (Article 58)

Level of

Government:

Central Government

Measures:

Description:

Phase-Out:

Foreign Exchange and Foreign TradeLaw (Law No. 228 of 1949), Article 27

Cabinet Order on Foreign DirectInvestment (Cabinet Order No. 261 of1980), Article 3

Investment

The prior notification requirementunder the Foreign Exchange andForeign Trade Law applies to foreigninvestors who intend to make

investment in water transportindustry in Japan. For greatercertainty, “water transport industry”

refers to oceangoing/seagoingtransport, coastwise transport (i.e.

maritime transport between ports inJapan), inland water transport andship leasing industry. However,

oceangoing/seagoing transportindustry and ship leasing industryexcluding coastwise ship leasingindustry are exempted from priornotification requirements.

None

1071

44 Sector:

Sub-Sector:

IndustryClassification:

Transport

Water Transport

Type ofReservation:

Level of

Government:

National Treatment (Articles 58 and98)

Most-Favored-Nation Treatment

(Articles 59 and 99)

Central Government

Measures: Ship Law (Law No. 46 of 1899),

Article 3

Description:

Phase-Out:

Investment and Cross-Border Services

Unless otherwise specified in lawsand regulations of Japan, orinternational agreements to whichJapan is a party, ships not flyingthe Japanese flag are prohibited fromentering Japanese ports which are notopen to foreign commerce and fromcarrying cargoes or passengersbetween Japanese ports.

None

1072

45 Sector: Vocational Skills Test

Sub-Sector:

IndustryClassification:

Type ofReservation:

Local Presence (Article 100)

Level of

Government:

Central Government

Measures:

Description:

Human Resources Development PromotionLaw (Law No. 64 of 1969), Chapter 5

Cross-Border Services

An enterprise which intends to carryout the vocational skills test for

workers is required to establish anoffice in Japan, and to be designatedby the Minister of Health, Labour andWelfare.

Phase-Out: None

1073

46 Sector:

Sub-Sector:

Water Supply and Waterworks

IndustryClassification:

Type ofReservation:

JSIC 3611 Water for end users,

except industrial users

National Treatment (Article 58)

Level of

Government:

Central Government

Measures:

Description:

Phase-Out:

Foreign Exchange and Foreign TradeLaw (Law No. 228 of 1949), Article 27

Cabinet Order on Foreign DirectInvestment (Cabinet Order No. 261 of1980), Article 3

Investment

The prior notification requirementunder the Foreign Exchange andForeign Trade Law applies to foreigninvestors who intend to make

investment in water supply andwaterworks industry in Japan.

None

1074

47 Sector: Wholesale and Retail Trade

Sub-Sector: Livestock

IndustryClassification:

Type ofReservation:

JSIC 5119 Miscellaneous

agricultural, animal andpoultry farm and aquaticproducts

Local Presence (Article 100)

Level of

Government:

Central Government

Measures:

Description:

Phase-Out:

Livestock Dealer Law

(Law No. 208 of 1949), Article 3

Cross-Border Services

A person who intends to conductlivestock trading businesses isrequired to be resident in Japan, andto obtain a license from the

prefectural governor havingjurisdiction over the place ofresidence. For greater certainty,

“livestock trading” means the tradingor exchange of livestock, or the goodoffices for such trading or exchange.

None

1075

Schedule of Mexico

Sector: All sectors

Sub-Sector:

IndustryClassification:

Type of National Treatment (Article 58)

Reservation:

Level of Federal

Government:

Measures: United Mexican States Political

Constitution (Constitución Políticade los Estados Unidos Mexicanos),

Article 27

Foreign Investment Law (Ley deInversión Extranjera), Title II,

Chapters I and II

Regulations to the Foreign InvestmentLaw and the National Registry forForeign Investment (Reglamento de laLey de Inversión Extranjera y delRegistro Nacional de InversionesExtranjeras), Title II, Chapters Iand II

Description: Investment

Foreign nationals or foreignenterprises may not acquire propertyrights ("dominio directo") over landand water in a 100-kilometer stripalong the country's borders or in a50-kilometer strip inland from itscoasts (the "Restricted Zone").

Mexican enterprises without aforeigners' exclusion clause mayacquire property rights ("dominiodirecto") over real estate located inthe Restricted Zone, used for nonresidential

purposes. Notice of the

acquisition must be given to theMinistry of Foreign Affairs(Secretaría de Relaciones Exteriores,

SRE) within the sixty business daysfollowing the date of acquisition.

1076

Mexican enterprises without aforeigners' exclusion clause may notacquire property rights ("dominiodirecto") over real estate located inthe Restricted Zone, used forresidential purposes.

Pursuant to the procedure describedbelow, Mexican enterprises without aforeigners' exclusion clause mayacquire rights for the use andenjoyment over real estate in the"Restricted Zone", used forresidential purposes. Such a

procedure shall also apply whenforeign nationals or foreignenterprises seek to acquire rightsfor the use and enjoyment over realestate in the Restricted Zone

regardless of the purpose for whichthe real estate is used.

A permit from the SRE is required forcredit institutions to acquire, astrustees, rights to real estatelocated in the Restricted Zone, whenthe purpose of the trust is to allowthe use and enjoyment of such realestate, without granting realproperty rights thereof, and thetrust beneficiaries are the Mexican

enterprises without a foreigners'exclusion clause, or the foreignnationals or foreign enterprisesreferred to above.

The terms "use" and "enjoyment" ofthe real estate located in the

Restricted Zone mean the rights touse or enjoy such real estate,

including, as applicable, obtainingfruits, products and, in general, anyyield resulting from lucrativeoperation and exploitation throughthird parties or through the creditinstitutions acting as trustees.

The duration of the trust referred to

in this reservation shall be for a

maximum period of 50 years, which maybe renewed on request by theinterested party.

1077

The SRE can verify at any time thecompliance with the conditions underwhich the permits referred to in thisreservation are granted, as well asthe submission and veracity of thenotices mentioned above.

The SRE shall resolve on the permits,

considering the economic and socialbenefits that these operations couldimply to the Nation.

Foreign nationals or foreignenterprises seeking to acquire realestate outside the Restricted Zone,

shall previously submit to the SRE astatement agreeing to considerthemselves Mexican nationals for the

above mentioned purposes, and waivingto invoke the protection of theirgovernments with respect to such realestate.

Phase-Out: None

1078

2 Sector: All sectors

Sub-Sector:

IndustryClassification:

Type ofReservation:

National Treatment (Article 58)

Level of

Government:

Federal

Measures:

Description:

Foreign Investment Law (Ley deInversión Extranjera), Title VI,

Chapter III

Investment

The National Commission on ForeignInvestment (Comisión Nacional deInversiones Extranjeras, CNIE), inorder to evaluate applicationssubmitted for its consideration

(acquisitions or establishment ofinvestments in restricted activities

as set out in this Schedule), shalltake into account the followingcriteria:

Phase-Out:

(a) the effects on employment andtraining of workers;

(b) the technological contribution;

(c) the compliance with theenvironmental provisionscontained in the environmental

legislation; and

(d) in general, the contribution toincrease the competitiveness ofthe Mexican productive system.

When resolving an application, theCNIE may only impose performancerequirements that do not distortinternational trade and that are not

prohibited by Article 65.

None

1079

3 Sector: All sectors

Sub-Sector:

IndustryClassification:

Type ofReservation:

National Treatment (Article 58)

Level of

Government:

Federal

Measures:

Description:

Foreign Investment Law (Ley deInversión Extranjera), Title I,

Chapter III

Investment

Favorable resolution from the

National Commission on ForeignInvestment (Comisión Nacional deInversiones Extranjeras, CNIE) isrequired for investors of the otherParty or their investments toparticipate, directly or indirectly,

in more than 49% of the ownershipinterest of a Mexican enterprise inan unrestricted sector, only when thetotal value of the assets of the

Mexican enterprise exceeds theapplicable threshold at the time theapplication for acquisition issubmitted.

Upon entry into force of thisAgreement, the applicable thresholdfor the review of an acquisition of aMexican enterprise shall be theamount so determined by the CNIE. In

any case, the threshold shall be noless than US$150 million dollars.

Each year following the entry intoforce of this Agreement, thethreshold will be adjusted accordingto the nominal growth rate of theMexican Gross Domestic Product, aspublished by the National Institutefor Statistics, Geography andInformatics (Instituto Nacional deEstadística, Geografía e Informática,

INEGI).

1080

Phase-Out: None

1081

4 Sector: All sectors

Sub-Sector:

IndustryClassification:

Type ofReservation:

Level of

Government:

National Treatment (Article 58)

Senior Management and Boards ofDirectors (Article 64)

Federal

Measures: United Mexican States Political

Constitution (Constitución Políticade los Estados Unidos Mexicanos),

Article 25

Description:

General Law of Cooperative Companies(Ley General de SociedadesCooperativas), Title I, and Title II,

Chapter II

Federal Labor Law (Ley Federal delTrabajo), Title I

Foreign Investment Law (Ley deInversión Extranjera), Title I,

Chapter III

Investment

No more than 10 percent of thepersons participating in a Mexicancooperative production enterprise maybe foreign nationals.

Investors of the other Party or theirinvestments may only own, directly orindirectly, up to 10 percent of theownership interest in a Mexicancooperative production enterprise.

No foreign nationals may engage ingeneral administrative functions orperform managerial activities in thatenterprise.

1082

A cooperative production enterpriseis an enterprise whose members jointheir personal work, whether physicalor intellectual, with the purpose ofproducing goods or services.

Phase-Out: None

1083

5 Sector: All sectors

Sub-Sector:

IndustryClassification:

Type ofReservation:

National Treatment (Article 58)

Level of

Government:

Federal

Measures:

Description:

Phase-Out:

Federal Law to Foster the

Microindustry and Handicraft Activity(Ley Federal para el Fomento de laMicroindustria y la ActividadArtesanal), Chapters I, II and III

Investment

Only Mexican nationals may apply fora license (“cédula”) to qualify as amicroindustry enterprise.

Mexican microindustry enterprises maynot have foreign persons as partners.

The Federal Law to Foster the

Microindustry and Handicraft Activity(Ley Federal para el Fomento de laMicroindustria y Actividad Artesanal)

defines “microindustry enterprise” asthe enterprise integrated by up tofifteen workers, that is engaged inthe transformation of goods, andwhose annual sales do not exceed the

amount so determined by the Ministryof Economy (Secretaría de Economía,

SE) from time to time.

None

1084

6 Sector: Agriculture, Livestock, Forestry, andLumber Activities

Sub-Sector:

IndustryClassification:

Type ofReservation:

Agriculture, Livestock or Forestry

CMAP 1111 Agriculture

CMAP 1112 Farming of animals andhunting (limited tofarming of animals)

CMAP 1200 Forestry and logging

National Treatment (Article 58)

Level of

Government:

Federal

Measures: United Mexican States Political

Constitution (Constitución Políticade los Estados Unidos Mexicanos),

Article 27

Description:

Agrarian Law (Ley Agraria), Title VI

Foreign Investment Law (Ley deInversión Extranjera), Title I,

Chapter III

Investment

Only Mexican nationals or Mexicanenterprises may own land foragriculture, livestock or forestrypurposes. Such enterprises must issuea special type of share (“T” shares)

representing the value of that landat the time of its acquisition.

Investors of the other Party or theirinvestments may only own, directly orindirectly, up to 49 percent of “T”

shares.

Phase-Out: None

1085

7 Sector: Communications

Sub-Sector:

IndustryClassification:

Type ofReservation:

Level of

Government:

Telecommunications Services and

Public Networks (commercial agencies)

CMAP 720006 Other Telecommunications

Services (limited tocommercial agencies)

National Treatment (Articles 58 and98)

Most-Favored-Nation Treatment

(Article 99)

Local Presence (Article 100)

Federal

Measures: United Mexican States Political

Constitution (Constitución Políticade los Estados Unidos Mexicanos),

Article 28

Telecommunications Federal Law (LeyFederal de Telecomunicaciones),

Chapter III, Section V, and ChapterIV, Section III

Regulations to the Public TelephonyServices (Reglamento del Servicio deTelefonía Pública), Chapters I, IIand IV

Rules of International

Telecommunications (Reglas deTelecomunicaciones Internacionales),

Rules 1, 2, 3, 4, 5 and 6

Description: Investment and Cross-Border Services

A permit issued by the Ministry ofCommunications and Transportation(Secretaría de Comunicaciones yTransportes, SCT) is required toprovide telecommunications servicesas a commercial agency. Only Mexicannationals and enterprises establishedunder Mexican laws may obtain such apermit.

1086

A permit issued by the SCT isrequired to establish an enterpriseengaged in the supply oftelecommunications services as a

commercial agency. Only Mexican

nationals and enterprises establishedunder Mexican laws may obtain such apermit.

The establishment and operation ofcommercial agencies are invariablysubject to the relevant regulationsin force. The SCT will not issue

permits for the establishment of acommercial agency until the relevantregulations are issued.

Commercial agencies are those which,

without owning or possessingtransmission means, provide thirdparties with telecommunicationsservices by using capacity from atelecommunications public networkconcessionaire.

Except where specifically approved bythe SCT telecommunications publicnetwork concessionaires may notparticipate, directly or indirectly,

in the capital of atelecommunications commercial agency.

International traffic shall be routed

through an authorized internationalport of a concessionaire expresslyauthorized by the SCT.

Phase-Out: None

1087

8 Sector: Communications

Sub-Sector: Telecommunication Services and Public

Networks

IndustryClassification:

CMAP 720006 Other Telecommunications

Services

Type ofReservation:

Level of

Government:

National Treatment (Articles 58 and98)

Most-Favored-Nation Treatment

(Article 99)

Local Presence (Article 100)

Federal

Measures: United Mexican States Political

Constitution (Constitución Políticade los Estados Unidos Mexicanos),

Article 32

Telecommunications Federal Law (LeyFederal de Telecomunicaciones),

Chapter I, Chapter III, Sections I,

II, III and IV, and Chapter V

Foreign Investment Law (Ley deInversión Extranjera), Title I,

Chapter III

Regulations to SatelliteCommunication (Reglamento deComunicación Vía Satélite), Title II,

Sections I, II and III, and Title III

Regulations to the Public TelephonyServices (Reglamento del Servicio deTelefonía Pública), Chapters I, IIand IV

Regulations to Restricted Televisionand Audio Services (Reglamento delServicio de Televisión y AudioRestringidos), Chapters I and V

Rules of Long Distance Service(Reglas del Servicio de LargaDistancia), Chapters III, IV and VII

1088

Description:

Rules of International

Telecommunications (Reglas deTelecomunicaciones Internacionales),

Rules 1, 2, 3, 4, 5 and 6

Investment

Investors of the other Party or theirinvestments may only participate,

directly or indirectly, up to 49percent in concessionaire enterprisesthat:

(a) use, profit from or exploit afrequency band in the nationalArea, except the free usespectrum and the official usespectrum;

(b) install, operate or exploitpublic telecommunicationnetworks;

(c) occupy geostationary orbitalpositions and satellite orbitsassigned to the country andexploit their correspondingfrequency bands; and,

(d) exploit signal transmission andreception rights of frequencybands associated to foreignsatellite systems that cover andwhich may provide services inthe national Area.

Cross-Border Services

A concession granted by the Ministryof Communications and Transportation(Secretaría de Comunicaciones yTransportes, SCT) is required to:

(a) use, profit from or exploit afrequency band in the nationalArea, except the free usespectrum and the official usespectrum;

(b) install, operate or exploitpublic telecommunicationnetworks;

1089

(c) occupy geostationary orbitalpositions and satellite orbitsassigned to the country andexploit their correspondingfrequency bands; and,

(d) exploit signal transmission andreception rights of frequencybands associated to foreignsatellite systems that cover andwhich may provide services inthe national Area.

Only Mexican nationals and Mexicanenterprises may obtain such aconcession.

A concession is required to use,

profit from or to exploit frequencybands for specific use of theradioelectrical spectrum in theMexican national Area. Concessions to

use, profit from or to exploitfrequency bands of the spectrum forspecific uses shall be grantedthrough public bid.

International public traffic can betransported only by an enterpriseholding a concession of publictelecommunications network granted bySCT. Such traffic shall be routed

through the international port of aconcessionaire authorized by SCT.

Private networks operators seeking tocommercially exploit services shallobtain a concession granted by SCT inwhich case they will change itsnature to a public telecommunicationsnetwork.

Phase-Out: None

1090

9 Sector: Communications

Sub-Sector:

IndustryClassification:

Telecommunication Services and Public

Networks (telephony)

CMAP 720003 Telephone Services(includes mobile

telephony services in

the “A” and “B” bands)

CMAP 720004 Public TelephoneServices

CMAP 502003 Telecommunications

Installation

Type ofReservation:

Level of

Government:

National Treatment (Articles 58 and98)

Most-Favored-Nation Treatment

(Article 99)

Local Presence (Article 100)

Federal

Measures: United Mexican States Political

Constitution (Constitución Políticade los Estados Unidos Mexicanos),

Article 28

Telecommunications Federal Law (LeyFederal de Telecomunicaciones),

Chapter I, Chapter III, Sections I,

II, III and IV, and Chapter V

Foreign Investment Law (Ley deInversión Extranjera), Title I,

Chapter III

Regulations to the Public TelephonyServices (Reglamento de Servicios deTelefonía Pública), Chapters I, IIand IV

Regulations to SatelliteTelecommunications (Reglamento deTelecomunicaciones Vía Satélite),

Title II, Sections I, II and III

Rules of Local Service (Reglas delServicio Local), Rule 8

1091

Description:

Rules of Long Distance Service(Reglas del Servicio de LargaDistancia), Chapters III, IV and VII

Rules of International

Telecommunications (Reglas deTelecomunicaciones Internacionales),

Rules 1, 2, 3, 4, 5 and 6

Telecommunication services covered in

this reservation, whether provided ornot to the public, refer to the realtime transmission of information

provided to users between two or morepoints, without changing from pointto point in the form or content ofthe user's information.

Investment

Investors of the other Party or theirinvestments may only participate,

directly or indirectly, up to 49percent in concessionaire Mexicanenterprises providing telephonyservices, telephone booth

servicesand telecommunications facilities,

except for cellular telephonyservices.

Favorable resolution from the

National Commission on ForeignInvestment (Comisión Nacional deInversiones Extranjeras, CNIE) isrequired for investors of the otherParty or their investments toparticipate, directly or indirectly,

in more than 49% in the capital ofcellular telephony servicesoperators.

Cross-Border Services

A concession granted by the Ministryof Communications and Transportation(Secretaría de Comunicaciones yTransportes, SCT) is required to:

1092

(a) use, profit from or exploit afrequency band in the nationalArea, except the free usespectrum and the official usespectrum;

(b) install, operate or exploitpublic telecommunicationnetworks;

(c) occupy geostationary orbitalpositions and satellite orbitsassigned to the country andexploit their correspondingfrequency bands; and,

(d) exploit signal transmission andreception rights of frequencybands associated to foreignsatellite systems that cover andwhich may provide services inthe national Area.

Only Mexican nationals or Mexicanenterprises may obtain such aconcession.

Private networks operators seeking tocommercially exploit services shallobtain a concession granted by SCT inwhich case they will change itsnature to a public telecommunicationsnetwork.

Telecommunications Public Networks

include the facilities to providetelephony services.

Telecommunications public networks donot include the user's

telecommunications equipment, nor thetelecommunications networks located

beyond the network termination point.

A concession is required to use,

profit from, or to exploit frequencybands for specific use of theradioelectrical spectrum in theMexican national Area. Concessions on

frequency bands of the spectrum forspecific uses shall be grantedthrough public bid.

1093

International traffic shall be routed

through an international port of aconcessionaire expressly authorizedby the SCT.

Phase-Out: None

1094

10 Sector: Communications

Sub-Sector:

IndustryClassification:

Type ofReservation:

Transportation and Telecommunications

CMAP 7200 Communications

(includingtelecommunications and

postal services)

CMAP 71 Transport

National Treatment (Article 58)

Level of

Government:

Federal

Measures: Ports Law (Ley de Puertos), ChapterIV

Regulatory Law of the Railway Service(Ley Reglamentaria del ServicioFerroviario), Chapter II, Section III

Civil Aviation Law (Ley de AviaciónCivil), Chapter III, Section III

Airports Law (Ley de Aeropuertos),

Chapter IV

Roads, Bridges and Federal RoadTransport Law (Ley de Caminos,

Puentes y Autotransporte Federal),

Title I, Chapter III

Telecommunications Federal Law (LeyFederal de Telecomunicaciones),

Chapter III, Section VI

Radio and Television Federal Law (LeyFederal de Radio y Televisión), TitleIII, Chapters I and II

General Means of Communication Law

(Ley de Vías Generales deComunicación), Book I, Chapters IIIand V

1095

Description: Investment

Foreign governments and foreign stateenterprises or their investments maynot invest, directly or indirectly,

in Mexican enterprises engaged incommunications, transportation andother general means of communications("vías generales de comunicación")

activities.

Phase-Out: None

1096

11 Sector: Construction

Sub-Sector:

IndustryClassification:

Type ofReservation:

CMAP 501322 Construction for

Petroleum and

Petroleum-derivative

Pipelines (limited tospecialized contractors

only)

CMAP 503008 Drilling of Oil and GasWells (limited tospecialized contractorsonly)

National Treatment (Article 58)

Level of

Government:

Federal

Measures: United Mexican States Political

Constitution (Constitución Políticade los Estados Unidos Mexicanos),

Article 27

Description:

Regulatory Law of the ConstitutionalArticle 27 on Oil Matters (LeyReglamentaria del Artículo 27Constitucional en el Ramo del

Petróleo), Articles 2, 3, 4 and 6

Foreign Investment Law (Ley deInversión Extranjera), Title I,

Chapter III

Regulations to the Regulatory Law ofthe Constitutional Article 27 on Oil

Matters (Reglamento de la LeyReglamentaria del Artículo 27Constitucional en el Ramo del

Petróleo), Chapters I, V, IX and XII

Investment

Risk-sharing contracts areprohibited.

1097

Favorable resolution from the

National Commission on ForeignInvestment (Comisión Nacional deInversiones Extranjeras, CNIE) isrequired for investors of the otherParty or their investments to own,

directly or indirectly, more than 49percent of the ownership interest inan enterprise established or to beestablished in the Area of Mexico

involved in “non-risk-sharing”

contracts for the exploration anddrilling works of petroleum and gaswells, and the construction of meansfor the transportation of petroleumand its derivatives. (See alsoSchedule of Mexico, Annex 8.)

Phase-Out: None

1098

12 Sector: Educational Services

Sub-Sector: Private Schools

IndustryClassification:

CMAP 921101 Private Pre-school

Educational Services

CMAP 921102 Private PrimaryEducational Services

CMAP 921103 Private SecondaryEducational Services

CMAP 921104 Private High SchoolEducational Services

CMAP 921105 Private Higher EducationServices

CMAP 921106 Private Education

Services that Combine

Pre-school, Primary,

Secondary, High Schooland Higher EducationLevels

Type ofReservation:

National Treatment (Article 58)

Level of

Government:

Federal

Measures: Foreign Investment Law (Ley deInversión Extranjera), Title I,

Chapter III

Law for the Coordination of HigherEducation (Ley para la Coordinaciónde la Educación Superior), Chapter II

General Law of Education (Ley Generalde Educación), Chapter III

1099

Description: Investment

Favorable resolution from the

National Commission on ForeignInvestment (Comisión Nacional deInversiones Extranjeras, CNIE) isrequired for investors of the otherParty or their investments to own,

directly or indirectly, more than 49percent of the ownership interest inan enterprise established or to beestablished in the Area of Mexico

that provides pre-school, primary,

secondary, high school, higher, andcombined private educationalservices.

Phase-Out: None

1100

13 Sector:

Sub-Sector:

Energy

Petroleum Products

IndustryClassification:

Type ofReservation:

CMAP 623050 Retail Trade of

Liquefied-Gas Fuels

National Treatment (Article 58)

Level of

Government:

Federal

Measures: Foreign Investment Law (Ley deInversión Extranjera), Title I,

Chapter II

Regulatory Law of the ConstitutionalArticle 27 on Oil Matters (LeyReglamentaria del Artículo 27Constitucional en el Ramo del

Petróleo), Chapters I, II, V, VII andIX

Description:

Phase-Out:

Regulations to the Regulatory Law ofthe Constitutional Article 27 on Oil

Matters (Reglamento de la LeyReglamentaria del Artículo 27Constitucional en el Ramo del

Petróleo), Chapters I, IX and XII

Regulations to Liquefied PetroleumGas (Reglamento de Gas Licuado dePetróleo), Chapters II, III and V

Investment

Only Mexican nationals and Mexicanenterprises with foreigners'exclusion clause may engage in thedistribution of liquefied petroleumgas.

None

1101

14 Sector:

Sub-Sector:

Energy

Petroleum Products

IndustryClassification:

Type ofReservation:

CMAP 623090 Retail Trade of other

Articles and Goods Not

Elsewhere Classified

(limited todistribution,

transportation andstorage of natural gas)

Local Presence (Article 100)

Level of

Government:

Federal

Measures: Regulatory Law of the ConstitutionalArticle 27 on Oil Matters (LeyReglamentaria del Artículo 27Constitucional en el Ramo del

Petróleo), Chapters I, II, V, VII andIX

Regulations to the Regulatory Law ofthe Constitutional Article 27 on Oil

Matters (Reglamento de la LeyReglamentaria del Artículo 27Constitucional en el Ramo del

Petróleo), Chapters I, IX and XII

Regulations to Natural Gas(Reglamento de Gas Natural), ChaptersI, III, IV and V

Description:

Phase-Out:

Cross-Border Services

A permit granted by the EnergyRegulatory Commission (ComisiónReguladora de Energía) is required toprovide services of distribution,

transportation and storage of naturalgas. Only Mexican enterprises mayobtain such a permit.

None

1102

15 Sector:

Sub-Sector:

Energy

Petroleum Products

IndustryClassification:

Type ofReservation:

CMAP 626000 Retail Trade of Gasoline

and Diesel (includinglubricants, oils andadditives sold at

filling stations)

National Treatment (Article 58)

Level of

Government:

Federal

Measures: Foreign Investment Law (Ley deInversión Extranjera), Title I,

Chapter II

Regulatory Law of the ConstitutionalArticle 27 on Oil Matters (LeyReglamentaria del Artículo 27Constitucional en el Ramo del

Petróleo), Chapters I, II, V, VII andIX

Regulations to the Regulatory Law ofthe Constitutional Article 27 on Oil

Matters (Reglamento de la LeyReglamentaria del Artículo 27Constitucional en el Ramo del

Petróleo), Chapters I, II, III, V,

VII, IX and XII

Description: Investment

Only Mexican nationals and Mexicanenterprises with a foreigners’exclusion clause may engage in theretail sale of gasoline,

or acquire,

establish or operate gas stations forthe distribution or retail sale of

gasoline, diesel, lubricants, oils oradditives.

Phase-Out: None

1103

16 Sector:

Sub-Sector:

IndustryClassification:

Energy

Petroleum Products (Supply of fueland lubricants for aircraft, shipsand railway equipment)

Type ofReservation:

National Treatment (Article 58)

Level of

Government:

Federal

Measures:

Description:

Phase-Out:

Foreign Investment Law (Ley deInversión Extranjera), Title I,

Chapter III

Investment

Investors of the other Party or theirinvestments may own, directly orindirectly, up to 49 percent of theownership interest of a Mexicanenterprise which supplies fuel andlubricants for aircraft, ships andrailway equipment.

None

1104

17 Sector:

Sub-Sector:

IndustryClassification:

Fishing

Fishing

CMAP 1300 Fishing

Type ofReservation:

Level of

Government:

National Treatment (Article 98)

Most-Favored-Nation Treatment

(Article 99)

Local Presence (Article 100)

Federal

Measures: United Mexican States Political

Constitution (Constitución Políticade los Estados Unidos Mexicanos),

Article 32

Fishing Law (Ley de Pesca), ChaptersI and II

Description:

Navigation Law (Ley de Navegación),

Title II, Chapter I

Regulations to the Fishing Law(Reglamento de la Ley de Pesca),

Chapters I, III, IV, V, VI, IX and XV

Cross-Border Services

A concession granted, or permitissued, by the Ministry ofEnvironment and Natural Resources

(Secretaría de Medio Ambiente yRecursos Naturales, SEMARNAT) isrequired to engage in fishingactivities in “Mexican jurisdictionalwaters”. Only Mexican nationals andMexican enterprises using Mexicanflagged

vessels may obtain such aconcession or permit. Permits mayexceptionally be issued to personsoperating vessels flagged in aforeign country that providesequivalent treatment to Mexicanflagged

vessels to engage in fishingactivities in the Exclusive Economic

Zone.

1105

Only Mexican nationals and Mexicanenterprises may obtain authorizationfrom SEMARNAT for high seas fishingon Mexican-flagged vessels, fixedfishing facilities, recollection fromthe natural milieu of larvae, postlarvae,

eggs, seeds or fingerlings,

research or aquaculture purposes,

introduction of live species into“Mexican jurisdictional waters”, andeducational fishing in accordancewith the programs of fishingeducational institutions.

Phase-Out: None

1106

18 Sector: Fishing

Sub-Sector: Fishing

IndustryClassification:

CMAP 130011

CMAP 130012

Fishing in Ocean Waters

Fishing in CoastalWaters

CMAP 130013 Fishing in Inland Waters

Type ofReservation:

National Treatment (Article 58)

Most-Favored-Nation Treatment

(Article 59)

Level of

Government:

Federal

Measures: Fishing Law (Ley de Pesca), ChaptersI, II and IV

Navigation Law (Ley de Navegación),

Title III, Chapter I

Sea Federal Law (Ley Federal delMar), Title I, Chapters I and III

National Waters Federal Law (Ley deAguas Nacionales), Title I, and TitleIV, Chapter I

Foreign Investment Law (Ley deInversión Extranjera), Title I,

Chapter III

Regulations to the Fishing Law(Reglamento de la Ley de Pesca),

Chapters I, II, III, V, VI, IX and XV

Description: Investment

Investors of the other Party or theirinvestments may only own, directly orindirectly, up to 49 percent of theownership interest in an enterpriseestablished or to be established in

the Area of Mexico performing coastalfishing, fresh water fishing andfishing in the Exclusive EconomicZone, excluding aquaculture.

1107

Favorable resolution from the

National Commission on ForeignInvestment (Comisión Nacional deInversiones Extranjeras, CNIE) isrequired for investors of the otherParty or their investments to own,

directly or indirectly, more than 49percent of the ownership interest inan enterprise established or to beestablished in the Area of Mexico

performing fishing on the high seas.

Phase-Out: None

1108

19 Sector: Manufacture of Goods

Sub-Sector:

IndustryClassification:

Type ofReservation:

Explosives, Fireworks, Firearms andCartridges

CMAP 352236 Manufacture of

Explosives and Fireworks

CMAP 382208 Manufacture of Firearms

and Cartridges

National Treatment (Article 58)

Level of

Government:

Federal

Measures:

Description:

Foreign Investment Law (Ley deInversión Extranjera), Title I,

Chapter III

Investment

Investors of the other Party or theirinvestments may only own, directly orindirectly, up to 49 percent of theownership interest in an enterpriseestablished or to be established in

the Area of Mexico that manufactures

explosives, fireworks, firearms,

cartridges and ammunition, excludingthe preparation of explosive mixturesfor industrial and extractive

activities.

Phase-Out: None

1109

20 Sector: Manufacture of Goods

Sub-Sector:

Industry

Classification:

Type of Performance Requirements (Article 65)

Reservation:

Level of Federal

Government:

Measures: Foreign Trade Law (Ley de ComercioExterior), Title I, Title II,

Chapters I, II and III, and Title III

Decree for the Promotion and

Operation of the Highly ExporterEnterprises (Decreto para el Fomentoy Operación de las Empresas AltamenteExportadoras) ("ALTEX Decree")

Description: Investment

1. "Direct exporters", as definedin the ALTEX Decree, authorized bythe Ministry of Economy (Secretaríade Economía, SE) to operate underthat Decree must export annually atleast 40 percent of their total salesor US$2,000,000.

2. "Indirect exporters", as definedin the ALTEX Decree, authorized bythe SE to operate under that Decreemust export annually at least 50percent of their total sales.

Phase-Out: None

1110

21 Sector: Manufacture of Goods

Sub-Sector:

IndustryClassification:

Type ofReservation:

Performance Requirements (Article 65)

Level of

Government:

Federal

Measures:

Description:

Foreign Trade Law (Ley de ComercioExterior), Title I, Title II,

Chapters I, II and III, and Title III

Customs Law (Ley Aduanera), TitleIII, Chapter II, Section III, andTitle IV, Chapters I and III

Decree that establishes TemporaryImport Programs to Produce ExportGoods (Decreto que EstablecePrograma de Importación Temporalpara Producir Artículos deExportación) (“PITEX Decree”)

Decree for the Promotion and

Operation of the Maquiladora Industryfor Export (Decreto para el Fomento yOperación de la Industria Maquiladorade Exportación) (“MaquiladoraDecree”)

Investment

Persons authorized by the Ministry ofEconomy (Secretaría de Economía, SE)

to operate under the PITEX andMaquiladora Decrees are required toexport at least:

(a) 30 percent of their total annualproduction in order to bepermitted to temporarily importduty-free

1111

(i) Tools, equipment andaccessories used for

research and industrial

safety; products needed inthe hygiene and asepsis aswell as in the preventionand control of the

environmental pollution ofthe productive system;

handbooks and industrial

plans; telecommunicationand computer equipment, and

(ii) Machinery, devices,

equipment instruments andspare parts used in themanufacturing process;

laboratory, measuring andtesting equipment as wellas equipment required forquality control, trainingof personnel and theadministrative developmentof the company.

(b) 10 percent of their total annualproduction or US$500,000 inorder to be permitted totemporarily import duty-free

(i) raw materials, parts, andcomponents, auxiliarymaterials, containers,

packaging materials, fuelsand lubricants used in the

production of export goods,

and

(ii) containers and trailer's

containers.

Phase-Out: None

1112

22 Sector: Printing, Editing and AssociatedIndustries

Sub-Sector:

IndustryClassification:

Type ofReservation:

Newspaper Publishing

CMAP 342001 Publishing ofNewspapers, Magazines

and Periodicals (limitedto newspapers)

National Treatment (Article 58)

Level of

Government:

Federal

Measures: Foreign Investment Law (Ley deInversión Extranjera), Title I,

Chapter III

As qualified by the Descriptionelement

Description: Investment

Investors of the other Party or theirinvestments may only own, directly orindirectly, up to 49 percent of theownership interest in an enterpriseestablished or to be established in

the Area of Mexico engaged in theprinting or publication of dailynewspapers written primarily for aMexican audience and distributed in

the Area of Mexico.

Phase-Out:

For purposes of this reservation,

daily newspapers are those publishedat least five days a week.

None

1113

23 Sector:

Sub-Sector:

Professional, Technical andSpecialized Services

Medical Doctors

IndustryClassification:

Type ofReservation:

CMAP 9231 Medical, Dental andVeterinary Services

provided by the PrivateSector (limited tomedical and dental

services)

National Treatment (Article 98)

Level of

Government:

Federal

Measures:

Description:

Phase-Out:

Federal Labor Law (Ley Federal delTrabajo), Chapter I

Cross-Border Services

Only Mexican nationals licensed asdoctors in the Area of Mexico mayprovide in-house medical services inMexican enterprises.

None

1114

24 Sector: Professional, Technical andSpecialized Services

Sub-Sector: Professional Services

IndustryClassification:

CMAP 9510 Provision of

Professional, Technical

and Specialized Services(limited to professionalservices)

Type ofReservation:

National Treatment (Article 98)

Local Presence (Article 100)

Level of Federal

Government:

Measures: Regulatory Law of the ConstitutionalArticle 5 relating to the Practice ofthe Professions in the Federal

District (Ley Reglamentaria delArtículo 5º Constitucional, relativoal Ejercicio de las Profesiones en elDistrito Federal), Chapter III,

Section III, and Chapter V

Regulations to the Regulatory Law ofthe Constitutional Article 5 relatingto the Practice of the Professions in

the Federal District (Reglamento dela Ley Reglamentaria del Artículo 5º

Constitucional, relativo al Ejerciciode las Profesiones en el Distrito

Federal), Chapter III

Population General Law (Ley Generalde Población), Chapter III

Description: Cross-Border Services

Pursuant to the relevant

international treaties of which

Mexico is a Party, foreigners maypractice in the Federal District theprofessions set forth in theRegulatory Law of the ConstitutionalArticle 5 related to the Practice of

the Professions in the Federal

District.

1115

In the absence of an international

treaty on the matter, theprofessional practice by foreignerswill be subject to reciprocity in theplace of residence of the applicantand to compliance with the rest ofthe requirements established in theMexican laws and regulations.

Foreign professionals must have anaddress in Mexico. Address will be

understood as the place used forhearing and notice purposes.

Phase-Out: None

1116

25 Sector:

Sub-Sector:

IndustryClassification:

Professional, Technical andSpecialized Services

Specialized Services (CommercialNotary Public)

Type ofReservation:

Level of

Government:

National Treatment (Articles 58and 98)

Local Presence (Article 100)

Federal

Measures: Commercial Notary Public Federal Law(Ley Federal de Correduría Pública),

Articles 7, 8, 12 and 15

Regulations to the Commercial NotaryPublic Federal Law (Reglamento de laLey Federal de Correduría Pública),

Chapter I, and Chapter II, Sections Iand II

Description:

Phase-Out:

Foreign Investment Law (Ley deInversión Extranjera), Title I,

Chapter II

Investment and Cross-Border Services

Only a Mexican national by birth maybe licensed to be a commercial notarypublic (“corredor público”).

A commercial notary public may nothave a business affiliation with anyperson for the provision ofcommercial notary public services.

A commercial notary public shallestablish an office in the placewhere he has been authorized to

practice.

None

1117

26 Sector:

Sub-Sector:

IndustryClassification:

Type ofReservation:

Level of

Government:

Professional, Technical andSpecialized Services

Specialized Services

CMAP 951012 Services of Customs and

Representative Agencies

National Treatment (Articles 58and 98)

Federal

Measures:

Description:

Customs Law (Ley Aduanera), Title II,

Chapters I and III, and Title VII,

Chapter I

Foreign Investment Law (Ley deInversión Extranjera), Title I,

Chapter II

Investment and Cross-Border Services

Only a Mexican national by birth maybe a custom broker.

Phase-Out:

Only custom brokers acting asconsignees or legal representatives(“mandatarios”) of an importer orexporter, as well as custom broker’sassignees, may carry out theformalities related to the custom

clearance of the goods of suchimporter or exporter.

Investors of the other Party or theirinvestments may not participate,

directly or indirectly, in a custombrokers agency.

None

1118

27 Sector:

Sub-Sector:

Religious Services

IndustryClassification:

Type ofReservation:

Level of

Government:

CMAP 929001 Services of ReligiousOrganizations

Senior Management and Boards ofDirectors (Article 64)

Local Presence (Article 100)

Federal

Measures:

Description:

Religious Associations and PublicWorship Law (Ley de AsociacionesReligiosas y Culto Público), TitleII, Chapters I and II

Investment

Representatives of religiousassociations in Mexico must be

Mexican nationals.

Cross-Border Services

Religious associations must beassociations constituted in

accordance with the ReligiousAssociations and Public Worship Law(Ley de Asociaciones Religiosas yCulto Público).

Religious associations must registerbefore the Ministry of InternalAffairs (Secretaría de Gobernación,

SEGOB). To be registered, thereligious associations must beestablished in Mexico.

Phase-Out: None

1119

28 Sector: Retail Trade

Sub-Sector:

IndustryClassification:

Sale of Non-Food Products in

Specialized Establishments

CMAP 623087 Retail Trade of

Firearms, Cartridges andMunitions

Type ofReservation:

CMAP 612024 Wholesale Trade Not

Elsewhere Classified

(limited to firearms,

cartridges andmunitions)

National Treatment (Article 58)

Level of

Government:

Federal

Measures:

Description:

Foreign Investment Law (Ley deInversión Extranjera), Title I,

Chapter III

Investment

Investors of the other Party or theirinvestments may only own, directly orindirectly, up to 49 percent of theownership interest in an enterpriseestablished or to be established in

the Area of Mexico that is engaged inthe sale of explosives, firearms,

cartridges, ammunition, andfireworks, excluding the acquisitionand use of explosives for industrialand extractive activities, and thepreparation of explosive mixtures forsuch activities.

Phase-Out: None

1120

29 Sector:

Sub-Sector:

Services to Agriculture

IndustryClassification:

Type ofReservation:

Level of

Government:

CMAP 971010 Provision of

Agricultural Services

National Treatment (Article 98)

Local Presence (Article 100)

Federal

Measures: United Mexican States Political

Constitution (Constitución Políticade los Estados Unidos Mexicanos),

Article 32

Description:

Plant Health Federal Law (Ley Federalde Sanidad Vegetal), Title II,

Chapter IV

Regulations to the Phitosanitary Lawof the United Mexican States

(Reglamento de la Ley de SanidadFitopecuaria de los Estados UnidosMexicanos), Chapter VII

Cross-Border Services

A concession granted by the Ministryof Agriculture, Livestock, RuralDevelopment, Fishing and Food(Secretaría de Agricultura,

Ganadería, Desarrollo Rural, Pesca yAlimentación) is required to spraypesticides.

Only Mexican nationals or Mexicanenterprises may obtain such aconcession.

Phase-Out: None

1121

30 Sector:

Sub-Sector:

IndustryClassification:

Type ofReservation:

Transportation

Air Transportation

CMAP 384205 Manufacture, Assemblyand Repair of Aircraft(limited to repair ofaircrafts)

Local Presence (Article 100)

Level of

Government:

Federal

Measures:

Description:

Phase-Out:

Civil Aviation Law (Ley de AviaciónCivil), Chapter III, Section II

Regulations to Aircraft RepairFacilities (Reglamento de TalleresAeronáuticos), Chapter I

Cross-Border Services

A permit issued by the Ministry ofCommunications and Transportation(SCT) is required to establish andoperate, or operate, an aircraftrepair facility, and centers forteaching and training of personnel.

None

1122

31 Sector: Transportation

Sub-Sector: Air Transportation

IndustryClassification:

CMAP 713001 Scheduled Air TransportServices on DomesticallyRegistered Aircraft

CMAP 713002 Non-Scheduled Air

Transport (Air Taxis)

Type ofReservation:

National Treatment (Article 58)

Senior Management and Boards ofDirectors (Article 64)

Level of Federal

Government:

Measures: Civil Aviation Law (Ley de AviaciónCivil), Chapters IX and X

Regulations to the Civil Aviation Law(Reglamento de la Ley de AviaciónCivil), Title II, Chapter I

Foreign Investment Law (Ley deInversión Extranjera), Title I,

Chapter III

As qualified by the Descriptionelement

Description: Investment

Investors of the other Party or theirinvestments may only own, directly orindirectly, up to 25 percent of thevoting interests in an enterpriseestablished or to be established in

the Area of Mexico that providescommercial air services on Mexicanregistered

aircrafts. The chairman

and at least two-thirds of the boards

of directors and two-thirds of the

managing officers of such anenterprise must be Mexican nationals.

1123

Only Mexican nationals and Mexicanenterprises in which 75 percent ofthe voting interest is owned orcontrolled by Mexican nationals andof which the chairman and at least

two-thirds of the managing officersare Mexican nationals, may registeran aircraft in Mexico.

Phase-Out: None

1124

32 Sector:

Sub-Sector:

IndustryClassification:

Transportation

Air Transportation

CMAP 973301 Aeronautical NavigationServices

Type ofReservation:

CMAP 973302 Airport and HeliportManagement Services

National Treatment (Article 58)

Level of

Government:

Federal

Measures: United Mexican States Political

Constitution (Constitución Políticade los Estados Unidos Mexicanos),

Article 32

General Means of Communication Law

(Ley de Vías Generales deComunicación), Book I, Chapters I,IIand III

Foreign Investment Law (Ley deInversión Extranjera), Title I,

Chapter III

Civil Aviation Law (Ley de AviaciónCivil), Chapters I and IV

Airports Law (Ley de Aeropuertos),

Chapter III

Regulations to the Airports Law(Reglamento de la Ley deAeropuertos), Title II, Chapters I,

II and III

1125

Description: Investment

Favorable resolution from the

National Commission on ForeignInvestment (Comisión Nacional deInversiones Extranjeras, CNIE) isrequired for investors of the otherParty or their investments to own,

directly or indirectly, more than 49percent of the ownership interest inan enterprise established or to beestablished in the Area of Mexico

that is a concessionaire or

permissionaire of airfields forpublic service.

When resolving, the CNIE willconsider that the national and

technological development be favored,

and that the sovereign integrity ofthe nation be protected.

Phase-Out: None

1126

33 Sector:

Sub-Sector:

IndustryClassification:

Transportation

Specialty Air Services

Type ofReservation:

Level of

Government:

National Treatment (Article 58)

Senior Management and Boards ofDirectors (Article 64)

Local Presence (Article 100)

Federal

Measures: General Means of Communications Law

(Ley de Vías Generales deComunicación), Book I, Chapter III

Foreign Investment Law (Ley deInversión Extranjera), Title I,

Chapter III

Civil Aviation Law (Ley de AviaciónCivil), Chapters I, II, IV and IX

As qualified by the Descriptionelement

1127

Description: Investment

Investors of the other Party or theirinvestments may only own, directly orindirectly, up to 25 percent of thevoting interests in an enterpriseestablished or to be established in

the Area of Mexico that providesspecialty air services using Mexicanregistered

aircrafts. The chairman

and at least two-thirds of the board

of directors and two-thirds of the

managing officers of such anenterprise must be Mexican nationals.

Only Mexican nationals and Mexicanenterprises in which 75 percent ofthe voting interests is owned orcontrolled by Mexican nationals andof which the chairman and at least

two-thirds of the managing officersare Mexican nationals may register anaircraft in Mexico.

Cross-Border Services

A permit issued by the Ministry ofCommunications and Transportation(Secretaría de Comunicaciones yTransportes, SCT) is required toprovide all specialty air services inthe Area of Mexico. Such a permit mayonly be granted when the personinterested in the supply of theseservices has an address in the Area

of Mexico.

Phase-Out: None

1128

34 Sector:

Sub-Sector:

IndustryClassification:

Transportation

Land Transportation

CMAP 711201 Construction Materials

Transport Services

CMAP 711202 Moving Services

CMAP 711203 Other SpecializedFreight TransportServices

CMAP 711204

CMAP 711311

General FreightTransport Services

Long-Distance PassengerBus and Coach TransportServices

Type ofReservation:

Level of

Government:

CMAP 711318 School and Tourist

Transport Services(limited to touristtransport services)

National Treatment (Articles 58 and98)

Local Presence (Article 100)

Federal

Measures: Foreign Investment Law (Ley deInversión Extranjera), Title I,

Chapter II

Roads, Bridges and Federal RoadTransport Law (Ley de Caminos,

Puentes y Autotransporte Federal),

Title I, Chapter III

Regulations to the Federal RoadTransport and Ancillary Services(Reglamento de Autotransporte Federaly Servicios Auxiliares), Chapter I

1129

Description: Investment

Investors of the other Party or theirinvestments may not own, directly orindirectly, an ownership interest inan enterprise established or to beestablished in the Area of Mexico,

engaged in transportation services ofpassengers other than inter-city busservices, or in transportationservices of domestic cargo betweenpoints in the Area of Mexico, exceptfor packaging and messenger services.

Cross-Border Services

A permit issued by the Ministry ofCommunications and Transportation(Secretaría de Comunicaciones yTransportes, SCT) is required toprovide inter-city bus services,

tourist transportation services ortruck services for the transportationof goods or passengers to or from theArea of Mexico. Only Mexicannationals and Mexican enterpriseswith a foreigners' exclusion clausemay provide such services.

Only Mexican nationals and Mexicanenterprises with a foreigners'exclusion clause, using Mexicanregistered

equipment that is Mexicanbuilt

or legally imported, anddrivers who are Mexican nationals,

may provide bus or truck services forthe transportation of goods orpassengers between points in the Areaof Mexico.

A permit issued by the SCT isrequired to provide packaging andmessenger services. These permitsshall be granted to Mexican nationalsor enterprises incorporated under thelaws of Mexico.

Phase-Out: None

1130

35 Sector: Transportation

Sub-Sector: Land Transportation

IndustryClassification:

CMAP 711312 Urban and Suburban

Passenger Bus and CoachTransport Services

CMAP 711315 Motor Vehicle Taxi

Transport Services

CMAP 711316 Motor Vehicle Fixed

Route Transport Services

CMAP 711317 Transport Services inMotor Vehicles from

Taxi-Ranks

CMAP 711318 School and Tourist

Transport Services(limited to schooltransport services)

Type ofReservation:

National Treatment (Articles 58 and98)

Level of

Government:

Federal

Measures: Foreign Investment Law (Ley deInversión Extranjera), Title I,

Chapter II

General Means of Communication Law

(Ley de Vías Generales deComunicación), Book I, Chapters I andII

Roads, Bridges and Federal RoadTransport Law (Ley de Caminos,

Puentes y Autotransporte Federal),

Title I, Chapter III

Regulations to the Federal RoadTransport and Auxiliary Services(Reglamento de Autotransporte Federaly Servicios Auxiliares), Chapter I

1131

Description: Investment and Cross-Border Services

Only Mexican nationals and Mexicanenterprises with a foreigners'exclusion clause may provide localbus services, school bus services andtaxi and other collective

transportation services.

Phase-Out: None

1132

36 Sector: Transportation

Sub-Sector: Land Transportation

IndustryClassification:

CMAP 973101 Management Services ofPassenger Bus Terminalsand Auxiliary Services(limited to main bus andtruck terminals and bus

and truck stations)

Type ofReservation:

National Treatment (Article 98)

Local Presence (Article 100)

Level of Federal

Government:

Measures: Roads, Bridges and Federal RoadTransport Law (Ley de Caminos,

Puentes y Autotransporte Federal),

Title I, Chapter III

Regulations to the Enjoyment of theRight of Way of the Federal Roads andSurrounding Zones (Reglamento para elAprovechamiento del Derecho de Vía delas Carreteras Federales y ZonasAledañas), Chapters II and IV

Regulations to the Federal RoadTransport and Auxiliary Services(Reglamento de Autotransporte Federaly Servicios Auxiliares), Chapter I

Description: Cross-Border Services

A permit issued by the Ministry ofCommunications and Transportation(Secretaría de Comunicaciones yTransportes, SCT) is required toestablish, or operate, a bus or truckstation or terminal. Only Mexicannationals and Mexican enterprises mayobtain such a permit.

Phase-Out: None

1133

37 Sector:

Sub-Sector:

IndustryClassification:

Type ofReservation:

Level of

Government:

Transportation

Land Transportation

CMAP 973102 Management Services ofRoads, Bridges andAuxiliary Services

National Treatment (Article 98)

Local Presence (Article 100)

Federal

Measures: United Mexican States Political

Constitution (Constitución Políticade los Estados Unidos Mexicanos),

Article 32

Description:

Roads, Bridges and Federal RoadTransport Law (Ley de Caminos,

Puentes y Autotransporte Federal),

Title I, Chapter III

Cross-Border Services

A concession granted by the Ministryof Communications and Transportation(Secretaría de Comunicaciones yTransportes, SCT) is required toprovide road and bridge managementservices and auxiliary services. OnlyMexican nationals and Mexican

enterprises may obtain such aconcession.

Phase-Out: None

1134

38 Sector: Transportation

Sub-Sector: Land Transportation and WaterTransportation

IndustryClassification:

CMAP 501421 Construction of Maritime

and River Works

CMAP 501422 Construction of

Roadworks and Works for

Land Transport

Type ofReservation:

National Treatment (Article 98)

Local Presence (Article 100)

Level of

Government:

Federal

Measures: United Mexican States Political

Constitution (Constitución Políticade los Estados Unidos Mexicanos),

Article 32

Roads, Bridges and Federal RoadTransport Law (Ley de Caminos,

Puentes y Autotransporte Federal),

Title I, Chapter III

Ports Law (Ley de Puertos), ChapterIV

Navigation Law (Ley de Navegación),

Title I, Chapter II

Description: Cross-Border Services

A concession granted by the Ministryof Communications and Transportation(Secretaría de Comunicaciones yTransportes, SCT) is required toconstruct and operate, or operate,

marine or river works or roads for

land transportation. Such aconcession may be granted only toMexican nationals and Mexican

enterprises.

Phase-Out: None

1135

39 Sector:

Sub-Sector:

IndustryClassification:

Transportation

Non-Energy Pipelines

Type ofReservation:

Level of

Government:

National Treatment (Article 98)

Local Presence (Article 100)

Federal

Measures: United Mexican States Political

Constitution (Constitución Políticade los Estados Unidos Mexicanos),

Article 32

General Means of Communication Law

(Ley de Vías Generales deComunicación), Book I, Chapters I, IIand III

Description:

National Waters Federal Law (Ley deAguas Nacionales), Title I, ChapterII, and Title IV, Chapter II

Cross-Border Services

A concession granted by the Ministryof Communications and Transportation(Secretaría de Comunicaciones yTransportes, SCT) is required toconstruct and operate, or operate,

pipelines carrying goods other thanenergy or basic petrochemicals. OnlyMexican nationals and Mexican

enterprises may obtain such aconcession.

Phase-Out: None

1136

40 Sector:

Sub-Sector:

IndustryClassification:

Type ofReservation:

Level of

Government:

Transportation

Railway Transportation Services

CMAP 711101 Transport Services ViaRailway

National Treatment (Articles 58 and98)

Local Presence (Article 100)

Federal

Measures: Foreign Investment Law (Ley deInversión Extranjera), Title I,

Chapter III

Regulatory Law of the Railway Service(Ley Reglamentaria del ServicioFerroviario), Chapter I, and ChapterII, Section III

Regulations to the Railway Service(Reglamento del ServicioFerroviario), Title I, Chapters I, IIand III, Title II, Chapters I and IV,

and Title III, Chapter I, Sections Iand II

Description: Investment

Favorable resolution from the

National Commission of ForeignInvestment (Comisión Nacional deInversiones Extranjeras, CNIE) isrequired for investors of the otherParty or their investments toparticipate, directly or indirectly,

in more than 49 percent of theownership interest of an enterpriseestablished or to be established in

the Area of Mexico engaged in theconstruction, operation andexploitation of railroads deemedgeneral means of communication, or inthe supply of railway transportationpublic service.

1137

When resolving, the CNIE willconsider that the national and

technological development be favored,

and that the sovereign integrity ofthe nation be protected.

Cross-Border Services

A concession granted by the Ministryof Communications and Transportation(Secretaría de Comunicaciones yTransportes, SCT) is required toconstruct, operate and exploitrailway transportation services andto provide railway transportationpublic service. Only Mexican

enterprises may obtain such aconcession.

A permit issued by SCT is required toprovide auxiliary services; theconstruction of entry and exitfacilities, crossings and marginalfacilities in the right of way; theinstallation of advertisements and

publicity signs in the right of way;

and the construction and operation ofbridges over railway lines. OnlyMexican nationals and Mexican

enterprises may obtain such a permit.

Phase-Out: None

1138

41 Sector:

Sub-Sector:

IndustryClassification:

Type ofReservation:

Transportation

Railway Transportation Services

CMAP 711101 Transport Services ViaRailway (limited torailway crew)

National Treatment (Article 98)

Level of

Government:

Federal

Measures:

Description:

Federal Labor Law (Ley Federal delTrabajo), Title VI, Chapter V

Cross-Border Services

Railway crew members must be Mexicannationals.

Phase-Out: None

1139

42 Sector:

Sub-Sector:

IndustryClassification:

Transportation

Water Transportation

CMAP 384201 Manufacture and Repairof Vessels

Type ofReservation:

Level of

Government:

National Treatment (Article 98)

Local Presence (Article 100)

Federal

Measures: United Mexican States Political

Constitution (Constitución Políticade los Estados Unidos Mexicanos),

Article 32

General Means of Communication Law

(Ley de Vías Generales deComunicación), Book I, Chapters I, IIand III

Navigation Law (Ley de Navegación),

Title I, Chapter II

Ports Law (Ley de Puertos), ChapterIV

Description: Cross-Border Services

A concession granted by the Ministryof Communications and Transportation(Secretaría de Comunicaciones yTransportes, SCT) is required toestablish and operate, or operate, ashipyard. Only Mexican nationals andMexican enterprises may obtain such aconcession.

Phase-Out: None

1140

43 Sector:

Sub-Sector:

IndustryClassification:

Transportation

Water Transportation

CMAP 712011 Sea and Coastal

Transport Services

CMAP 712012 Coastal TransportServices

CMAP 712013

CMAP 712021

Transoceanic and Coastal

Towing Services

Inland Water TransportServices

Type ofReservation:

Level of

Government:

National Treatment (Articles 58 and98)

Most-Favored-Nation Treatment

(Articles 59 and 99)

Federal

Measures: Navigation Law (Ley de Navegación),

Title III, Chapter I

Foreign Investment Law (Ley deInversión Extranjera), Title I,

Chapter III

Economic Competition Federal Law (LeyFederal de Competencia Económica),

Chapter IV

As qualified by the Descriptionelement

1141

Description:

Investment and Cross-Border Services

The operation or exploitation ofhigh-seas navigation vessels,

including transport and internationalmaritime towing services is open toships owners and vessels of allcountries, on the basis ofreciprocity according tointernational treaties. With the

previous opinion of the FederalCompetition Commission (ComisiónFederal de Competencia, CFC), theMinistry of Communications andTransportation (Secretaría deComunicaciones y Transportes, SCT)

may reserve, totally or partially,

certain international high-seasfreight transportation services,

which could only be carried out byMexican shipping enterprises withMexican-flagged vessels or vesselsreputed as such when the principlesof free competition are not respectedor the national economy is affected.

The operation and exploitation ofdredges and maritime devices for theconstruction, preservation andoperation of ports may be carried outby Mexican or foreign shippingenterprises using Mexican or foreignvessels or maritime devices.

Investors of the other Party or theirinvestments may only own, directly orindirectly, up to 49 percent of theownership interest in a Mexicanshipping enterprise, established orto be established in the Area of

Mexico, which is engaged in thecommercial exploitation of vesselsfor inland and coastal navigation,

excluding tourism cruises andexploitation of dredges and maritimedevices for the construction,

preservation and operation of ports.

1142

Favorable resolution from the

National Commission of ForeignInvestments (Comisión Nacional deInversiones Extranjeras, CNIE) isrequired for investors of the otherParty or their investments to own,

directly or indirectly, more than 49percent of the ownership interest inan enterprise established or to beestablished in the Area of Mexico

engaged in high-seas navigationservices.

Phase-Out: None

1143

44 Sector: Transportation

Sub-Sector: Water Transportation

IndustryClassification:

CMAP 973201 Water Transport Loadingand Unloading Services(includes operation andmaintenance of docks;

loading and unloading ofvessels at shore-side;

marine cargo handling;

operation and

maintenance of piers;

ship and boat cleaning;

stevedoring; transfer ofcargo between ships andtrucks, trains,

pipelines and wharves;

waterfront terminal

operations)

Type ofReservation:

National Treatment (Articles 58 and98)

Local Presence (Article 100)

Level of

Government:

Federal

Measures: United Mexican States Political

Constitution (Constitución Políticade los Estados Unidos Mexicanos),

Article 32

Navigation Law (Ley de Navegación),

Title I, Chapter II, and Title II,

Chapters IV and V

Ports Law (Ley de Puertos), ChaptersII, IV and VI

General Means of Communication Law

(Ley de Vías Generales deComunicación), Book I, Chapters I, IIand III

1144

Description:

Phase-Out:

Regulations to the Use and Enjoymentof the Territorial Sea, Water Ways,

Beaches, Relevant Federal CoastalZone and Lands Gained to the Sea

(Reglamento para el Uso yAprovechamiento del Mar Territorial,

Vías Navegables, Playas, Zona FederalMarítimo Terrestre y Terrenos Ganadosal Mar), Chapter II, Section II

Foreign Investment Law (Ley deInversión Extranjera), Title I,

Chapter III

Investment

Favorable resolution from the

National Commission on ForeignInvestment (Comisión Nacional deInversiones Extranjeras, CNIE) isrequired for investors of the otherParty or their investments to own,

directly or indirectly, more than 49percent of the ownership interest inan enterprise, established or to beestablished in the Area of Mexico

providing port services to vesselsfor inland navigation such as towing,

mooring and tendering.

Cross-Border Services

A concession granted by the Ministryof Communications and Transportation(Secretaría de Comunicaciones yTransportes, SCT) is required toconstruct and operate, or operate,

maritime and inland port terminals,

including docks, cranes and relatedfacilities. Only Mexican nationals

and Mexican enterprises may obtainsuch a concession.

A permit issued by the SCT isrequired to provide stevedoring andwarehousing services. Only Mexicannationals and Mexican enterprises mayobtain such a permit.

None

1145

45 Sector:

Sub-Sector:

IndustryClassification:

Transportation

Water Transportation

CMAP 973203 Management of Ports

Type ofReservation:

National Treatment (Article 58)

Level of

Government:

Federal

Measures: Ports Law (Ley de Puertos), ChaptersIV and V

Description:

Phase-Out:

Regulations to the Ports Law(Reglamento de la Ley de Puertos),

Title I, Chapters I and VI

Foreign Investment Law (Ley deInversión Extranjera), Title I,

Chapter III

Investment

Investors of the other Party or theirinvestments may only own, directly orindirectly, up to 49 percent of theownership interest of a Mexicanenterprise authorized to act as anintegral port administrator.

An integral port administrationexists when the planning,

programming, development and otheractions relating to the goods andservices of a port are whollyentrusted to a corporation, by meansof a concession for the use,

enjoyment and exploitation of thegoods and the supply of therespective services.

None

1146

46 Sector

Sub-Sector:

IndustryClassification:

Type ofReservation:

Transportation

Water Transportation

CMAP 973203 Management of Ports(limited to pilotingport services)

National Treatment (Article 58)

Level of

Government:

Federal

Measures: Navigation Law (Ley de Navegación),

Title III, Chapter III

Foreign Investment Law (Ley deInversión Extranjera), Title I,

Chapter III

Ports Law (Ley de Puertos), ChaptersIV and VI

Description:

Phase-Out:

Investment

Investors of the other Party or theirinvestments may only participate,

directly or indirectly, up to 49percent in Mexican enterprisesengaged in the supply of pilotingport services to vessels operating ininland navigation.

None

Annex 7 referred to in Chapters 7 and 8. Reservations for Future Measures

1. The Schedule of a Party sets out, pursuant toparagraph 3 of Articles 66 and 101, the reservations takenby that Party with respect to specific sectors, sub-sectorsor activities for which it may maintain existing, or adoptnew or more restrictive, measures that do not conform withobligations imposed by:

(a) Article 58 or 98 (National Treatment);

(b) Article 59 or 99 (Most-Favored-Nation Treatment);

(c) Article 64 (Senior Management and Boards ofDirectors);

(d) Article 65 (Performance Requirements); or

(e) Article 100 (Local Presence).

2. Each reservation sets out the following elements:

(a) “Sector” refers to the general sector in which areservation is taken;

(b) “Sub-Sector” refers to the specific sector inwhich a reservation is taken;

(c) “Industry Classification” refers, whereapplicable, to the activity covered by thereservation according to domestic industryclassification codes;

(d) “Type of Reservation” specifies the obligationreferred to in paragraph 1 above for which areservation is taken;

(e) “Description” sets out the scope of the sector,

sub-sector or activities covered by thereservation; and

(f) “Existing Measures” identifies, for transparencypurposes, existing measures that apply to thesector, sub-sector or activities covered by thereservation.

3. In the interpretation of a reservation, all elementsof the reservation shall be considered. The “Description”

element shall prevail over all other elements.

1148

4. Nothing in this Annex shall affect interpretation ofthe provision of subparagraph 2(c) of Article 97 withrespect to measures affecting traffic rights in airtransport services or services directly related to theexercise of such traffic rights.

5. Nothing in the reservation for Article 65 lodged inthe Schedule of Japan shall be construed so as to derogatefrom the obligations of Japan under the Agreement on TradeRelated Investment Measures in Annex 1A to the WTO

Agreement.

6. For the purposes of this Annex:

the term “CMAP” means Mexican Classification of

Activities and Products (Clasificación Mexicana deActividades y Productos) numbers as set out inNational Institute for Statistics, Geography andInformatics (Instituto Nacional de Estadística,

Geografía e Informática), Mexican Classification ofActivities and Products (Clasificación Mexicana deActividades y Productos), 1994; and

the term “JSIC” means Japan Standard IndustrialClassification numbers as set out in the Statistics

Bureau, Ministry of Internal Affairs andCommunications, Japan Standard IndustrialClassification, revised March 7, 2002.

1149

1 Sector:

Schedule of Japan

All Sectors

Sub-Sector:

IndustryClassification:

Type ofReservation:

Description:

National Treatment (Article 58)

Senior Management and Boards ofDirectors (Article 64)

Investment

When transferring or disposing of itsequity interests in, or the assetsof, a state enterprise or agovernmental entity, Japan may:

(a) prohibit or impose limitationson the ownership of suchinterests or assets by investorsof Mexico or their investments;

(b) impose limitations on theability of investors of Mexicoor their investments as owners

of such interests or assets to

control any resultingenterprise; or

(c) adopt or maintain any measurerelating to the nationality ofsenior management or members ofthe board of directors of anyresulting enterprise.

In the event Japan adopts any measureregarding (a) or (b) above, or adoptsor maintains any measure referred toin (c) above, Japan shall describesuch measure in Annex 6 except incase it is with respect to JapanPost, state enterprises orgovernmental entities for betting andgambling services, and thosesuccessors.

ExistingMeasures:

1150

2 Sector: All Sectors

Sub-Sector:

IndustryClassification:

Type ofReservation:

Description:

National Treatment (Articles 58 and98)

Senior Management and Boards ofDirectors (Article 64)

Local Presence (Article 100)

Investment and Cross-Border Services

In the event where the supply oftelegraph services, postal servicesand betting and gambling services,

manufacture of tobacco products,

manufacture of Bank of Japan notes,

minting and sale of coinage in Japan,

which are restricted to designatedenterprises or governmental entities,

are liberalized to those other than

the designated enterprises orgovernmental entities, or in theevent where such designatedenterprises or governmental entitiesno longer operate on a non-commercialbasis, Japan may adopt or maintainany measure relating to thoseactivities.

In the event Japan adopts any measureregarding liberalization or operationof designated enterprises orgovernmental entities on a non-

commercial basis envisaged above,

Japan shall describe such measure inAnnex 6 except in case it is withrespect to telegraph services, postalservices or betting and gamblingservices.

ExistingMeasures:

1151

3 Sector: All Sectors

Sub-Sector:

IndustryClassification:

Type ofReservation:

Description:

ExistingMeasures:

National Treatment

(Article 58)

Investment

National Treatment may not beaccorded to investors of Mexico and

their investments with respect tosubsidies for research and

development.

1152

4 Sector:

Sub-Sector:

All Sectors (New Services)

IndustryClassification:

Type ofReservation:

Description:

National Treatment

(Article 98)

Most-Favored-Nation Treatment

(Article 99)

Local Presence (Article 100)

Cross-Border Services

Japan reserves the right to adopt ormaintain any measure relating to newservices other than those recognizedor that should have been recognizedowing to the then circumstances atthe time of entry into force of thisAgreement by the Government of Japan.

Japan reserves the right to adopt ormaintain any measure relating to thesupply of services in any mode ofsupply in which those services werenot technically feasible at the timeof entry into force of thisAgreement.

Any services classified positivelyand explicitly in JSIC, CMAP orUnited Nations Provisional Central

Product Classification (CPC), 1991,

at the time of entry into force ofthis Agreement should have beenrecognized by the Government of Japanat that time.

ExistingMeasures:

1153

5 Sector: Aerospace Industry

Sub-Sector: Aircraft Industry

Space Industry

IndustryClassification:

JSIC 271* Manufacture of

electrical generating,

transmission,

distribution and

industrial apparatus

JSIC 274* Manufacture of

electronic equipment

JSIC 275* Manufacture of electric

measuring instruments

JSIC 279* Manufacture of

miscellaneous electrical

machinery equipment andsupplies

JSIC 28* Manufacture of

information and

communication

electronics equipment

JSIC 29* Manufacture of

electronic parts anddevices

JSIC 304 Manufacture of aircraft

and parts

JSIC 3059* Manufacture of

miscellaneous industrial

trucks and parts andaccessories

JSIC 3099* Manufacture of

transportationequipment, n.e.c.

JSIC 8711* General machine repairshops, exceptconstruction and miningmachinery

JSIC 872* Electrical machinery,

apparatus, appliancesand supplies repair shop

1154

Type ofReservation:

Description:

ExistingMeasures:

(An asterisk (*) on the JSIC numberindicates that the activities covered

by the reservation under such numberare limited to the activities related

to aircraft and space industry.)

National Treatment (Articles 58and 98)

Senior Management and Boards ofDirectors (Article 64)

Performance Requirements (Article 65)

Local Presence (Article 100)

Investment and Cross-Border Services

Japan reserves the right to adopt ormaintain any measure relating toinvestment in aircraft and spaceindustry.

Japan reserves the right to adopt ormaintain any measure relating to thesupply of services in aircraft andspace industry, including:

(a) services based on technologicalinducement contracts for

importing technology fordevelopment, production or use;

(b) production services on fee orcontract basis;

(c) repair and maintenance services;

and

(d) space transportation services.

Foreign Exchange and Foreign TradeLaw (Law No. 228 of 1949), Articles27 and 30

Cabinet Order on Foreign DirectInvestment (Cabinet Order No. 261 of1980), Articles 3 and 5

1155

6 Sector: Arms and Explosives Industry

Sub-Sector: Arms Industry

Explosives Manufacturing Industry

IndustryClassification:

JSIC 1791 Manufacture of

explosives

JSIC 271* Manufacture of

electrical generating,

transmission,

distribution and

industrial apparatus

JSIC 274* Manufacture of

electronic equipment

JSIC 275* Manufacture of electric

measuring instruments

JSIC 279* Manufacture of

miscellaneous electrical

machinery equipment andsupplies

JSIC 28* Manufacture of

information and

communication

electronics equipment

JSIC 29* Manufacture of

electronic parts anddevices

JSIC 303* Shipbuilding andrepairing, andmanufacture of marine

engines

JSIC 3059* Manufacture of

miscellaneous industrial

trucks and parts andaccessories

JSIC 3099* Manufacture of

transportationequipment, n.e.c.

JSIC 3281 Manufacture of ordnance

and accessories

1156

Type ofReservation:

Description:

ExistingMeasures:

JSIC 8711* General machine repair

shops, except

construction and mining

machinery

JSIC 872* Electrical machinery,

apparatus, appliances

and supplies repair shop

(An asterisk (*) on the JSIC numberindicates that the activities covered

by the reservation under such numberare limited to the activities related

to arms industry.)

National Treatment

(Articles 58 and 98)

Senior Management and Boards ofDirectors (Article 64)

Performance Requirements (Article 65)

Local Presence (Article 100)

Investment and Cross-Border Services

Japan reserves the right to adopt ormaintain any measure relating toinvestment in arms industry andexplosives manufacturing industry.

Japan reserves the right to adopt ormaintain any measure relating to thesupply of services in arms industryand explosive manufacturing industry,

including:

(a) services based on technologicalinducement contracts for

importing technology fordevelopment, production or use;

(b) production services on fee orcontract basis; and

(c) repair and maintenance services.

Foreign Exchange and Foreign TradeLaw (Law No. 228 of 1949), Articles27 and 30

1157

Cabinet Order on Foreign DirectInvestment (Cabinet Order No. 261 of1980), Articles 3 and 5

1158

7 Sector: Energy

Sub-Sector: Electricity Utility Industry

Gas Utility Industry

Nuclear Energy Industry

IndustryClassification:

JSIC 0519 Miscellaneous metal

mining (limited tonuclear materials)

JSIC 2491 Manufacture of nuclear

fuel

JSIC 271* Manufacture of

electrical generating,

transmission,

distribution and

industrial apparatus

JSIC 274* Manufacture of

electronic equipment

JSIC 275* Manufacture of electric

measuring instruments

JSIC 279* Manufacture of

miscellaneous electrical

machinery equipment andsupplies

JSIC 28* Manufacture of

information and

communication

electronics equipment

JSIC 29* Manufacture of

electronic parts anddevices

JSIC 303* Shipbuilding andrepairing, andmanufacture of marine

engines

JSIC 3059* Manufacture of

miscellaneous industrial

trucks and parts andaccessories

JSIC 3099* Manufacture of

transportationequipment, n.e.c.

JSIC 331 Production, transmissionand distribution of

electricity

JSIC 3411 Gasworks

JSIC 3412 Gas distribution

JSIC 3413 Gas establishments (mainoffice, office)

JSIC 8599* Miscellaneous waste

treatment services

JSIC 8711* General machine repairshops, exceptconstruction and miningmachinery

JSIC 872* Electrical machinery,

apparatus, appliancesand supplies repair shop

(An asterisk (*) on the JSIC numberindicates that the activities covered

by the reservation under such numberare limited to the activities related

to nuclear energy industry.)

Type of National Treatment

Reservation: (Articles 58 and 98)

Most-Favored-Nation Treatment

(Article 99)

Senior Management and Boards ofDirectors (Article 64)

Performance Requirements (Article 65)

Local Presence (Article 100)

Description: Investment and Cross-Border Services

Japan reserves the right to adopt ormaintain any measure relating toinvestment in, or the supply ofservices in, the energy industrylisted sub-sector above.

Existing Foreign Exchange and Foreign Trade

Measures: Law (Law No. 228 of 1949), Articles27 and 30

1160

Cabinet Order on Foreign DirectInvestment (Cabinet Order No. 261 of1980), Articles 3 and 5

Specified Radioactive Waste FinalDisposal Act (Law No. 117 of 2000),

Chapter 5

1161

8 Sector: Fisheries

Sub-Sector: Fisheries within the Territorial Sea,

Internal Waters, Exclusive EconomicZone and Continental Shelf

IndustryClassification:

JSIC 031

JSIC 032

Marine fisheries

Inland water fisheries

Type ofReservation:

Description:

JSIC 041 Marine aquaculture

JSIC 042 Inland water aquaculture

JSIC 8493 Recreational fishingguide business

National Treatment

(Articles 58 and 98)

Most-Favored-Nation Treatment

(Articles 59 and 99)

Senior Management and Boards ofDirectors (Article 64)

Performance Requirements (Article 65)

Local Presence (Article 100)

Investment and Cross-Border Services

Japan reserves the right to adopt ormaintain any measure relating toinvestment in, or the supply ofservices in, fisheries in theterritorial sea, internal waters,

exclusive economic zone and

continental shelf of Japan.

For the purpose of this reservation,

the term “fisheries” means the work

of taking and cultivation of aquaticresources, including the followingfisheries related services:

(a) investigation of aquaticresources without taking suchresources;

(b) luring of aquatic resources;

1162

(c) preservation and processing offish catches;

(d) transportation of fish catchesand fish products; and

(e) provision of supplies to othervessels used for fisheries.

Existing Foreign Exchange and Foreign TradeMeasures: Law (Law No. 228 of 1949), Article 27

Cabinet Order on Foreign DirectInvestment (Cabinet Order No. 261 of1980), Article 3

Law for Regulation of FishingOperation by Foreign Nationals (LawNo. 60 of 1967), Articles 3, 4 and 6

Law concerning the Exercise ofSovereign Rights concerning Fisheriesin the Exclusive Economic Zones (LawNo. 76 of 1996), Articles 4, 5, 7, 8,9, 10, 11, 12 and 14

1163

9 Sector: Information and Communications

Sub-Sector: Broadcasting Industry

IndustryClassification:

JSIC 381 Public broadcasting,

except cablecasting

JSIC 382 Private sector

broadcasting, exceptcablecasting

JSIC 383 Cablecasting

Type ofReservation:

National Treatment

(Articles 58 and 98)

Senior Management and Boards ofDirectors (Article 64)

Performance Requirements (Article 65)

Local Presence (Article 100)

Description: Investment and Cross-Border Services

Japan reserves the right to adopt ormaintain any measure relating toinvestment in, or the supply ofservices in, broadcasting industry.

ExistingMeasures:

Foreign Exchange and Foreign TradeLaw (Law No. 228 of 1949), Article 27

Cabinet Order on Foreign DirectInvestment (Cabinet Order No. 261 of1980), Article 3

Radio Law (Law No. 131 of 1950),

Article 5

Broadcast Law (Law No. 132 of 1950),

Articles 52-8 and 52-13

1164

10 Sector:

Sub-Sector:

Security Guard Services

IndustryClassification:

JSIC 906 Security Guard Services

Type ofReservation:

Description:

National Treatment

(Article 98)

Local Presence (Article 100)

Cross-Border Services

Japan reserves the right to adopt ormaintain any measure relating to thesupply of security guard services bynon-nationals.

ExistingMeasures:

Security Business Law (Law No. 117 of1972), Articles 4 and 4-2

1165

11 Sector: Social Services

Sub-Sector:

IndustryClassification:

Type ofReservation:

Description:

National Treatment

(Articles 58 and 98)

Senior Management and Boards ofDirectors (Article 64)

Performance Requirements (Article 65)

Local Presence (Article 100)

Investment and Cross-Border Services

Japan reserves the right to adopt ormaintain any measure relating topublic law enforcement andcorrectional services, and socialservices such as income security orinsurance, social security orinsurance, social welfare, publiceducation, public training, healthand child care.

ExistingMeasures:

1166

Schedule of Mexico

Sector: All Sectors

Sub-Sector:

IndustryClassification:

Type of National Treatment (Articles 58 andReservation: 98)

Description: Investment and Cross-Border Services

Mexico reserves the right to adopt ormaintain any measure restricting theacquisition, sale or otherdisposition of bonds, treasury billsor any other kind of debt securityissued by the federal, state or localgovernments.

ExistingMeasures:

1167

2 Sector: All Sectors

Sub-Sector:

IndustryClassification:

Type ofReservation:

National Treatment (Article 58)

Description:

ExistingMeasures:

Investment

Mexico reserves the right to adopt ormaintain any measure relating tosubsidies or grants provided by thefederal or state

governments or by astate enterprise, includinggovernment-supported loans,

guarantees and insurance.

1168

3 Sector:

Sub-Sector:

All Sectors (New Services)

IndustryClassification:

Type ofReservation:

Description:

National Treatment (Article 98)

Most-Favored-Nation Treatment

(Article 99)

Local Presence (Article 100)

Cross-Border Services

Mexico reserves the right to adopt ormaintain any measure relating to newservices other than those recognizedor that should have been recognizedowing to the then circumstances atthe time of entry into force of thisAgreement by the Government ofMexico.

Mexico reserves the right to adopt ormaintain any measure relating to thesupply of services in any mode ofsupply in which those services werenot technically feasible at the timeof entry into force of thisAgreement.

Any services classified positivelyand explicitly in JSIC, CMAP orUnited Nations Provisional Central

Product Classification (CPC), 1991,

at the time of entry into force ofthis Agreement should have beenrecognized by the Government ofMexico at that time.

ExistingMeasures:

1169

4 Sector: Communications

Sub-Sector:

IndustryClassification:

Type ofReservation:

Description:

Entertainment Services (Broadcasting)

CMAP 941104 Private Production and

Transmission of Radio

Programs

CMAP 941105 Private Services of

Production, Transmissionand Relaying ofTelevision Programs

National Treatment (Articles 58 and98)

Senior Management and Boards ofDirectors (Article 64)

Performance Requirements (Article 65)

Local Presence (Article 100)

Investment and Cross-Border Services

Mexico reserves the right to adopt ormaintain any measure relating toinvestment in, or the supply ofservices in, broadcasting industry,

including the import in any form ofradio or television programming forbroadcasting or cable distributionwithin the Area of Mexico, and theadvertising through open radio andtelevision or restricted television.

ExistingMeasures:

United Mexican States Political

Constitution (Constitución Políticade los Estados Unidos Mexicanos),

Article 32

Radio and Television Federal Law (LeyFederal de Radio y Televisión)

Regulations to the Radio andTelevision Federal Law and to the

Film Industry Law relating to theRadio and Television Transmission

Content (Reglamento de la Ley Federalde Radio y Televisión y de la Ley dela Industria Cinematográfica Relativoal Contenido de las Transmisiones de

Radio y Televisión)

1170

Regulations to Restricted Televisionand Audio Services (Reglamento delServicio de Televisión y AudioRestringidos)

General Means of Communication Law

(Ley de Vías Generales deComunicación)

Nationality Law (Ley de Nacionalidad)

Telecommunications Federal Law (LeyFederal de Telecomunicaciones)

Foreign Investment Law (Ley deInversión Extranjera)

Regulations to SatelliteCommunications (Reglamento deComunicación Vía Satélite)

1171

5 Sector: Communications

Sub-Sector: Postal Services and

Telecommunications

IndustryClassification:

Type ofReservation:

CMAP 720001 Postal Services

(including messengerservices)

CMAP 720005 Telegraph Services(includingradiotelegraphyservices)

National Treatment (Article 98)

Description: Cross-Border Services

Only the Mexican Government mayprovide postal services, telegraphservices and radiotelegraphyservices.

ExistingMeasures:

United Mexican States Political

Constitution (Constitución Políticade los Estados Unidos Mexicanos),

Article 28

Mexican Postal Services Law (Ley delServicio Postal Mexicano)

Telecommunications Federal Law (LeyFederal de Telecomunicaciones)

1172

6 Sector: Communications

Sub-Sector: Telecommunications

IndustryClassification:

Type ofReservation:

Description:

ExistingMeasures:

CMAP 720006 Other Telecommunications

Services (limited toaeronautical mobile and

fixed services)

National Treatment (Articles 58 and98)

Local Presence (Article 100)

Investment and Cross-Border Services

Mexico reserves the right to adopt ormaintain any measure relating toinvestment in, or the supply of, airtraffic control, aeronauticalmeteorology, aeronauticaltelecommunications, and othertelecommunications services relatingto air navigation services.

United Mexican States Political

Constitution (Constitución Políticade los Estados Unidos Mexicanos),

Article 32

General Means of Communication Law

(Ley de Vías Generales deComunicación)

Airports Law (Ley de Aeropuertos)

Telecommunications Federal Law

(Ley Federal de Telecomunicaciones)

Foreign Investment Law (Ley deInversión Extranjera)

Decree that creates the TechnicallyIndependent Body “Navigation Servicesfor the Mexican Air Space” (Decretoque crea el Organismo Desconcentradode “Servicios a la Navegación en elEspacio Aéreo Mexicano”)(SENEAM), 3October 1978

1173

7 Sector: Communications

Sub-Sector: Telecommunications Services and

Networks

IndustryClassification:

Type ofReservation:

Description:

CMAP 720006 Other Telecommunications

Services (Limited tomaritime

telecommunications

services)

National Treatment (Articles 58 and98)

Most-Favored-Nation Treatment

(Articles 59 and 99)

Local Presence (Article 100)

Investment and Cross-Border Services

Mexico reserves the right to adopt ormaintain any measure relating toinvestment in, or the supply of,

maritime telecommunications services.

ExistingMeasures:

1174

8 Sector:

Sub-Sector:

Energy

Petroleum and Other Hydrocarbons

Basic Petrochemicals

Electricity

Nuclear Power

Treatment of Radioactive Minerals

IndustryClassification:

Type ofReservation:

Description:

ExistingMeasures:

National Treatment (Article 98)

Most-Favored-Nation Treatment

(Article 99)

Local Presence (Article 100)

Cross-Border Services

Mexico reserves the right to adopt ormaintain any measure related toservices associated with energy andbasic petrochemical goods.

United Mexican States Political

Constitution (Constitución Políticade los Estados Unidos Mexicanos),

Articles 27 and 28

Regulatory Law of the ConstitutionalArticle 27 on Nuclear Matters (LeyReglamentaria del Artículo 27Constitucional en Materia Nuclear)

Regulatory Law of the ConstitutionalArticle 27 on Oil Matters and its

Regulations (Ley Reglamentaria delArtículo 27 Constitucional en el Ramo

del Petróleo y sus Reglamentos)

Mexican Petroleum (PEMEX) and itsSubsidiary Bodies Organizational Law(Ley Orgánica de Petróleos Mexicanosy Organismos Subsidiarios)

1175

9 Sector: Entertainment Services

Sub-Sector: Recreational and Leisure Services

IndustryClassification:

CMAP 949104 Other Private

Recreational and Leisure

Services

Type ofReservation:

Description:

ExistingMeasures:

National Treatment (Articles 58 and98)

Most-Favored-Nation Treatment

(Articles 59 and 99)

Senior Management and Boards ofDirectors (Article 64)

Local Presence (Article 100)

Investment and Cross-Border Services

Mexico reserves the right to adopt ormaintain any measure relating toinvestment in, or the supply of,

recreational services, includinggambling and betting.

1176

10 Sector:

Sub-Sector:

Minority Affairs

IndustryClassification:

Type ofReservation:

Description:

ExistingMeasures:

National Treatment (Article 98)

Local Presence (Article 100)

Cross-Border Services

Mexico reserves the right to adopt ormaintain any measure according rightsor preferences to socially oreconomically disadvantaged groups.

United Mexican States Political

Constitution (Constitución Políticade los Estados Unidos Mexicanos),

Article 4

1177

11 Sector: Professional, Technical andSpecialized Services

Sub-Sector: Professional Services

IndustryClassification:

CMAP 951002 Services of Lawyer'sOffices (includingforeign legalconsultancy)

Type ofReservation:

National Treatment (Articles 58 and98)

Most-Favored-Nation Treatment

(Articles 59 and 99)

Senior Management and Boards ofDirectors (Article 64)

Local Presence (Article 100)

Description: Investment and Cross-Border Services

Mexico reserves the right to adopt ormaintain any measure relating toinvestment in, or the supply of,

legal services and foreign legalconsultancy services by persons ofJapan.

ExistingMeasures:

Regulatory Law of the ConstitutionalArticle 5 relating to the Practice ofthe Professions in the Federal

District (Ley Reglamentaria delArtículo 5º Constitucional, relativoal Ejercicio de las Profesiones en elDistrito Federal)

Regulations to the Regulatory Law ofthe Constitutional Article 5 relatingto the Practice of the Professions in

the Federal District (Reglamento dela Ley Reglamentaria del Artículo 5º

Constitucional, relativo al Ejerciciode las Profesiones en el Distrito

Federal)

Foreign Investment Law (Ley deInversión Extranjera)

Population General Law (Ley Generalde Población)

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Regulations to the Foreign InvestmentLaw and the National Registry forForeign Investment (Reglamento de laLey de Inversión Extranjera y delRegistro Nacional de InversionesExtranjeras)

Federal Labor Law (Ley Federal delTrabajo)

1179

12 Sector: Social Services

Sub-Sector:

IndustryClassification:

Type ofReservation:

Description:

ExistingMeasures:

National Treatment (Articles 58 and98)

Senior Management and Boards ofDirectors (Article 64)

Local Presence (Article 100)

Investment and Cross-Border Services

Mexico reserves the right to adopt ormaintain any measure with respect tothe supply of public law enforcementand correctional services, and thefollowing services to the extent theyare social services established or

maintained for a public purpose:

income security or insurance, socialsecurity or insurance, socialwelfare, public education, publictraining, health, and child care.

United Mexican States Political

Constitution (Constitución Políticade los Estados Unidos Mexicanos),

Articles 4, 17, 18, 25, 26, 28 and123

1180

13 Sector

Sub-Sector:

IndustryClassification:

Transportation

Air Transportation

CMAP 973301 Aeronautical NavigationServices

Type ofReservation:

Description:

ExistingMeasures:

CMAP 973302 Airport and HeliportManagement Services

National Treatment (Article 98)

Local Presence (Article 100)

Cross-Border Services

Mexico reserves the right to adopt ormaintain any measure relating tomanagement, operation, exploitationand construction of airports andcivil airfields other than airports.

United Mexican States Political

Constitution (Constitución Políticade los Estados Unidos Mexicanos),

Article 32

General Means of Communication Law

(Ley de Vías Generales deComunicación)

Civil Aviation Law (Ley de AviaciónCivil)

Airports Law (Ley de Aeropuertos)

Regulations to the Airports Law(Reglamento de la Ley de Aeropuertos)

1181

14 Sector: Transportation

Sub-Sector: Specialized Personnel

IndustryClassification:

CMAP 951023 Other Professional,

Technical and

Specialized Services notmentioned above (limitedto ship captains;

aircraft pilots; shipmasters; shipmachinists; shipmechanics; airportadministrators

("comandantes deaeródromos"); harbormasters; harbor pilots;

crew on Mexican flaggedvessels or aircrafts)

Type ofReservation:

National Treatment (Article 98)

Most-Favored-Nation Treatment

(Article 99)

Local Presence (Article 100)

Description: Cross-Border Services

Only Mexican nationals by birth mayserve as:

(a) captains, pilots, ship masters,

machinists, mechanics and crewmembers manning vessels oraircraft under the Mexican flag;

and

(b) harbor pilots, harbor mastersand airport administrators.

ExistingMeasures:

United Mexican States Political

Constitution (Constitución Políticade los Estados Unidos Mexicanos),

Article 32

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Annex 8 referred to in Chapter 7. Activities Reserved to the State

Schedule of Mexico

Section 1

Activities Reserved to the Mexican State

Mexico reserves the right to perform exclusively, and

to refuse to permit the establishment of investments in,

the following activities:

1. Petroleum, Other Hydrocarbons and Basic Petrochemicals

(a) Description of activities:

(i) exploration and exploitation of crude oiland natural gas; refining or processing ofcrude oil and natural gas; and production ofartificial gas, basic petrochemicals andtheir feedstocks and pipelines;

(ii) transportation, storage and distribution upto and including first hand sales of thefollowing goods: crude oil; artificial gas;

energy goods and basic petrochemicalsobtained from the refining or processing ofcrude oil; and basic petrochemicals; and

(iii) foreign trade up to and including first handsales of the following goods: crude oil;

artificial gas; energy goods and basicpetrochemicals obtained from the refining orprocessing of crude oil.

(b) Measures:

United Mexican States Political Constitution

(Constitución Política de los Estados UnidosMexicanos), Articles 25, 27 and 28

Regulatory Law of the Constitutional Article 27on Oil Matters (Ley Reglamentaria del Artículo 27Constitucional en el Ramo del Petróleo)

Mexican Petroleum (PEMEX) and its SubsidiaryBodies Organizational Law (Ley Orgánica dePetróleos Mexicanos y Organismos Subsidiarios)

Foreign Investment Law (Ley de Inversión

Extranjera)

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2. Electricity

(a) Description of activities: the supply ofelectricity as a public service in Mexico,

including the generation, transmission,

transformation, distribution and sale ofelectricity.

(b) Measures:

United Mexican States Political Constitution

(Constitución Política de los Estados UnidosMexicanos), Articles 25, 27 and 28

Electricity Public Utility Law (Ley del ServicioPúblico de Energía Eléctrica)

Foreign Investment Law (Ley de InversiónExtranjera)

3. Nuclear Power and Treatment of Radioactive Minerals

(a) Description of activities: exploration,

exploitation and processing of radioactiveminerals, the nuclear fuel cycle, the generationof nuclear energy, the transportation and storageof nuclear waste, the use and reprocessing ofnuclear fuel and the regulation of theirapplications for other purposes and theproduction of heavy water.

(b) Measures:

United Mexican States Political Constitution

(Constitución Política de los Estados UnidosMexicanos), Articles 25, 27 and 28

Regulatory Law of the Constitutional Article 27on Nuclear Matters (Ley Reglamentaria delArtículo 27 Constitucional en Materia Nuclear)

Foreign Investment Law (Ley de InversiónExtranjera)

4. Telegraph Services

Measures:

United Mexican States Political Constitution

(Constitución Política de los Estados UnidosMexicanos), Articles 25 and 28

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General Means of Communication Law (Ley de VíasGenerales de Comunicación)

Foreign Investment Law (Ley de InversiónExtranjera)

5. Radiotelegraph Services

Measures:

United Mexican States Political Constitution

(Constitución Política de los Estados UnidosMexicanos), Articles 25 and 28

General Means of Communication Law (Ley de VíasGenerales de Comunicación)

Foreign Investment Law (Ley de InversiónExtranjera)

6. Postal Services

(a) Description of activities: operation,

administration and organization of first classmail.

(b) Measures:

United Mexican States Political Constitution

(Constitución Política de los Estados UnidosMexicanos), Articles 25 and 28

Postal Service Law (Ley del Servicio PostalMexicano)

Foreign Investment Law (Ley de InversiónExtranjera)

7. Issuance of Bills (currency) and Minting of Coinage

Measures:

United Mexican States Political Constitution

(Constitución Política de los Estados UnidosMexicanos), Articles 25 and 28

Bank of Mexico Law (Ley del Banco de México)

Mexico Mint Law (Ley de la Casa de Moneda de

México)

United Mexican States Monetary Law (Ley Monetariade los Estados Unidos Mexicanos)

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Foreign Investment Law (Ley de InversiónExtranjera)

8. Control, Inspection and Surveillance of Maritime andInland Ports

Measures:

Navigation Law (Ley de Navegación)

Ports Law (Ley de Puertos)

General Means of Communication Law (Ley de VíasGenerales de Comunicación)

Foreign Investment Law (Ley de InversiónExtranjera)

9. Control, Inspection and Surveillance of Airports andHeliports

Measures:

General Means of Communication Law (Ley de VíasGenerales de Comunicación)

Airports Law (Ley de Aeropuertos)

Foreign Investment Law (Ley de InversiónExtranjera)

The measures referred to are provided for transparencypurposes and include any subordinate measure adopted ormaintained under the authority of and consistent with suchmeasures.

Section 2

Deregulation of Activities Reserved to the State

1. The activities set out in Section 1 are reserved to

the Mexican State, and private equity investment isprohibited under Mexican Law. Where Mexico allows privateinvestment to participate in such activities throughservice contracts, concessions, lending arrangements or anyother type of contractual arrangement, such participationshall not be construed to affect the State's reservation of

those activities.

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2. If Mexican law is amended to allow private equityinvestment in an activity set out in Section 1, Mexico mayimpose restrictions on foreign investment participationnotwithstanding Article 58, and describe them in Annex 6.

Mexico may also impose derogations from Article 58 onforeign equity investment participation when selling anasset or ownership interest in an enterprise engaged inactivities set out in Section 1, and describe them inAnnex 6.

Section 3

Activities Formerly Reserved to the Mexican State

Where an activity was reserved to the Mexican State onJanuary 1, 1992 and was no longer reserved to the MexicanState on January 1, 1994, Mexico may restrict the initialsale of a state-owned asset or an ownership interest in astate enterprise that performs that activity to enterpriseswith majority ownership by Mexican nationals, as defined bythe Mexican Constitution. For a period not to exceed threeyears from the initial sale, Mexico may restrict thetransfer of such asset or ownership interest to otherenterprises with majority ownership by Mexican nationals,

as defined by the Mexican Constitution. On expiration ofthe three-year period, the obligations of nationaltreatment set out in Article 58 apply. This provision issubject to Article 66.

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Annex 9 referred to in Chapter 7. Exceptions from Most-Favored-Nation Treatment

Schedule of Japan

Japan takes an exception to Article 59 for treatmentaccorded under all international agreements in force priorto January 1, 1994.

For international agreements in force or signed afterJanuary 1, 1994, Japan takes an exception to Article 59 fortreatment accorded under those agreements involving:

(a) aviation;

(b) fisheries; or

(c) maritime matters, including salvage.

Schedule of Mexico

Mexico takes an exception to Article 59 for treatmentaccorded under all international agreements in force priorto January 1, 1994.

For international agreements in force or signed afterJanuary 1, 1994, Mexico takes an exception to Article 59for treatment accorded under those agreements involving:

(a) aviation;

(b) fisheries; or

(c) maritime matters, including salvage.

For greater certainty, Article 59 does not apply toany current or future foreign aid programs to promoteeconomic development, such as those governed by the EnergyEconomic Cooperation Program with Central America and theCaribbean (Acuerdo de San José) and the different OECDinstruments on Export Credits.