FREE TRADE AGREEMENT BETWEEN THE UNITED MEXICAN STATES AND THE EASTERN REPUBLIC OF URUGUAY

PREAMBLE

The Governments of the United Mexican States and the Oriental Republic of Uruguay, determined to:

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

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

DEVELOP their respective rights and obligations under World Trade Organization agreements;

ESTABLISH a legal framework that fosters the necessary conditions for the growth and diversification of trade flows, in a manner compatible with existing potential;

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

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

ENCOURAGE innovation and creativity and promote trade in goods and services that are protected by intellectual property rights;

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

HAVE AGREED:

CHAPTER I

INITIAL ARRANGEMENTS

Article 1-01: Establishment of the free trade zone.

The Parties establish a free trade area in accordance with the provisions of Article XXIV of the General Agreement on Tariffs and Trade 1994 (GATT 1994) and Article V of the General Agreement on Trade in Services.

Article 1-02: Objectives.

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

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

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

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

d) substantially increase investment opportunities in the territories of the Parties;

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

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

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

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

Article 1-03: Relationship with other treaties and international agreements.

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

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

Article 1-04: Compliance with the Treaty.

Each Party shall ensure, in accordance with its constitutional requirements, compliance with the provisions of this Agreement in its territory at the federal or central, state or departmental, and municipal levels, respectively, except as otherwise provided in this Agreement. A federal or central, state or departmental, or municipal government includes any non-governmental body in the exercise of any regulatory, administrative or other powers delegated to it by the federal or central, state or departmental, or municipal government.

Article 1-05: Succession of treaties.

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

Article 1-06: Petroleum.

Trade in petroleum is exempted from the provisions contained in this Treaty and shall be governed by the respective regulations in force in both Parties.

Article 1-07: Automotive Sector.

Trade in automotive goods covered by ACE 55 and its additional protocols shall be governed exclusively by the provisions of said instruments.

CHAPTER II

GENERAL DEFINITIONS

Article 2-01: General Definitions.

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

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

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

ALADI: the Latin American Integration Association;

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

a) any charge equivalent to an internal tax established in accordance with Article III.2 of the GATT 1994, with respect to like goods, direct competitors or substitutes of the Party, or with respect to goods from which the imported good has been manufactured or produced in whole or in part;

b) any countervailing duty;

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

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

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

originating good: refers to a good that complies with the rules of origin established in Chapter IV (Rules of Origin);

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

Commission: the Administrative Commission established in accordance with Article 17-01;

days: calendar days or calendar days;

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

State enterprise: an enterprise owned or controlled by a Party; **enterprise of a Party:** an enterprise

incorporated or organized under the laws of a Party; **states:** includes the municipal governments of such

states, unless otherwise specified; **existing:** in effect on the date of entry into force of this Agreement;

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

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

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

national: A natural person who has the nationality of a Party in accordance with its legislation. The term also includes persons who, in accordance with the legislation of that Party, have the status of permanent residents in the territory of that Party;

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

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

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

person of a Party: a natural person or legal person or an enterprise of a Party;

Duty-Free Program: the one established in Article 3-03 (Tariff elimination);

Uniform Regulations: those established in accordance with Article 5-13 (Uniform Regulations);

Secretariat: the Secretariat established in accordance with Article 17-02 (Secretariat);

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

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

territory: the territory of each Party as defined in Annex 2-01; and

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

Annex 2-01 Country-

Specific Definitions

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

territory:

a) with respect to Mexico:

   i. the states of the Federation and the Federal District,

   ii. islands, including reefs and cays in adjacent seas,

   iii. the islands of Guadalupe and Revillagigedo, located in the Pacific Ocean,

   iv. the continental shelf and the submarine sockets of islands, cays and reefs,

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

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

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

b) with respect to Uruguay: the waters, the land, maritime and air space under its sovereignty, the exclusive economic zone, the common fishing zone established by Article 73 of the Río de la Plata Treaty and its Maritime Front and the continental shelf over which it exercises sovereign rights and jurisdiction in accordance with international law and its domestic law.

CHAPTER III

NATIONAL TREATMENT AND MARKET ACCESS FOR GOODS

Section A - Definitions and Scope

Article 3-01: Definitions.

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

tariff - quota: the mechanism whereby a certain tariff rate is applied to imports of a particular product up to a certain quantity (in-quota quantity), and a different rate is applied to imports of that product in excess of that quantity;

goods imported for sporting purposes: sporting equipment for use in competitions, sporting events or training in the territory of the Party to which it is imported;

agricultural good: a good classified in any of the following chapters, headings or subheadings of the Harmonized System:

(Descriptions are provided for reference purposes only.)

Chapters 01 to 24	(except fish and fish products)
Subheading 2905.43	Mannitol
Subheading 2905.44	Sorbitol
Item 33.01	essential oils
Items 35.01 to 35.05	albuminoid materials, modified starch products, modified starch-based products
Subheading 3809.10	finishing and finishing products
Subheading 3824.60	sorbitol, other than that of subheading 2905.44

Headings 41.01 to 41.03	hides and skins
Item 43.01	raw furskin
Items 50.01 to 50.03	raw silk and silk waste
Items 51.01 to 51.03	wool and hair
Items 52.01 to 52.03	seed cotton, cotton waste and carded or combed cotton
Item 53.01	raw linen
Item 53.02	raw hemp;

goods for exhibition or demonstration: those entering or leaving the territory of a Party, the characteristics of which are to be made known by demonstration or exhibition, including components, auxiliary apparatus and accessories;

consumed:

a) actually consumed; or

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

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

commercial samples of negligible value: commercial samples valued (individually or in the aggregate shipped) at not more than one U.S. dollar or the equivalent amount in the currency of either Party or which are marked, torn, punctured or treated in a manner that disqualifies them for sale or for any use other than as samples;

advertising films: recorded visual media, with or without sound, consisting essentially of images showing the nature or functioning of goods or services offered for sale or rental by a person established or resident in the territory of a Party, provided that the films are suitable for exhibition to potential customers, but not for dissemination to the general public, and are imported in packages each containing not more than one copy of each film and not forming part of a larger consignment;

fish and fish products: fish, crustaceans, mollusks or any other aquatic invertebrates, marine mammals and their derivatives, classified in any of the following chapters, headings or subheadings of the Harmonized System:

(Descriptions are provided for reference purposes only.)

Chapter 03	Fish and crustaceans, mollusks, and other aquatic invertebrates
item 05.07	Ivory, tortoise shell, marine mammals, horns, antlers, hooves, hoofs, claws, claws and beaks, and their products
item 05.08	Coral and similar products
item 05.09	Natural sponges of animal origin
item 05.11	Products of fish or crustaceans, mollusks or any other marine invertebrate; dead animals of Chapter 03
item 15.04	Fats or oils and their fractions, of fish or marine mammals.
item 16.03	Non-meat extracts and juices
item 16.04	Prepared or canned fish
item 16.05	Prepared or preserved crustaceans or mollusks and other marine invertebrates
Subheading 2301.20	Flours, feed, fish pellets;

repairs or alterations: exclude operations or processes that destroy the essential characteristics of the good or convert it into a new or commercially different good. For these purposes, it shall be understood that an operation or process that is part of the production or assembly of an unfinished good to transform it into a finished good is not a repair or alteration of the unfinished good; the component part of a good is a good that may be subject to repair or alteration; and

agricultural export subsidies: subsidies contingent upon export performance, including those listed below:

a) the granting of direct export subsidies, including payments in kind, by governments or public agencies, to an enterprise, an industry, producers of an agricultural good, a cooperative or other association of such producers, or a marketing board;

b) the sale or placement for export of non-commercial stocks of agricultural goods by governments or public agencies at a price lower than the comparable price charged to buyers in the domestic market for a similar agricultural good;

c) payments for the export of agricultural goods financed by virtue of governmental action, whether or not they involve a debit in the public accounts, including payments financed out of income from a levy imposed on the agricultural good in question or on an agricultural good from which the exported agricultural good is obtained;

d) the provision of subsidies to reduce the costs of marketing exports of agricultural goods (except for readily available export promotion and advisory services), including handling, processing and other processing costs, and international transportation and freight costs;

e) domestic transportation and freight costs for export shipments established or imposed by governments on more favorable terms than for domestic shipments; or

f) subsidies on agricultural goods subject to their incorporation into exported goods.

Section B - National Treatment

Article 3-02: National Treatment.

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

2. The provisions of paragraph 1 concerning national treatment mean, with respect to a state or department, treatment no less favorable than the most favorable treatment accorded by such state or department to any like goods, direct competitors or substitutes, as the case may be.

Section C - Tariffs

Article 3-03: Tariff elimination.

1. Except as provided in Annexes 3-03(3) and 3-03(4) and ACE-551, the Parties shall eliminate all customs duties on originating goods as of the date of entry into force of this Agreement.

2. Except as otherwise provided in this Agreement, no Party may increase any existing customs duty, or adopt any new customs duty, on an originating good2 .

3. Except as otherwise provided in this Agreement, each Party shall reduce or eliminate its customs duties on originating goods in accordance with the Schedule of Duty Drawback, incorporated in Annex 3-03(3).

4. Notwithstanding paragraphs 1, 2 and 3, a Party may adopt or maintain customs duties in accordance with its rights and obligations under the GATT 1994 on originating goods covered by Annex 3-03(4), while preserving the preferences set out therein, until such time as the Parties agree otherwise in accordance with paragraph 5.

5. The Parties shall consult, at the request of either Party, to examine the possibility of accelerating the elimination of customs duties provided for in Annex 3-03(3), or incorporating goods covered by Annex 3-03(4) into a Party's Schedule of Duty-Free Treatment. Where the Parties approve an agreement on the accelerated elimination of customs duties on a good or on the inclusion of a good in the Schedule, that agreement shall prevail over any customs duties or periods of relief specified in accordance with their schedules for that good.

6. Paragraphs 1, 2 and 3 are not intended to prevent a Party from maintaining or increasing a customs duty on the other Party as may be permitted under a dispute settlement provision of the WTO Agreement.

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[1] The Parties are committed that auto parts will be incorporated through an additional protocol to ACE-55 and will enter into force at the same time as this Agreement.

[2] This paragraph does not prohibit a Party from increasing a tariff to a previously agreed level in accordance with the Schedule to the Schedule. Treaty, derived from a unilateral reduction.

7. As of the entry into force of this Agreement, the preferences negotiated or granted between the Parties to the PAR pursuant to the Treaty of Montevideo 1980 are no longer in effect.

Article 3-04: Customs Valuation.

In the application of customs valuation, the Parties shall be governed by the provisions of the Agreement . Agreement on Implementation of Article VII of the General Agreement on Tariffs and Trade 1994, which forms part of the WTO Agreement. For this purpose, the Agreement on Implementation of Article VII of the General Agreement on Tariffs and Trade 1994 is incorporated into and made an integral part of this Agreement.

Article 3-05: Temporary importation of goods.

1. Each Party shall authorize the temporary importation free of customs duty to:

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

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

   c) goods imported for sporting purposes or for exhibition or demonstration; and

   d) commercial samples and advertising films;

   that are introduced into the territory of the other Party, regardless of whether they are originating goods and regardless of whether like, directly competitive or substitutable goods are available in the territory of that Party.

2. Except as otherwise provided in this Agreement, the temporary importation free of customs duty of a good of the type referred to in paragraph 1(a), (b) or (c) may not be subject to conditions other than the following:

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

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

   c) that the property shall not be sold or leased while it remains in its territory;

   d) the good is accompanied by a bond not exceeding 110 percent of the charges that would otherwise be due for the definitive importation, or other form of guarantee, refundable at the time of departure of the good. No bond shall be required for customs duties on a good if the good is originating;

   e) that the asset is susceptible to identification upon exit;

   f) that the good leaves together with that person or within a period fixed by the competent authority, which reasonably corresponds to the purpose of the temporary importation; and

   g) that the good is imported in amounts no greater than is reasonable in accordance with its intended use.

3. Except as otherwise provided in this Agreement, the temporary importation free of customs duty of a good referred to in paragraph 1(d) may not be subject to conditions other than the following:

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

   b) that the property is not for sale or lease, and is only used for demonstration or exhibition while it remains in its territory;

   c) that the property is susceptible to identification upon departure;

   d) the good leaves within a period of time that reasonably corresponds to the purpose of the temporary importation; and

   e) that the good is imported in amounts no greater than is reasonable in accordance with its intended use.

4. Without prejudice to any penalties that may apply, where a good that is temporarily imported free of customs duty pursuant to paragraph 1 fails to comply with any of the conditions that a Party imposes pursuant to paragraphs 2 and 3, that Party may apply the customs duties and any other charges that would be due on the final importation of the good.

Article 3-06: Duty-free import for some commercial samples and printed advertising materials.

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

Article 3-07: Goods reimported or re-exported after having been repaired or altered.

1. No Party may apply a customs duty to a good, regardless of its origin, that is reimported into its territory, after having been exported or having gone out to the territory of the other Party to be repaired or altered, regardless of whether such repairs or alterations could have been carried out in its territory.

2. Neither Party may apply customs duties to goods which, regardless of their origin, are temporarily imported from the territory of the other Party for the purpose of being repaired or altered.

Section D - Non-Tariff Measures

Article 3-08: Import and Export Restrictions.

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

2. The Parties understand that the rights and obligations of the GATT 1994 embodied in paragraph 1 prohibit, in all circumstances in which any other type of restriction is prohibited, export price requirements and, except as permitted for the enforcement of *anti-dumping* and countervailing duty orders and undertakings, import price requirements.

3. Paragraphs 1 and 2 shall not apply to the measures set forth in Annex 3-10.

Article 3-09: Elimination of performance requirements.

1. Upon entry into force of this Agreement, the Parties may not grant incentives subject to the fulfillment of performance requirements.

2. For these purposes, a performance requirement is understood as any measure that conditions the receipt of any benefit to the export result or to the use of domestic goods to the detriment of imported goods3.

Article 3-10: Export taxes.

Except as provided in Annex 3-10, neither Party shall adopt or maintain any tax, levy or charge on the exportation of goods to the territory of the other Party, unless such tax, levy or charge is adopted or maintained on such good, when intended for domestic consumption.

Article 3-11: International obligations.

A Party, before taking a measure under an intergovernmental agreement on goods under Article XX(h) of the GATT 1994 that may affect trade in commodities between the Parties, shall consult with the other Party to avoid nullifying or impairing a concession granted by that Party under Article 3-03.

Article 3-12: Export subsidies on non-agricultural goods.

Upon entry into force of this Agreement, the Parties shall not apply to the goods of a Party export refunds or export subsidies under the terms of Article 3 of Part II of the Agreement on Subsidies and Countervailing Measures, which is part of the WTO Agreement.

Article 3-13: Export subsidies on agricultural goods.

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

2. No Party may maintain or introduce export subsidies on agricultural goods in its reciprocal trade after the entry into force of this Agreement. Likewise, as of this date, the Parties waive their rights under the GATT 1994 to use export subsidies and any rights with respect to the use of such subsidies that may result from multilateral negotiations on agricultural trade under the WTO Agreement in their reciprocal trade.

3. Where a Party considers that a non-Party is exporting to the territory of the other Party an agricultural good that enjoys export subsidies, the importing Party shall, upon written request of the other Party, consult with the other Party to agree on specific measures that the importing Party may take to counteract the effect of any subsidized imports. From the entry into force of this Agreement, if the importing Party adopts the above measures of

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[3] The Parties understand that programs in which the drawback, deferral or exemption of import taxes on goods subsequently exported or incorporated in other goods subsequently exported does not exceed the amount of import taxes that would be levied if such goods were destined for the Party's territory are not covered by this Article.

In accordance with this paragraph, the other Party shall immediately refrain or cease to apply any subsidy to the export of that good to the territory of the importing Party.

Article 3-14: Internal support.

With respect to domestic support for agricultural goods, the Parties shall abide by the provisions of the Agreement on Agriculture, which is part of the WTO Agreement.

Section E -

Consultations Article 3-15: Committee on Trade in Goods.

1. The Parties establish a Committee on Trade in Goods, which shall be composed of representatives of the Parties.

2. The Committee shall be constituted upon entry into force of the treaty, and shall meet at any time at the request of any of the Parties.

3. The Committee shall monitor and encourage cooperation between the Parties in the implementation and administration of this chapter, and shall serve as a forum for consultation among the Parties on matters related to this chapter.

Article 3-16: Provision of information and consultations.

1. Upon request of the other Party, a Party shall provide information and promptly respond to questions regarding any existing or proposed measures that may relate to the application of this Chapter.

2. If, in the course of the implementation of this Agreement, a Party considers that an existing measure of the other Party affects the effective implementation of this Chapter, that Party may bring the matter to the attention of the Committee.

3. Within a period of no more than 30 days from the date of presentation of the request to the Committee, the Committee may decide to request technical reports from the competent authorities and take the necessary actions to help resolve the matter.

4. When the Committee has met as established in Article 3-15 and agreement has not been reached within the time limit specified, or it is considered that a matter is beyond the scope of the Committee's competence, any Party may request in writing that the Commission meet, as provided in Article 17-01 (Administrative Commission).

5. The Parties undertake, within a period not to exceed one year from the entry into force of this Agreement, to identify in terms of the tariff items and the nomenclature that corresponds to them according to their respective tariffs, the measures, restrictions or prohibitions on the import or export of goods for reasons of national security, public health, preservation of flora or fauna, the environment, plant and animal health, standards, labels, international commitments, public order requirements or any other regulation. The Parties shall update such information and communicate it to the Committee, whenever necessary.

CHAPTER IV REGIME

OF ORIGIN

Article 4-01:Definitions and terms

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

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

good: any merchandise, product, article or matter;

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

identical or similar goods: "identical goods" and "similar goods" respectively, as defined in the Customs Valuation Agreement;

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

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

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

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

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

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

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

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

h) wastes and residues derived from:

i) production in the territory of one or both Parties, or

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

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

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

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

total cost: the sum of the following elements:

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

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

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

i) the costs and expenses of a service provided by the producer of a good to another person, when the service is not related to the good,

ii) costs and losses resulting from the sale of a portion of the producer's business, which constitutes a discontinued operation,

iii) costs related to the cumulative effect of changes in the application of accounting principles,

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

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

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

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

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

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

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

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

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

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

e) insurance premiums for civil liability derived from the property;

f) office supplies for sales promotion, marketing and after-sales service, when in the producer's financial statements and cost accounts such costs are separately identified for sales promotion, marketing and after-sales service of goods;

g) telephone, mail and other means of communication, when in the producer's financial statements and cost accounts such costs are separately identified for sales promotion, marketing and after-sales service of goods;

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

i) property insurance premiums, taxes, utility costs, and office and distribution center repair and maintenance costs, when such costs are separately identified in the producer's financial statements and cost accounts for sales promotion, marketing and after-sales service; and

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

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

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

retail containers and packaging materials: containers and materials in which merchandise is packaged for retail sale;

F.O.B. F.O.B.: free on board, irrespective of the means of transport, at the port or place of shipment abroad;

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

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

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

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

a) fuel and energy;

b) tools, dies and molds;

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

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

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

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

g) catalysts and solvents; or

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

intermediate material: a self-manufactured material used in the production of a good, provided that it qualifies as originating in accordance with the provisions of this Chapter, and designated as such in accordance with Article 4-07**;**

originating material: a material that qualifies as originating material in accordance with the provisions of this chapter;

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

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

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

b) are legally recognized as business associates;

c) are in the relationship of employer and employee;

d) one of them having, directly or indirectly, ownership, control or possession of 25 percent or more of the outstanding and voting shares or securities of both;

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

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

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

h) are from the same family (children, siblings, grandparents or spouses)

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

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

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

royalties: payments of any kind, including payments for technical assistance or similar arrangements, made for the use or right to use any copyrights, artistic, literary or scientific works, patents, trademarks, designs, models, plans, formulas or secret processes, except payments for technical assistance or similar arrangements that may relate to specific services such as:

a) personnel training, regardless of the place where it is carried out; and

b) plant engineering, plant assembly, mold making, software design and similar computer or other services, provided that they are performed in the territory of one or both Parties;

General Rule 2(a) of the Harmonized System: rule 2(a) of the General Rules of Interpretation of the Harmonized System, or any rule replacing it. At the time of the signing of this Treaty, the text of the rule is as follows:

"Any reference to an article in a given heading covers the article even if incomplete or unfinished, provided that it has the essential characteristics of the complete or finished article. It also reaches the complete or finished article, or considered as such under the preceding provisions, when it is presented disassembled or not yet assembled. ”

General Rule 3 of the Harmonized System: Rule 3 of the General Rules of Interpretation of the Harmonized System, or any rule replacing it. At the time of the signing of this Treaty, the text of the rule is as follows:

"Where a good could, in principle, be classified under two or more headings by application of Rule 2(b) or in any other case, classification shall be made as follows:

a) the heading with the more specific description shall take precedence over headings of a more generic scope. However, where two or more headings each refer to only part of the materials constituting a mixed product or composite article or only part of the articles, in the case of goods put up in sets put up in sets for retail sale, such headings are to be considered equally specific for that product or article, even if one of them describes it more precisely or completely;

b) mixed products, articles composed of different materials or made up of different articles and goods put up in sets or assortments

packaged for retail sale, the classification of which cannot be made by applying Rule 3(a), shall be classified according to the material or article which gives them their essential character, if it is possible to determine this;

c) where Rules 3(a) and 3(b) do not permit classification, the good shall be classified under the last heading in order of numbering among those which can reasonably be taken into account. ”

General Rule 5(b) of the Harmonized System: rule 5(b) of the General Rules of Interpretation of the Harmonized System, or any rule replacing it. At the time of the signing of this Treaty, the text of the rule is as follows:

"Except as provided in Rule 5(a) above, packages containing goods shall be classified with them when they are of the types normally used for that class of goods. However, this provision is not mandatory when the packages are reasonably likely to be used repeatedly. ”;

used: employed or consumed in the production of goods;

transaction value of a good: for the purposes of determining origin, the price actually paid or payable for a good in connection with the transaction by the producer of the good in accordance with the principles of Article 1 of the Customs Valuation Agreement, adjusted in accordance with the principles of paragraphs 1, 3 and 4 of Article 8 thereof, without regard to whether the good is sold for export. For the purposes of this definition, the seller referred to in the Customs Valuation Agreement shall be the producer of the good; and

transaction value of a material: for the purpose of determining origin, the price actually paid or payable for a material in connection with the transaction by the producer of the good in accordance with the principles of Article 1 of the Customs Valuation Agreement, adjusted in accordance with the principles of paragraphs 1, 3 and 4 of Article 8 thereof, without regard to whether the material is sold for export. For the purposes of this definition, the seller referred to in the Customs Valuation Agreement shall be the supplier of the material and the buyer referred to in the Customs Valuation Agreement shall be the producer of the good.

Article 4-02: Instruments of application and interpretation.

1. For the purposes of this chapter:

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

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

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

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

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

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

Article 4-03: Originating goods.

1. Except as otherwise provided in this Chapter, a good shall be originating in the territory of one or both Parties when:

   a) is wholly obtained or produced entirely in the territory of one or both Parties, as defined in Article 4-01;

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

   c) is produced in the territory of one or both Parties from non-originating materials that meet a change in tariff classification and other requirements, as specified in Annex 4-03, and the good complies with the other applicable provisions of this Chapter;

d) is produced in the territory of one or both Parties from non-originating materials that meet a change in tariff classification and other requirements, and the good meets a regional value content as specified in Annex 4-03, and the other applicable provisions of this Chapter;

e) is produced in the territory of one or both Parties and meets a regional value content, as specified in Annex 4-03, calculated in accordance with Article 4-04 and complies with the other applicable provisions of this Chapter; or

f) except for goods of heading 4201 through 4203 or Chapters 61 through 63 of the Harmonized System, the good is produced in the territory of one or both of the Parties, but one or more of the non-originating materials used in the production of the good does not comply with a change in tariff classification because:

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

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

provided that the regional value content of the good, determined in accordance with Article 4-04, is not less than 50 percent when using the transaction value method or 40 percent when using the net cost method, and the good complies with the other applicable provisions of this chapter unless the applicable rule of Annex 4-03 under which the good is classified specifies a different regional value content requirement, in which case that requirement shall apply.

2. For purposes of this Chapter, the production of a good from non-originating materials that meet a change in tariff classification and other requirements, as specified in Annex 4-03, shall be made entirely in the territory of one or both of the Parties, and any regional value content of a good shall be satisfied entirely in the territory of one or both of the Parties.

Article 4-04: Value of regional content.

1. Except as provided in paragraphs 5 and 6, each Party shall provide that the regional value content of a good shall be calculated in accordance with the transaction value method provided in paragraph 2, or in the case of the provisions of paragraph 5, the net cost method provided in paragraph 4.

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

$$VCR = \frac{VT - VMN}{100\ VT}\ X$$

where:

RCA: regional content value expressed as a percentage;

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

NMM: value of non-originating materials used by the producer in the production of the good as determined in accordance with Article 4-05.

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

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

$$VCR = \frac{CN - VMN}{100\ CN}\ X$$

where:

RCA: regional content value expressed as a percentage;

NC: net cost of the asset; and

NMM: value of non-originating materials used by the producer in the production of the good as determined in accordance with Article 4-05.

5. Each Party shall provide that an exporter or producer shall calculate the regional value content of a good solely on the basis of the net cost method set out in paragraph 4 where:

a) there is no transaction value because the property is not the subject of a sale;

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

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

d) the buyer and seller are related persons and the relationship between them influences the price, except as provided in paragraph 2 of Article 1 of the Customs Valuation Agreement;

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

f) the exporter or producer elects to accrue the regional value content of the good in accordance with Article 4-08; or

g) the good is designated as an intermediate material under Article 4-07 and is subject to a regional value content requirement.

6. Each Party shall provide that the regional value content of a good shall be calculated, at the option of the exporter or producer of the good, in accordance with the transaction value method provided in paragraph 2, or with the net cost method provided in paragraph 4, in cases where the transaction value of the good cannot be determined because there are restrictions on the transfer or use of the good by the buyer other than those that:

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

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

c) do not substantially affect the value of the property.

7. Where the exporter or producer of a good calculates its regional value content on the basis of the transaction value method provided for in paragraph 2 and a Party subsequently notifies the exporter or producer, as a result of a verification under Chapter V (Customs Procedures for the Handling of the Origin of Goods), that the transaction value of the good or the value of any material used in the production of the good requires adjustment or is ineligible under paragraph 5, that the transaction value of the good or the value of any material used in the production of the good requires adjustment or is ineligible under paragraph 5, the exporter or producer may then calculate the regional value content of the good on the basis of the net cost method provided in paragraph 4.

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

a) in its fiscal year or period; or

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

Article 4-05: Value of materials.

1. The value of a material:

a) is the transaction value of the material; or

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

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

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

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

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

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

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

b) the producer of the good in the production of a self-produced originating material that is designated by the producer as an intermediate material in accordance with Article 4-07.

Article 4-06: *De minimis*.

1. A good shall be considered originating if the value of all non-originating materials used in the production of the good that do not meet the applicable change in tariff classification set out in Annex 4-03 does not exceed 8 percent of the transaction value of the good adjusted on the basis set out in Article 4-04(2) or (3), as the case may be, or in the cases referred to in Article 4-04(5), if the value of all non-originating materials does not exceed 8 percent of the total cost.

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

3. A good that is subject to a regional value content requirement set out in Annex 4-03 need not satisfy it if the value of all non-originating materials does not exceed 8 percent of the transaction value of the good adjusted on the basis indicated in Article 4-04(2) or (3), as the case may be, or in the cases referred to in Article 4-04(5), if the value of all non-originating materials does not exceed 8 percent of the total cost.

4. Paragraph 1 does not apply to:

a) goods included in Chapters 50 to 63 of the Harmonized System; nor

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

Article 4-07: Intermediate materials.

1. For purposes of calculating the regional value content in accordance with Article 4-04, the producer of a good may designate as an intermediate material any self-produced material used in the production of the good, provided that such material is an originating good within the meaning of Article 4-03.

2. When the intermediate material is subject to a regional value content, this shall be calculated in accordance with Article 4-04(4).

3. For purposes of calculating the regional value content of the good, the value of the intermediate material shall be the total cost that can be reasonably assigned to that intermediate material in accordance with the provisions of the Uniform Regulations of this chapter.

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

5. Except where two or more producers cumulate their production under Article 4-08, the restriction set forth in paragraph 4 shall not apply to an intermediate material used by another producer in the production of a material that is subsequently acquired and used in the production of a good by the producer referred to in paragraph 4.

Article 4-08: Accumulation.

1. For purposes of establishing whether a good is originating, the producer of a good may cumulate its production with that of one or more producers in the territory of one or both Parties that produce materials that are incorporated in the good, so that the production of such materials is considered to be carried out by that producer, provided that the good complies with the provisions of Article 4-03.

2. In cases where the good on which the accrual is being accrued is subject to a regional value content requirement, the calculation of the regional value content must be made by the net cost method.

Article 4-09: Expendable property and materials.

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

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

3. Once one of the inventory control methods established in the Uniform Regulations has been selected, it should be used throughout the fiscal year or period.

Article 4-10: Sets or assortments.

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

2. Notwithstanding paragraph 1, a set of goods shall be considered as originating if the value of all the non-originating goods used in the formation of the set does not exceed 8 percent of the transaction value of the set adjusted on the basis indicated in paragraph 2 or 3, as the case may be, of Article 4-04, in the cases referred to in Article 4-04(5), if the value of all the non-originating goods referred to above does not exceed 8 percent of the total cost of the set.

3. The provisions of this article shall prevail over the specific rules set forth in Annex 4-03.

Article 4-11: Indirect materials.

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

Article 4-12: Accessories, spare parts and tools.

1. Accessories, spare or replacement parts and tools delivered with the good as part of the usual accessories, spare parts and tools of the good shall be disregarded in determining whether all non-originating materials used in the production of the good comply with the applicable change in tariff classification set out in Annex 4-03, provided that:

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

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

2. The provisions of numeral 1 shall be applicable whenever accessories, spare parts and tools are not invoiced separately from the good, regardless of whether they are itemized or detailed separately in the invoice itself.

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

4. For the purposes set forth in paragraph 2, when accessories, spare or replacement parts and tools correspond to self-manufactured materials, the producer may choose to designate such materials as intermediate materials according to article 4-07.

Article 4-13: Retail containers and packaging materials.

1. Where the containers and packing materials in which a good is presented for retail sale are classified in the Harmonized System with the good they contain, in accordance with General Rule 5(b) of the Harmonized System, they shall be disregarded in determining whether all non-originating materials used in the production of the good comply with the corresponding change in tariff classification set out in Annex 4-03.

2. When the good is subject to a regional value content, they shall be considered as originating or non-originating, as the case may be, to calculate the regional value content of the good.

3. For the purposes set forth in paragraph 2, when packaging materials and containers correspond to self-manufactured materials, the producer may designate such materials as intermediate materials according to article 4-07.

Article 4-14: Containers and packing materials for shipment.

Containers and packing materials for shipment in which a good is packed or packaged exclusively for transportation shall not be taken into account for the purpose of establishing whether:

a) the non-originating materials used in the production of the good undergo the corresponding change in tariff classification set out in Annex 4-03; and

b) if the good satisfies a regional content requirement.

Article 4-15: Non-origin conferring transactions and practices.

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

a) simple filtrations and dilutions in water or other substance that do not materially alter the characteristics of the property;

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

c) dedusting, screening, classifying, sorting, selecting, washing or cutting;

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

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

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

g) the simple assembly of parts and components, when presented disassembled or not yet assembled, which are classified as a good in accordance with rule 2(a) of the General Rules of Interpretation of the Harmonized System. The foregoing shall not apply to goods which have already been assembled and subsequently disassembled for convenience of packing, handling or transportation;

h) fractionation into lots or volumes, shelling or shelling; and

i) the accumulation of two or more of the operations indicated in paragraphs a) to h) of this article.

2. Any price-fixing activity or practice, in respect of which it can be demonstrated, on the basis of sufficient evidence, that its purpose is to evade compliance with the provisions of this chapter, does not confer origin to a good.

3. The provisions of this article shall prevail over the specific rules set forth in Annex 4-03.

Article 4-16: Proceedings conducted outside the territories of the Parties.

A good that has been produced in accordance with the requirements of Article 4-03 shall lose its originating status if it undergoes further processing or any other operation outside the territories of the Parties in which production under Article 4-03 was carried out, other than unloading, reloading or any other movement necessary to maintain it in good condition or to transport it to the territory of the other Party.

Article 4-17: Shipment, transportation and transit of goods.

For originating goods to benefit from preferential treatment, they must have been shipped directly from the exporting Party to the importing Party. For this purpose, it is considered direct shipment:

a) goods transported without passing through the territory of a country that is not a Party to this Agreement;

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

i) the transit is justified by geographic reasons or considerations related to transportation requirements;

ii) not intended for trade, use or employment in the State of transit; and

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

Article 4-18: Committee on Rules of Origin and Customs Procedures.

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

a) cooperate in the application of this chapter, taking into account the provisions of Chapter V (Customs Procedures for the Handling of Origin of Goods);

b) at the request of either Party, consider proposals for modifications to the specific rules of origin in Annex 4-03, duly substantiated, that are due to changes in production processes or other matters related to the determination of the origin of a good;

c) determine, where appropriate, the incidence of interest costs incurred by a Party's producer in the production of a good, in order to avoid the improper use of such costs in the determination of origin of that good;

d) seek to reach agreements on:

i) tariff classification and customs valuation matters related to determinations of origin, referred to in Article 5-08 (Procedures to verify origin);

ii) the common procedures and criteria for the request, approval, modification, revocation and application of advance rulings, referred to in Article 5-10 (Advance Rulings);

iii) modifications to the certificate or declaration of origin referred to in Article 5-02 (Declaration and certification of origin);

iv) the uniform interpretation, application and administration of this chapter, Chapter V (Customs Procedures for Handling the Origin of Goods), and the Uniform Regulations; and

v) any other customs matters arising under this Agreement;

e) propose modifications or additions to this chapter, to chapter V (Customs Procedures for the Handling of Origin of Goods), to the Uniform Regulations, and to the matters within its competence; and

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

2. Nothing in Chapter V (Customs Procedures for the Handling of Origin of Goods) or the provisions of the preceding paragraph shall be construed to prevent a Party from issuing a determination of origin or an advance ruling or taking any other action as it deems necessary because of the pendency of a decision on the matter before this Committee.

CHAPTER V

CUSTOMS PROCEDURES FOR THE HANDLING OF THE ORIGIN OF GOODS

Article 5-01: Definitions and terms.

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

customs authority: the "customs authority" of a Party, as provided in Annex 5-01 (Customs Authority);

competent authority: the authority that, according to the legislation of each Party, is responsible for the validation of certificates of origin, being able to delegate such function to other public agencies or private entities. In the case of Mexico, the Secretariat of Economy, or its successor; and in the case of Uruguay, the General Directorate of Trade, Foreign Trade Area of the Ministry of Economy and Finance, or its successor;

identical goods: "identical goods" as defined in the Customs Valuation Agreement;

valid certificate of origin: the certificate of origin that has been completed, signed and validated in accordance with the provisions of this Agreement and the instructions for completing the certificate of origin agreed to by the Parties;

exporter: an "exporter" located in the territory of a Party from which the good is exported who, under this Chapter, is required to maintain in the territory of that Party the records referred to in Article 5-06(a);

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

importer: an "importer" located in the territory of a Party into which the good is imported who, under this Chapter, is required to keep in the territory of that Party the records referred to in Article 5-06(b);

producer: a "producer", as defined in Article 4-01 (Definitions and Terms), located in the territory of a Party, who is required to maintain in the territory of that Party the records referred to in Article 5-06(a);

Determination of origin ruling: a ruling issued as a result of a verification of origin that establishes whether a good qualifies as originating, in accordance with Chapter IV (Rules of Origin);

preferential tariff treatment: the application of the corresponding tariff rate to an originating good under the Duty-Free Program; and

value: the value of a good or material for the purpose of calculating customs duties or for the application of Chapter IV (Rules of Origin).

2. Except as defined in this article, the definitions set forth in Chapter IV (Origin Regime) are incorporated into this chapter.

Article 5-02: Declaration and certification of origin.

1. For the purposes of this Chapter, on the date of entry into force of this Agreement, the Parties shall establish a single format for the certificate of origin, which may be modified by agreement between them. Likewise, they shall establish the minimum set of data to be contained in the declaration of origin, which may be modified by agreement between the Parties.

2. The certificate of origin referred to in paragraph 1 shall serve to certify that a good exported from the territory of one Party to the territory of the other Party qualifies as originating. The certificate shall be valid for up to two (2) years from the date of its validation by the competent authority.

3. Each Party shall provide that its exporters shall complete and sign the certificate of origin in respect of the export of a good for which an importer may claim preferential tariff treatment. The certificate of origin shall require validation by the competent authority of the exporting Party.

4. Each Party shall provide that for the issuance of a certificate of origin, a declaration of origin must be submitted with the necessary documentary evidence that the good complies with the provisions of Chapter IV (Rules of Origin).

5. The competent authority of the exporting Party:

a) determine the administrative mechanisms for the validation of the certificate of origin completed and signed by the exporter;

b) provide, at the request of the importing Party, information concerning the origin of the goods imported under preferential tariff treatment; and

c) shall communicate to the other Party the list of the persons authorized to validate the certificates of origin with their corresponding stamps, signatures and facsimile. Modifications to such list shall be communicated in the same terms.

6. The competent authority of the exporting Party shall be responsible for the filing of the copies of the certificates of origin that are validated, keeping the files for a minimum period of 5 (five) years from the date of issue. Such file shall also include all the background information that served as the basis for the validation of the certificate of origin. The competent authority of the exporting Party shall keep a permanent record of the validated certificates of origin, which shall contain, at least, the certificate number, the certificate applicant and the date of issuance.

7. Each Party shall provide that the certificate of origin completed and signed by the exporter in the territory of the other Party and validated by the competent authority of the exporting Party shall cover:

a) the export of one or more goods; or

b) several imports of identical goods to be made within a specific period of time established by the exporter in the certificate, which shall not exceed 12 months.

Article 5-03: Obligations with respect to imports.

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

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

b) has the certificate of origin in its possession at the time of making the declaration;

c) provide a copy of the certificate of origin when requested by your customs authority; and

d) submit, until the customs authority initiates an investigation process, a corrected declaration and pay the corresponding customs duties, when he has reason to believe that the certificate of origin on which his import declaration is based contains incorrect information. When the importer complies with the above obligations, he shall not be penalized.

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

3. Each Party shall provide that, when preferential tariff treatment has not been requested for a good imported into its territory that has qualified as originating, the importer of the good, within 180 days from the date of importation, may request a refund of the customs duties paid in excess because preferential tariff treatment has not been granted to the good, provided that the request is accompanied by:

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

b) a copy of the certificate of origin; and

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

Article 5-04: Obligations with respect to exports.

1. Each Party shall provide that its exporter or producer, who has completed and signed a certificate of origin, shall deliver a copy of such certificate to its customs authority upon request.

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

3. Each Party shall provide that a false certification or declaration of origin made by its exporter or producer to the effect that a good to be exported to the territory of the other Party qualifies as originating shall have the same legal consequences, with such modifications as the circumstances may require, as those that would apply to its importer making false declarations or representations in contravention of its customs laws and regulations. In addition, it may apply such measures, as the circumstances warrant, when the exporter or producer fails to comply with any of the requirements of this chapter.

4. The competent authority of the exporting Party shall inform the customs authority of the importing Party in writing of the notification referred to in paragraph 2.

Article 5-05: Exceptions.

Provided that it is not part of two or more imports made or intended to be made for the purpose of evading compliance with the certification requirements of Articles 5-02 and 5-03, the Parties shall not require a certificate of origin in the following cases:

a) the commercial importation of a good whose customs value does not exceed US$1,000 or its equivalent in national currency or such greater amount as the Party may establish, but may require that the invoice contain or be accompanied by a declaration by the importer or exporter that the good qualifies as originating;

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

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

Article 5-06: Accounting records.

Each Party shall provide that:

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

i) the acquisition, costs, value and payment of the good to be exported from its territory,

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

iii) the production of the good in the form in which it is exported from its territory; and

b) an importer claiming preferential tariff treatment for a good being imported into its territory from the territory of the other Party shall retain for a period of at least five years from the date of importation the certificate of origin and all other import documentation required by the importing Party.

Article 5-07: Operations invoiced by third party operators.

Originating goods shall maintain such character, even when invoiced by third party operators, provided they comply with the provisions of this Chapter and Chapter IV (Origin Regime).

Article 5-08: Procedures to verify origin.

1. The importing Party may request from the exporting Party information regarding the origin of a good, through its customs authority. For such purpose, the competent authority of the exporting Party shall provide the requested information within a term not exceeding 120 days, counted from the date of receipt of the respective request. In cases where the requested information is not provided within such period, the customs authority of the importing Party may deny preferential tariff treatment.

2. In determining whether a good being imported into the territory of a Party from the territory of the other Party with preferential tariff treatment qualifies as originating, each Party may, through its customs authority, verify the origin of the good by:

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

b) verification visits to an exporter or producer in the territory of the other Party, for the purpose of examining the records and documents evidencing compliance with the rules of origin in accordance with Article 5-06a), and inspecting the facilities used in the production of the good and, if applicable, those used in the production of the materials; or

c) other procedures agreed upon by the Parties.

The provisions of this paragraph shall be without prejudice to the powers of review of the importing Party over its own importers, exporters or producers.

3. When the exporter or producer receives a questionnaire pursuant to paragraph 2, subparagraph a), it shall respond and return that questionnaire within 30 days. During that period the exporter or producer shall be granted an extension, which shall not exceed 30 days, provided that he requests it in writing to the importing Party that is carrying out the verification. Notwithstanding the foregoing, the customs authority of the importing Party may grant an extension of more than 30 days if it deems it necessary. This request shall not result in the denial of preferential tariff treatment.

4. In the event that the exporter or producer fails to return the questionnaire referred to in paragraph 2(a) within the time limit set forth in paragraph 3, the importing Party may deny preferential tariff treatment and the good subject to verification of origin shall be considered a non-originating good and the certificate of origin covering the good shall be considered invalid.

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

6. The notification referred to in paragraph 5 shall contain:

a) the identification of the notifying customs authority;

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

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

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

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

f) the legal basis for the verification visit.

7. Any modification in the number, name or position of the officials referred to in paragraph 6 (e) shall be communicated in writing to the exporter or producer and to the competent authority of the exporting Party prior to the verification visit. Any modification of the information referred to in paragraph 6 (a), (b), (c) and (f) shall be notified in accordance with paragraph 5.

8. If within 30 days of receiving notice of the proposed verification visit under paragraph 5, the exporter or producer does not consent in writing to the verification visit, the importing Party may deny preferential tariff treatment to the good or goods that would have been the subject of the verification visit and the good subject to verification of origin shall be considered a non-originating good and the certificate of origin covering the good shall be considered invalid.

9. Each Party shall provide that, where its competent authority receives a notification pursuant to paragraph 5, it may, within 15 days from the date of receipt of the notification, postpone the proposed verification visit for a period not exceeding 60 days from the date on which the notification was received, or for such longer period as the Parties may agree, by so informing the exporter or producer in writing, as appropriate.

10. A Party may not deny preferential tariff treatment solely on the basis of the postponement of the verification visit, as provided in paragraph 9.

11. Each Party shall allow the exporter or producer, whose good or goods are the subject of a verification visit, to designate two observers to be present during the visit, provided that they intervene only in that capacity. Failure to designate observers by the exporter or producer shall not result in postponement of the visit.

12. For the purposes of verifying compliance with the regional value content requirements, the calculation of the *de minimis* value, or any other measure contained in Chapter IV (Origin Regime) through the customs authority, the customs authority shall proceed in accordance with the generally accepted accounting principles applied in the territory of the Party from which the good has been exported.

13. The customs authority of the importing Party shall draw up a record of the visit containing the facts found by it. Said record may be signed by the producer or exporter and the designated observers. The exporter or producer may record his disagreement with the findings at the bottom of the record. The refusal to sign the minutes by the exporter, the producer or the observers does not invalidate the same, and such refusal must be recorded in the minutes , if any .

14. Upon completion of the verification, the customs authority shall provide a written determination to the exporter or producer whose good or goods have been subject to the verification, as to whether or not the good or goods qualify as originating, which shall include findings of fact and the legal basis for the determination.

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

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

17. The importing Party shall not apply the ruling under paragraph 16 to an importation made before the date on which the ruling takes effect, provided that:

a) the customs authority into whose territory the good has been imported has issued an advance ruling pursuant to article 5-10, or any other ruling on the tariff classification or value of materials, on which a person is entitled to rely; and

b) the aforementioned resolutions are prior to the notification of the initiation of the verification of origin.

18. Where a Party denies preferential tariff treatment to a good pursuant to a ruling made under paragraph 16, that Party shall postpone the effective date of the denial for a period not to exceed ninety days, provided that the importer of the good or the exporter or producer that has completed and submitted the denial shall postpone the effective date of the denial for a period not to exceed ninety days.

signed the certificate or declaration of origin covering it, proves to have relied in good faith, to its detriment, on the tariff classification or the value applied to the materials by the customs authority of the exporting Party.

Article 5-09: Confidentiality.

1. Each Party shall, in accordance with its laws, maintain the confidentiality of information of that nature obtained pursuant to this Chapter and shall protect it from disclosure in a manner that would prejudice the person providing it.

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

Article 5-10: Anticipated Resolutions.

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

a) whether a good qualifies as originating, in accordance with Chapter IV (Origin Regime);

b) whether the non-originating materials used in the production of a good comply with the corresponding change in tariff classification set out in Annex 4-03 (Specific Rules of Origin);

c) if the good complies with the regional content value established in Chapter IV (Origin Regime);

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

e) whether the method applied by the exporter or producer in the territory of the other Party for the reasonable allocation of costs, in accordance with the Uniform Regulations for the calculation of the net cost of a good or the value of an intermediate material, is adequate to determine whether the good complies with the regional value content under the referred chapter;

f) whether a good that re-enters its territory after having been exported from its territory to the territory of the other Party for repair or alteration qualifies for duty-free treatment pursuant to Article 3-09 (Goods re-imported or re-exported after having been repaired or altered); and

g) such other matters as the Parties may agree.

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

a) information reasonably required to process the request;

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

c) the obligation of the customs authority to issue the advance ruling once it has obtained all the necessary information from the person requesting it; and

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

3. Each Party shall apply advance rulings to imports into its territory from the date of issuance of the ruling, or such later date as it may specify, unless the advance ruling is modified or revoked in accordance with paragraph 5.

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

5. The advance ruling may be modified or revoked in the following cases:

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

i) in fact,

ii) in the tariff classification of the good or materials that are the subject of the resolution,

iii) in the application of the regional value content under Chapter IV (Rules of Origin), or

iv) in the application of the rules for determining whether a good, which re-enters its territory after it has been exported from its territory to the territory of the other Party for the purpose of repair or alteration, qualifies for duty-free treatment under Article 3-07 (Goods re-imported or re-exported after having been repaired or altered);

b) where the ruling is not in accordance with an interpretation that the Parties have agreed upon with respect to Chapter III (National Treatment and Market Access for Goods) or Chapter IV (Rules of Origin);

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

d) in order to comply with a modification to Chapter III (National Treatment and Market Access), Chapter IV (Rules of Origin), this Chapter, or the Uniform Regulations; or

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

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

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

a) the exporter or producer complies with the terms and conditions of the advance ruling;

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

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

8. Each Party shall provide that, where its customs authority determines that any of the requirements set out in paragraph 7 have not been complied with, such authority may modify or revoke the advance ruling, as appropriate.

9. Each Party shall provide that, where its customs authority decides that the advance ruling has been based on incorrect information, the person to whom the advance ruling has been issued shall not be penalized, if he demonstrates that he acted with reasonable care and in good faith in disclosing the facts and circumstances giving rise to the advance ruling, without prejudice to the payment of the corresponding customs duties.

10. Each Party shall provide that, where an advance ruling is issued to a person who has falsely stated or omitted material facts or circumstances on which the advance ruling is based, or has not acted in accordance with the terms and conditions of the advance ruling, the customs authority issuing the advance ruling may apply such measures as the circumstances warrant.

11. The Parties shall provide that the holder of an advance ruling may use it only as long as the facts or circumstances on the basis of which it was issued continue to exist. In this case, the holder of the ruling may submit the information necessary for the issuing authority to proceed as provided in paragraph 5.

12. A good that is subject to a verification of origin or to any instance of review or challenge in the territory of any of the Parties shall not be subject to an advance ruling.

Article 5-11: Penalties.

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

2. Nothing in Articles 5-03(1)(d), 5-03(2), 5-04(2) or 5-08(10) shall be construed to prevent a Party from applying measures as circumstances warrant.

Article 5-12: Review and challenge.

1. Each Party shall grant the same rights of review and challenge of determinations of origin and advance rulings provided to its importers, to exporters or producers of the other Party who:

a) complete and sign a certificate or declaration of origin covering a good that has been the subject of a determination of origin under Article 5-08(14) ; or

b) have received an advance ruling in accordance with article 5-10.

2. The rights referred to in paragraph 1 include access to at least one instance of administrative review, independent of the official or agency responsible for the decision or advance ruling.

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

Article 5-13: Uniform Regulations.

1. The Parties shall establish and implement, through their respective laws and regulations, on the date of entry into force of this Agreement and at any time thereafter, by express agreement, Uniform Regulations concerning the interpretation, application and administration of Chapter III (National Treatment and Market Access for Goods), Chapter IV (Rules of Origin), this Chapter and such other matters as the Parties may agree.

2. Each Party shall implement any modification or addition to the Uniform Regulations no later than 180 days after the respective agreement between the Parties, or within such other period as the Parties may agree.

Article 5-14: Cooperation.

. Each Party shall notify the other Party of the following measures, rulings or determinations including, to the extent practicable, those in the process of being implemented:

a) a determination of origin issued as a result of a verification of origin visit carried out pursuant to article 5-08, once the review and challenge procedures referred to in article 5-12 have been exhausted;

b) a determination of origin that the Party considers contrary to a determination made by the customs authority of the other Party on tariff classification or the value of a good, or of the materials used in the production of a good, or the reasonable allocation of costs when calculating the net cost of a good subject to a determination of origin;

c) a measure that establishes or significantly changes an administrative policy and that could affect future determinations of origin; and

d) an advance ruling or its modification, in accordance with article 5-10.

2. The Parties shall cooperate:

a) in the application of their respective customs laws or regulations for the application of this Agreement, as well as any mutual assistance customs agreement or other customs agreement to which they are a party;

b) to the extent possible and for the purpose of facilitating trade between their territories, in customs matters such as those related to the collection and exchange of statistics on the import and export of goods, the harmonization of documentation used in trade, the uniformity of data elements, the acceptance of an international syntax of data and the exchange of information;

c) as far as possible, in the filing and forwarding of customs documentation;

d) to the extent possible, in the verification of the origin of a good, for which purpose, the competent authority of the importing Party may request the customs authority of the other Party to carry out in its territory certain operations or procedures conducive to such purpose, issuing the respective report; and

e) to seek some mechanism for the purpose of detecting and preventing the illicit transshipment of goods originating from a non-Party.

Annex 5-01

Customs Authority

For the purposes of this Chapter, the term "customs authority" shall mean the authority which, under the legislation of each Party, is responsible for the administration of its customs laws and regulations:

a) in the case of Mexico, the Ministry of Finance and Public Credit and the Tax Administration Service, or their successors; and

b) in the case of Uruguay, the Dirección Nacional de Aduanas del Ministerio de Economía y Finanzas, or its successor.

CHAPTER VI

SAFEGUARDS

Article 6-01: Definitions.

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

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

competent authority: the "competent authority" of a Party, as defined in Annex 6-01 (Competent Authority);

directly competing product or commodity: that which, while not identical or similar to the one being compared, has the same distribution channels, is marketed in the same market and is purchased by a similar group of consumers;

similar merchandise or product: the identical one, which is that which is the same in all aspects as the product in question, or that which, although not the same in all aspects, has the same characteristics and composition as the product in question.

The product is similar, which allows it to fulfill the same functions and to be commercially interchangeable with the merchandise or product to which it is compared;

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

transition period: shall include the relief period applicable to each good, as provided for in the relief program;

safeguard measure: a global or bilateral safeguard measure established in accordance with this Chapter; and

domestic industry: the producers as a whole of the like or directly competitive good or product operating within the territory of a Party or those whose collective output of the like or directly competitive product constitutes a major proportion of the total domestic production of those products in a Party. Such major proportion may not be less than 50 per cent.

Article 6-02: General Provisions.

The Parties may apply a regime of safeguards to imports of goods made under the Duty-Free Program, the application of which shall be based on clear, strict and time-bound criteria. The Parties may adopt bilateral or global safeguard measures.

Article 6-03: Global Safeguards.

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

Article 6-04: Criteria for the adoption of a global safeguard measure.

1. When a Party decides to adopt an overall safeguard measure, it may apply it to the goods of the other Party only when it determines that imports of such goods, considered individually, represent a substantial part of total imports and contribute importantly to the serious injury or threat of serious injury to the importing Party.

For the purposes of paragraph 1, the following criteria shall be taken into account:

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

b) Imports of goods from the other Party shall not be considered to contribute materially to serious injury or threat of serious injury if their rate of growth during the period in which the increase in such imports occurred is substantially less than the rate of growth of total imports from all sources during the same period.

2. The Party that applies the overall safeguard measure, and initially has excluded from it a good of the other Party, shall have the right to include it subsequently when the competent investigating authority determines that a significant increase in imports of such good substantially reduces the effectiveness of the measure. In this regard, it shall be considered to implement a greater quota of imports than that referred to in paragraph 3 of this Article, provided that it does not substantially reduce the effectiveness of the measure.

3. The preference applicable at the time of the adoption of the global safeguard measure shall be maintained for a quota of imports, which shall be the average of the imports made in the three (3) years immediately preceding the period in which the existence of serious injury or threat of serious injury was determined.

Article 6-05: Bilateral Safeguards.

1. Each Party may apply, on an exceptional basis and under the conditions set out in this Chapter during the transition period, bilateral safeguard measures on the importation of goods benefiting from this Agreement, meaning the total or partial suspension of compliance with tariff preference commitments.

2. Bilateral safeguard measures applied pursuant to this Article shall consist of the suspension or reduction of the tariff preference. The preference applicable at the time of the adoption of the bilateral safeguard measure shall be maintained for a quota of imports, which shall be the average of the

imports made in the three (3) years immediately preceding the period in which the existence of serious injury or threat of serious injury was determined.

3. Upon termination of the period of application of the bilateral safeguard measure, the preference negotiated in this Agreement shall be reestablished for the merchandise subject to such measure.

4. Bilateral safeguard measures shall have an initial maximum duration of 1 (one) year, including the period during which the provisional measures would have been in force. They may be extended for an additional year when it is determined, in accordance with the provisions of this Chapter, that they continue to be necessary to remedy serious injury or threat of serious injury and that there is evidence that the domestic industry is in the process of adjustment.

5. The total period of application of a bilateral safeguard measure shall not exceed two (2) years. The Parties shall not apply, more than once, a bilateral safeguard measure against any particular good originating in another Party, unless expressly authorized by the Commission.

Article 6-06: Provisional Bilateral Safeguard.

1. In critical circumstances, where any delay would cause damage which would be difficult to repair, the Parties may adopt a provisional bilateral safeguard measure pursuant to a preliminary determination that there is clear evidence that increased subject imports have caused or are threatening to cause serious injury.

2. Immediately after the adoption of the provisional bilateral safeguard measure, it shall be notified and consultations shall be held, in accordance with the provisions of Articles 6-17 and 6-18.

3. The duration of the provisional bilateral safeguard measure shall not exceed 200 days and shall adopt the same form provided for definitive measures, in accordance with the provisions of Article 6-05(2). If in the course of the investigation it is determined that the increased imports subject to preference have not caused or threatened to cause serious injury, the amount collected for provisional measures shall be promptly reimbursed, with the corresponding fiscal interest, or the guarantees that have been presented for such concept shall be released.

Article 6-07: Procedures relating to the application of global or bilateral safeguards measures.

1. Each Party shall establish or maintain equitable, transparent and effective procedures for the application of safeguard measures, in accordance with the provisions of this Chapter.

2. The Parties shall ensure the uniform, impartial and reasonable application of their laws, regulations, rulings and determinations governing all procedures for the adoption of safeguard measures under this Chapter.

Article 6-08: Investigation.

1. The Parties shall apply a safeguard measure under this Chapter only if it has been determined, as a result of an investigation, that imports of a like or directly competitive good originating in the other Party have increased in such increased quantities, in absolute and relative terms, and are made under such conditions as to cause or threaten to cause serious injury.

2. The Parties shall apply safeguard measures only to the extent necessary to prevent or remedy serious injury and to facilitate adjustment. In no case shall the increase in tariff determined in any case exceed the lesser of the most-favored-nation tariff for that good at the time the measure is taken or the most-favored-nation tariff for that good on the day before the entry into force of this Agreement.

3. In an investigation under this Chapter, in determining whether increased subject imports have caused or are threatening to cause serious injury, the Parties shall evaluate all relevant factors of an objective and quantifiable nature having a bearing on the situation of the domestic industry, in particular the following:

a) the relationship between the imports subject to preference in question and those not subject to preference of any origin, as well as between the increases in such imports;

b) the share of the domestic market absorbed by increasing imports; and

c) changes in the level of sales, production, productivity, capacity utilization, profit or loss and employment.

Article 6-09: Determination of serious injury or threat of serious injury.

The determination of the existence of serious injury or threat of serious injury shall be based on objective evidence showing the existence of a causal relationship between the increase in

The increase in imports generated by the preference to which the merchandise in question is subject and the serious injury or threat of serious injury. Where factors other than increased subject imports are at the same time causing or threatening to cause injury to the like or directly competitive merchandise in question, such injury or threat of injury shall not be attributed to increased subject imports.

Article 6-10: Access to information.

1. The Parties shall ensure that interested parties to an investigation shall have prompt and full access to the proceedings of other interested parties that are included in the file of the investigation in progress. To this end, each Party may use one of the following mechanisms:

a) Interested parties in the investigation shall send copies of each of the public reports, documents and evidence or non-confidential summaries to the other interested parties on the same day they are submitted to the investigating authority.

b) The competent authority shall implement mechanisms that allow interested parties to become aware of the existence of such proceedings within two (2) working days following their presentation and shall have a g i l e and brief mechanisms that allow access to them when the notified interested parties so require.

2. In accordance with the provisions of the legislation of each Party, timely access shall be given to the information contained in the administrative file of an investigation under the terms of this Chapter. Access shall not be granted to information the disclosure of which could result in substantial and irreversible economic or financial harm to the owner of such information, as well as to government information required by law or other provisions of public policy and information contained in internal communications of the investigating authority, of the investigating authority with other government entities or government-to-government communications of a confidential nature.

Article 6-11: Confidential information.

1. For the purposes of the investigations, the following information shall be considered confidential information, if it is submitted by the interested parties, because its disclosure or dissemination to the public may cause damage to their competitive position:

a) the production processes of the merchandise in question;

b) production costs and the identity of the components;

c) distribution costs;

d) the terms and conditions of sale, except those offered to the public;

e) sales prices per transaction and per product, except for price components such as dates of sales and distribution of the product, as well as transportation if based on public itineraries;

f) a description of the type of individual customers, distributors or suppliers; and

g) any other information specific to the company in question.

2. Any information which, by its nature, is confidential, or which is provided on a confidential basis, shall, upon justification thereof, be treated as such by the competent authorities. Such information shall not be disclosed without the authorization of the Party submitting it. Parties providing confidential information shall be requested to furnish non-confidential summaries thereof or, if they indicate that such information cannot be summarized, to state the reasons why it is not possible to provide a summary. However, if the competent authorities conclude that a request for information considered to be confidential is not justified, and if the Party concerned does not wish to make it public or authorize its disclosure in general or summary form, the authorities may disregard such information unless it is convincingly demonstrated to them, from an appropriate source, that the information is correct.

Article 6-12: Transparency.

1. In order to provide transparency in the investigation procedures and ensure a full and ample opportunity for interested parties to defend their interests, the Parties shall endeavor to reform their legislation on safeguards to the extent possible in order to have the following mechanisms in place:

a) a mechanism that provides timely access for representatives of interested parties during the procedure to all information contained in the administrative record, including confidential information, provided that the requirements established by domestic legislation are met;

b) a confidentiality undertaking to which the representatives of the parties concerned will be bound, strictly prohibiting the use of the information for personal gain and its dissemination to persons who are not authorized to know it; and

c) specific sanctions for breaches of commitments adopted by stakeholder representatives.

2. The investigating authority shall give industrial users of the product under investigation, and representative consumer organizations in cases where the product is normally sold at retail, the opportunity to provide any information relevant to the investigation.

Article 6-13: Public hearings.

During the course of each proceeding, the competent investigating authority:

a) without prejudice to the provisions of the law of each Party, after giving reasonable notice, hold a public hearing for the appearance, in person or by representative, of all interested parties to present evidence and to be heard concerning the serious injury or threat thereof and the appropriate remedy; and

b) provide an opportunity for all interested parties to appear at the hearing, present arguments and cross-examine.

Article 6-14: Publication.

The importing Party shall publish in its official publication the determinations issued on the occasion of a safeguard investigation and shall notify the exporting Party in writing on the day following publication and offer consultations.

Article 6-15: Review of the decision of the competent authority.

The decisions of the competent authorities issued pursuant to the provisions of this Chapter may be subject to judicial or administrative review, as provided for in the legislation of each Party.

Article 6-16: Compensation.

1. The Party that intends to apply a safeguard measure shall grant the other Party mutually agreed compensation in the form of concessions having trade effects equivalent to the impact of the safeguard measure. For this purpose, consultations shall be held prior to the imposition of the measure.

2. Without prejudice to the provisions of the preceding paragraph, if the Parties do not reach a satisfactory solution in the consultations to determine the compensation, the Party proposing to adopt the measure shall be entitled to do so and the affected Party may impose measures having equivalent trade effects to those of the measure adopted, within a maximum period of 60 days from the application of the safeguard measure.

3. The commitments modified by the exporting Party shall be reestablished at the end of the application of the safeguard measure, in accordance with the preference negotiated in this Treaty, and it shall be as if the benefits had not been suspended.

Article 6-17: Notification.

1. The Parties shall notify each other:

a) The intention to initiate an investigation, in accordance with articles 6-03 or 6-05. To this effect, the main characteristics of the request shall be informed, in a duly documented form, such as:

i) the name(s) of the applicant(s) and the reasons that lead them to claim that they are representative of the domestic industry;

ii) a clear and complete description of the good involved, including its tariff classification and current tariff treatment;

iii) import data that provide the basis that such merchandise is being imported in increasing quantities, either in absolute or relative terms;

iv) the data that the applicant took into consideration to prove the existence of serious damage or threat of serious damage; and

v) the period for holding consultations prior to commencement shall not be less than 10 (ten) days.

b) The initiation of the investigation procedure in accordance with articles 6-03 or 6-05. To that end, information shall be provided within a maximum period of 10 (ten) days from the publication in the official publication of the initiation of the investigation procedure, including the main characteristics of the facts under investigation, such as:

i) the name(s) of the applicant(s) and the reasons that lead them to claim that they are representative of the domestic industry;

ii) a clear and complete description of the good subject to the procedure, including its tariff classification, and the tariff treatment in force;

iii) import data that provide the basis that such merchandise is being imported in increasing quantities, either in absolute or relative terms;

iv) the data taken into consideration to prove the existence of serious harm or threat of serious harm;

v) the time limit for the holding of procedural consultations; and

vi) the period within which interested parties may present evidence and make written submissions, so that these may be taken into consideration during the investigation.

c) The application of a provisional safeguard measure in accordance with the provisions of Article 6-06(1). Said application shall be reported no later than 5 (five) days after the adoption of the measure, with express indication of the main characteristics of the facts, including the evidence that generated the need for the provisional safeguard, with precise indication of the goods subject to the same, including their tariff classification, the term within which the interested parties may submit evidence and present their arguments in writing, so that they may be taken into consideration during the investigation, as well as the proposed date for holding the consultations referred to in Article 6-18 (1) and (2).

d) The intention to apply or extend a safeguard measure. Such intention shall provide information about:

i) evidence of serious injury or threat of serious injury caused by the increase in subject imports;

ii) the precise description of the good in question (including its tariff classification);

iii) the description of the safeguard measure proposed or adopted;

iv) the effective date and duration thereof;

v) the criteria and objective information demonstrating that the conditions established in this Chapter for the application of a safeguard measure to the other Party are met, where appropriate;

vi) the time limit for consultations to determine compensation; and

vii) in the case of an extension of a safeguard measure, evidence shall also be provided that the domestic industry concerned is in the process of readjustment.

2. The notifications referred to in this Article shall be made through the competent authorities of the Parties. During any stage of the procedure, the notified Party may request from the other Party such additional information as it deems necessary, observing the rules with respect to confidential information.

Article 6-18: Consultations.

1. The initiation of an investigation pursuant to this chapter may only be carried out after the pre-initiation consultations referred to in Article 6-17(a)(v), which shall have as their main objective the mutual knowledge of the facts, the exchange of opinions and, eventually, the clarification of the problem raised.

2. The main purpose of the consultations of the procedure referred to in Article 6-17(b)(v) shall be the exchange of information and conciliation to reach a solution.

3. Notwithstanding the provisions of paragraph 1 of this Article and Article 6-19, the Parties may apply a provisional measure in accordance with Article 6-06 (1), without having held consultations prior to initiation or to determine compensation, provided that consultations are offered within 10 days of the imposition of the measure.

Article 6-19: Extension.

The application or extension of a safeguard measure under this Chapter may only be carried out after the consultations to determine the compensation referred to in Article 6-17(d)(vi) of this Chapter, the principal objective of which shall be to reach an understanding to maintain a level of concessions substantially equivalent to those existing under this Agreement. Notwithstanding the foregoing, safeguard measures may be applied when consultations cannot be carried out due to impediment of the Party to whom due notice has been given.

Annex 6-01

Competent Authority

For the purposes of this chapter, the term "competent authority" shall mean:

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

b) in the case of Uruguay, the Ministry of Economy and Finance, or its successor.

CHAPTER VII

UNFAIR INTERNATIONAL TRADE PRACTICES

Article 7-01: Definitions.

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

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

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

competent authority: the "competent authority" of a Party, as defined in Annex 7-01 (Competent Authority);

countervailing duty: *antidumping* duties and countervailing duties, as the case may be;

official dissemination bodies: "official dissemination bodies" of a Party, as referred to in Annex 7.01.1 (Official Broadcasting Organs);

interested party: the producers, importers and exporters of the good subject to investigation, the government of the exporting Party, as well as the legal or juridical persons having a direct interest in the investigation in question;

final determination: determination by means of which it is decided whether or not the imposition of definitive countervailing duties is appropriate;

resolution of initiation: determination that formally declares the initiation of the investigation; and

preliminary determination: determination by which it is decided whether or not to continue the investigation with the imposition or not of preliminary countervailing duties.

Article 7-02: General provisions.

The Parties reject all unfair international trade practices and recognize that they are condemnable when they cause or threaten to cause material injury to an existing domestic industry in the territory of a Party or if they materially retard the establishment of a domestic industry. They also recognize the need to eliminate export subsidies not permitted by the WTO and other domestic policies that cause distortions to trade in goods between the Parties.

Article 7-03: Determination of the existence of *dumping* or subsidies.

The importing Party, in accordance with its legislation, this Agreement, the Antidumping Agreement, and the ASCM, may establish and apply countervailing duties in the event that situations arise in which, through an objective examination based on positive evidence:

a) the existence of imports is determined:

   i) under conditions of *dumping*; or

   ii) of goods that have received export subsidies, including subsidies other than export subsidies, that adversely affect the conditions of normal competition; and

b) the existence of injury or threat of injury to the domestic industry of identical or similar goods in the importing Party or the significant retardation in the creation of such industry, as a result of such imports of identical or similar goods from another Party, is proven.

Article 7-04: Export subsidies.

Upon entry into force of this Agreement, neither Party may maintain or introduce subsidies for the export of goods to the territory of the other Party as set forth in Article 3 of the ASCM.

Article 7-05: National legislation.

The Parties shall apply their legislation on unfair international trade practices in accordance with the procedures established in the normative instruments referred to in Article 7-03 and shall conduct investigations through their respective competent authorities.

Article 7-06: Procedure.

When a Party has received a duly documented request, and before initiating, ex officio or at the request of a party, an investigation for *dumping* or subsidies for imports from the other Party, it shall proceed as soon as possible to make the notification prescribed in Article 5.5 of the Antidumping Agreement. In the case of subsidies, it shall offer consultations prior to the initiation of the investigation.

Article 7-07: Publication.

1. The Parties shall publish in their official organs of dissemination all determinations made by the competent investigating authority on an investigation and shall notify the other Party, in writing and directly, in a timely manner and within reasonable time limits that guarantee the principles of legality and due process.

2. Each Party shall publish the following resolutions in its respective official organ of diffusion:

a) the initiation, preliminary determination when countervailing duties are imposed, and the final determination of the investigation proceeding;

b) declaring the administrative investigation concluded:

i) by reason of commitments with the exporting Party or with the exporters, as the case may be;

ii) due to commitments arising from conciliatory hearings; or

iii) for any other reason.

c) those that reject the initiation of the investigation; and

d) those by which the withdrawals of the complainants are accepted.

Article 7-08: Notifications and Deadlines.

1. Each Party shall communicate the resolutions referred to in this Chapter directly to its importers and to the exporters of the other Party of which it is aware, to the government of the exporting Party, and to the diplomatic mission of the exporting Party accredited in the territory of the Party conducting the investigation. Likewise, concrete actions shall be taken to identify and locate the interested parties in the procedure in order to guarantee the exercise of the right of defense.

2. Parallel and simultaneously to the aforementioned official communications, the enforcement authority shall send the resolutions directly to all interested foreign parties and to the enforcement authority of the other Party, within two (2) days following the day in which the resolutions are made public. The time limits foreseen in the investigations shall be counted from the official communications.

3. The notice of initiation resolution shall contain, at least, the following information:

a) the deadlines and place for the presentation of arguments, evidence and other documents;

b) the description of the product under investigation and its tariff classification;

c) the period under investigation;

d) the names or trade names and addresses of known foreign exporters and, if applicable, foreign governments; and

e) the name, address, e-mail address, telephone number and fax number of the office where information can be obtained, consultations can be made and the file derived from the investigation can be reviewed.

4. With the notification, exporters will be sent a copy of the respective resolution, the public version of the request for initiation of the investigation and its annexes, and the questionnaires that will be used by the competent investigating authority or, if applicable, the minimum information required by the latter, as well as the description of the form in which it must be submitted.

5. The Party shall grant the interested parties of which it has knowledge, a period of no less than 25 working days from the initiation of the investigation, in order for them to appear and make their views known.

The Commission shall grant the interested parties a term of 25 business days for the same purposes, counted as of the date the preliminary resolution becomes effective.

6. The competent authority may grant or reject a request for an extension of the deadline to provide information, provided that it has been submitted in writing 5 (five) days prior to the expiration of the established deadline, for which it shall take into account the following:

a) the time available to conduct the investigation and make the necessary determinations, including the time limits established in national laws, regulations and programs governing the conduct of the investigation in question, and whether the information may be considered at a later stage of the investigation;

b) the extension(s) of time granted during the investigation;

c) the ability of the party from whom information is sought to respond to the information questionnaire, in light of the nature and scope of the information requested, including the resources, personnel and technological capacity available to the party;

d) the exceptional burdens faced by the party from whom information is sought in searching for, identifying and/or compiling the required information;

e) the fact that the party requesting the extension has provided a partial response to the questionnaire, or has previously provided information requested in the same investigation, although the absence of a partial response does not in itself constitute adequate grounds for rejecting a request;

f) unforeseen circumstances affecting the party's ability to provide the required information within the required timeframe; and

g) the fact that extensions of time have been granted to other parties for similar reasons at the same stage of the investigation.

7. The decision to grant or reject a request for an extension of time to provide information shall be made promptly and, if the request is rejected, the party making the request shall be informed of the reason for the rejection.

8. These same elements will be evaluated to grant or reject extensions requested by any interested party for the presentation of arguments, information and additional or complementary evidence.

9. The authorities, once the established deadlines have expired and, if applicable, the extensions granted, will only admit information and evidence that is submitted as supervening evidence and this circumstance is demonstrated, provided that it is submitted before the closing of the investigation or the conclusion of the investigation. The authorities may require the interested parties to comply with less demanding requirements than those previously established, provided that they are applied equally to all interested parties.

Article 7-09: Contents of the resolutions.

The initial, preliminary and final resolutions shall contain, at least, the following:

a) the name of the applicant;

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

c) the elements and evidence used for the determination of the existence of *dumping* or subsidy, injury or threat of injury, and their causal relationship;

d) the legal and factual considerations that led the authority to initiate an investigation or to impose an antidumping duty; and

e) the legal arguments, data, facts or circumstances that support and motivate the resolution in question.

Article 7-10: Review of countervailing duties.

Annually at the request of a party and at any time ex officio, the final countervailing duties may be reviewed by the competent authority upon a change of circumstances in the market of the importing Party and the export market.

Article 7-11: Validity of the measures.

Definitive countervailing duties shall be abolished when, after five (5) years from the date of their imposition, no interested party has requested their review, nor has the competent authority initiated such review ex officio.

Article 7-12: Technical information meetings.

1. The competent authority of the importing Party, upon request of the interested parties, shall hold technical information meetings in order to disclose the methodology used by the competent authority to determine the *dumping* margins and subsidy calculations, as well as the injury and causality arguments of the preliminary and final determinations.

2. The request referred to in paragraph 1 must be submitted within 5 (five) business days following the publication of the respective resolution in the official organ of diffusion. The competent authority shall hold the meeting within 15 (fifteen) working days from the filing of the request.

Article 7-13: Hearings.

The investigating authority, upon written request by any of the interested parties, shall hold meetings, hearings and other proceedings for the purpose of affording them full opportunity to defend their interests or to agree on a mutually satisfactory solution.

Article 7-14: Public hearings.

1. The competent authority shall hold a public hearing in which the interested parties may appear and question their counterparts regarding the information or evidence submitted during the investigation. Likewise, the competent authority may ask questions and request clarifications with respect to the information, evidence and arguments presented during the investigation procedure that it deems appropriate.

2. The competent authority shall give 15 working days' notice of the public hearing.

3. The competent authority shall give the interested parties the opportunity to present allegations within a period of at least 8 (eight) days after the public hearing has been held. The pleadings shall consist of the presentation in writing of conclusions regarding the information and arguments provided in the investigation.

Article 7-15: Access to information.

1. The Parties shall ensure that interested parties to an investigation shall have prompt and full access to the proceedings of other interested parties that are included in the file of the investigation in progress. To this end, each Party may use one of the following mechanisms:

a) Interested parties to the investigation shall send copies of each of the public reports, documents and exhibits or non-confidential summaries to the other interested parties on the same day they are submitted to the investigating authority; and

b) The competent authority shall implement mechanisms that allow the interested parties to become aware of the existence of such proceedings within two (2) working days of their filing and shall have agile and brief mechanisms that allow access to them when the notified interested parties so require.

2. In accordance with the provisions of the legislation of each Party, timely access shall be given to the information contained in the administrative record of an investigation under the terms of this Chapter. The following shall not be given

access to information whose disclosure could result in substantial and irreversible economic or financial harm to the owner of such information, as well as to governmental information required by law and other public policy provisions and information contained in internal communications of the investigating authority, of the investigating authority with other governmental entities or government-to-government communications of a confidential nature.

Article 7-16: Confidential information.

1. For the purposes of investigations, the following information shall be considered confidential information, if it is submitted by the interested parties, because its disclosure or dissemination to the public may cause damage to their competitive position:

a) the production processes of the merchandise in question;

b) production costs and the identity of the components;

c) distribution costs;

d) the terms and conditions of sale, except those offered to the public;

e) sales prices per transaction and per product, except for price components such as dates of sales and distribution of the product, as well as transportation if based on public itineraries;

f) description of the type of individual customers, distributors or suppliers;

g) if applicable, the exact amount of the *dumping* margin on individual sales;

h) the amounts of adjustments for terms and conditions of sale, volume or quantities, variable costs and tax burdens proposed by the interested party; and

i) any other information specific to the company in question.

2. The competent authority shall establish or maintain procedures for the handling of confidential information supplied in the course of the proceeding, and shall require the interested parties supplying such information to provide non-confidential written summaries thereof or, where appropriate, the reasons for their failure to do so. If the interested parties do not submit such summaries, the competent authority may disregard such information unless it is convincingly demonstrated to them, from an appropriate source, that the information is correct.

Article 7-17: Transparency.

In order to provide transparency in the investigation procedures and to ensure a full and ample opportunity for interested parties to defend their interests, the Parties shall endeavor to reform their domestic legislation on unfair trade practices to the extent possible in order to have the following mechanisms in place:

a) a mechanism that provides timely access for representatives of interested parties during the procedure to all information contained in the administrative record, including confidential information, provided that the requirements established by domestic legislation are met;

b) a confidentiality undertaking to which the representatives of the parties concerned will be bound, strictly prohibiting the use of the information for personal gain and its dissemination to persons who are not authorized to know it; and

c) specific sanctions for breaches of commitments adopted by stakeholder representatives.

Article 7-18: Establishment of countervailing duties.

No Party shall impose a preliminary countervailing duty until 90 working days after the date of publication of the initial determination in its respective official publication.

Article 7-19: New exporter procedure.

1. If a product is subject to definitive countervailing duties in the territory of an importing Party, exporters or producers in the exporting country that have not exported that product to the importing Party during the period of investigation and demonstrate that they are not related to any of the exporters or producers subject to countervailing duties for reasons other than a refusal to cooperate, may request the investigating authority to conduct a new exporter review for a determination of an individual margin of *dumping* or the amount of subsidization.

2. The new exporter proceeding shall be initiated at the request of a party and shall be concluded within a maximum period of 6 (six) months from the publication of the public notice of initiation. During the review, no countervailing duties shall be levied on imports from such exporters or producers. Nevertheless, the competent authority may suspend the customs valuation and/or request

guarantees to ensure that, should such a review lead to an affirmative determination of *dumping* or of the amount of the subsidy and that the exporter benefited from the subsidy, countervailing duties may be levied retroactively from the date of the initiation of the review.

3. The investigating authority shall only issue an initiation and a final determination. The review shall only include the analysis of the individual margin of *dumping* that corresponds, or the amount of the subsidy and that the exporter benefited from the subsidy. The applicant for the proceeding shall demonstrate that the volume of exports to the territory of the importing Party during the review period is representative. The information submitted by the new exporter or producer may be subject to verification by the investigating authority.

Article 7-20: Imports from third countries.

1. If a Party considers that the other Party is importing from third markets under conditions of *dumping* or subsidies that affect its exports, it may request consultations, through the Commission, in order to know the actual conditions of entry of such goods, so that the consulting Party may evaluate the advisability of requesting the initiation of an *antidumping* or countervailing duty investigation against the third country.

2. The consulted Party shall give adequate consideration and response within a period not to exceed 15 working days. The consultations shall be held in the place agreed upon by the Parties and both their development and conclusions shall be made known to the Commission.

Article 7-21: Clarification procedure.

Once a preliminary or definitive countervailing duty has been imposed, the interested parties may request the authority that issued the act to resolve whether a certain good is subject to the measure imposed, or to clarify any aspect of the resolution provided.

Article 7-22: Reimbursement or Reimbursement.

If in the final determination a decrease or revocation of an antidumping duty is determined or as a result of the final decision of an arbitration panel or a national court, issued in accordance with Chapter XVIII (Dispute Settlement), it is declared that the application of an antidumping duty by a Party is incompatible with the provisions on the matter, the importing Party shall cease to apply or shall adjust the antidumping duty in question to the respective goods of the complaining Party. In the event that the application of the countervailing duty ceases or the adjustment of the countervailing duty proceeds, the difference or the total amount collected for such concept, as the case may be, shall be promptly reimbursed, together with the corresponding fiscal interest, or the guarantees that have been presented shall be released, within a maximum period of 60 days from the publication of the resolution by which the countervailing duty is reduced or revoked.

Annex 7-01

Competent Authority

For the purposes of this chapter, the term "competent investigating authority" shall mean:

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

d) in the case of Uruguay, the Ministry of Economy and Finance, or its successor.

Annex 7-01.1 Official

media outlets

For the purposes of this chapter, the term "official organs of diffusion" shall be understood as "official organs of diffusion":

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

b) In the case of Uruguay, Diario Oficial de la República Oriental del Uruguay.

CHAPTER VIII

SANITARY AND PHYTOSANITARY MEASURES

Article 8-01: General provisions.

1. The objective of this chapter is to facilitate trade in agricultural goods, fish, fishery products and forestry products originating in the Parties, and therefore establishes provisions based on the principles and disciplines of the Agreement on the Application of Sanitary and Phytosanitary Measures of the World Trade Organization.

2. For the purposes of this chapter, the term "SPS Agreement" means the Agreement on the Application of Sanitary and Phytosanitary Measures, which is part of the WTO Agreement.

3. The Parties reaffirm their commitment to comply with their rights and obligations under the SPS Agreement and the provisions of the Agreement with respect to the adoption and application of sanitary and phytosanitary measures that regulate or may directly and indirectly affect trade in animals, plants, their products and by-products.

Article 8-02: Rights and obligations of the Parties.

1. The Parties shall adopt, maintain or apply their sanitary and phytosanitary measures only to the extent necessary to achieve their appropriate level of sanitary or phytosanitary protection, taking into account technical and economic feasibility.

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

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

Article 8-03: Equivalence.

1. Each Party shall accept as equivalent the sanitary or phytosanitary measures of the other Party, even if they differ from its own, provided that it is demonstrated that they achieve the importing Party's appropriate level of protection.

2. The Parties shall consult on the recognition of equivalence of sanitary and phytosanitary measures, considering the standards, guidelines and recommendations established by the competent international organizations and the decisions adopted by the Committee on Sanitary and Phytosanitary Measures of the WTO on the matter; to this end, they shall facilitate access to their territories, at the request of a Party, for inspections, tests and other relevant procedures.

Article 8-04: Risk assessment.

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

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

3. The Parties agree to the following procedure for expediting the sanitary risk assessment process:

   a) the exporting Party shall submit, by means of a technical dossier, to the importing Party, the information necessary to carry out the risk assessment;

   b) the importing Party, within a term of no more than two (2) months, shall analyze the technical file and shall proceed to issue the observations it considers pertinent or propose the date for the verification visit. In the first case, the exporting Party shall respond to the observations of the importing Party by sending, if applicable, the updated technical file to the importing Party, which shall propose the date for the inspection and verification visit within a term not to exceed one month;

   c) the official technician or technicians of the importing Party shall carry out the technical visit of inspection and verification, in coordination with the sanitary authorities of the exporting Party. The importing Party, in a term no longer than 3 (three) months, shall send the corresponding report and the opinion with the result of the risk evaluation. Said term shall include the analysis and

processing of necessary additional information requested by the importing Party;

d) the financing of the inspection and verification visit shall be the responsibility of the interested parties of the exporting Party;

e) the importing Party undertakes to modify its sanitary regulations and to establish the conditions to be included in the corresponding sanitary certificates, within a period of no more than three (3) months from the date of issuance of the favorable opinion; and

f) This procedure may be modified by mutual agreement of the Parties within the Committee, established in Article 8-10, and shall be recorded in writing and shall indicate the entry into force of the modified procedure.

4. For the purposes of the phytosanitary risk assessment, the Parties agree that, once the exporting Party has submitted to the importing Party the information necessary to carry out such assessment, both Parties shall agree on a deadline for the completion of such assessment. Upon completion of the risk assessment, the importing Party shall establish, maintain or modify, as appropriate, its phytosanitary measures based on the results of the risk assessment, immediately notifying the exporting Party, without prejudice to the provisions of Annex B of the SPS Agreement.

Article 8-05: Recognition of pest or disease free areas.

1. The Parties shall recognize pest-free and disease-free areas in accordance with Article 6 of the SPS Agreement.

2. The Parties shall establish agreements on specific requirements, compliance with which will allow a commodity produced in a pest-free or disease-free area of the territory of the exporting Party to be introduced into the territory of the importing Party if it achieves the level of protection required by the importing Party.

3. With regard to animal health, the Parties agree on the following procedure to expedite the process of recognizing disease-free zones or regions, which will, in turn, facilitate bilateral trade in agricultural products:

a) the exporting Party shall request in writing to the importing Party the recognition of a disease free zone or region, sending the technical dossier that confirms compliance with the requirements established in the applicable international standards in force at the time, which shall include the official declaration of the disease free zone or region;

b) the importing Party, within a term of no more than 2 (two) months, shall analyze the technical file and shall proceed to issue the observations that it considers pertinent or propose the date for the verification visit to the proposed zone or region. In the first case, the exporting Party shall reply to the observations of the importing Party, sending, if applicable, the updated technical file to the importing Party, who shall propose the date of the inspection visit within a term not exceeding one month;

c) the official technician or technicians of the importing Party shall carry out the technical verification visit, in coordination with the animal health authorities of the exporting Party. The importing Party, within a term no longer than three months, shall send the corresponding report and the opinion with the result of the evaluation. Said term shall include the analysis and processing of the necessary complementary information that may have been requested by the importing Party;

d) The financing of the verification visit shall be the responsibility of the interested parties of the exporting Party;

e) the importing Party undertakes to modify its animal health regulations and to establish the conditions to be included in the corresponding animal health certificates, within a period not exceeding three months from the issuance of the favorable opinion, in order to eliminate the restrictions inherent to the disease from which the recognized zone or region is free; and

f) This procedure may be modified by mutual agreement of the Parties within the Committee, established in Article 8-10, and shall be recorded in writing and shall indicate the entry into force of the modified procedure.

4. In phytosanitary matters, the Parties shall recognize free areas (zones) in accordance with the provisions of paragraph 1 of this article and the corresponding standards of the International Plant Protection Convention (IPPC) in force at the time. Likewise, they shall recognize free places and production sites in accordance with the provisions of the corresponding standards of the IPPC in force at the time.

Article 8-06: Sanitary inspections and verifications.

The Parties shall allow the importation of products and by-products of animal origin from processing plants and other facilities, once these are approved according to their respective national legislation on sanitary matters, taking into account the relevant standards, guidelines and recommendations developed by the competent international organizations.

Article 8-07: Phytosanitary certification and verification.

1. Shipments of plants, plant products or other regulated articles shall be accompanied by a phytosanitary certificate issued by the Competent National Agency of the exporting Party, which shall contain the phytosanitary requirements of the importing Party and shall conform to the model specified in the IPPC and the corresponding guidelines of the IPPC in force at the time. Such certificates shall be valid for 45 days from the date of issue.

2. The importing Party shall notify the exporting Party of instances of non-compliance with phytosanitary certification and emergency actions taken in accordance with the relevant provisions of the IPPC in force at the time.

Article 8-08: Food safety.

No Party may attribute to the consumption of certain natural or processed food imported from the other Party, the cause of an outbreak of disease or other adverse effect on human health in its territory, if it does not have reliable evidence that the contamination of such food occurred prior to its entry into its territory and when it was under the responsibility of the exporting Party.

Article 8-09: Transparency.

1. The Parties shall notify each other of the adoption or application of sanitary and phytosanitary measures in accordance with Annex B of the SPS Agreement.

2. Additionally, they will notify:

a) changes occurring in the field of animal health, such as the emergence of exotic and List A diseases of the Office International des Epizooties, immediately;

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

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

d) emergency food control situations where a risk of serious adverse effects on human health associated with the consumption of certain foods (even if the agents causing such effects have not been identified) is detected and clearly identified immediately, in accordance with the relevant Codex Alimentarius standard in force at the time; and

e) the causes or reasons why a product of the exporting Party is rejected by the importing Party, within 7 (seven) days and in accordance with the relevant international standards in force at the time.

Article 8-10: Committee on Sanitary and Phytosanitary Measures.

1. The Parties agree to establish the Committee on Sanitary and Phytosanitary Measures (hereinafter referred to as the Committee).

2. The Committee shall be composed of the authorities with responsibilities in this area. The Committee shall meet at least once a year and may determine those cases in which extraordinary meetings shall be held. The venues of the meetings shall alternate, with the host Party chairing the Committee.

.At the first meeting of the Committee, both Parties shall notify each other of their competent authorities for animal and plant health and food safety.

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

5. The functions of the Committee shall include:

a) to oversee compliance with and enforcement of the provisions of this chapter;

b) serve as a forum for consultation to address problems that may arise from the application of specific sanitary and phytosanitary measures by either Party for the purpose of agreeing on immediate and mutually acceptable solutions;

c) consider and propose, if necessary, possible modifications to the specific provisions applicable between the Parties contained in Articles 8-04, 8-05, 8-06, 8-07, 8-08 and 8-09, and any other specific provisions applicable between the Parties contained in Articles 8-04, 8-05, 8-06, 8-07, 8-08 and 8-09.

sanitary or phytosanitary matters necessary to facilitate trade in agricultural goods between the Parties;

d) facilitate the recognition of equivalence of Party-specific sanitary and phytosanitary measures; and

e) consider, if necessary, the establishment of specific understandings on animal health, plant health and food safety that involve greater technical and operational detail.

6. For the fulfillment of its functions, the Committee may form *ad hoc* working groups in those cases in which it deems it necessary.

Article 8-11: Settlement of disputes.

Once the consultation procedure has been exhausted in accordance with Article 8-10(5)(b), any Party that considers the result of such consultations unsatisfactory may have recourse to the dispute settlement mechanism of this Agreement whenever it believes that the other Party is not complying with any of the provisions set forth in this Chapter.

Annex 1

Current International Standards

This Annex lists the international standards in force at the time of signature of this Treaty and applicable to the Articles of this Chapter.

The Parties shall amend this Annex whenever the international standards indicated herein are modified or replaced by others.

Article 8-05(3)(b)	International Animal Health Code of the Office International des Epizooties.
Article 8-05. 4.	IPPC International Standard for Phytosanitary Measurement (ISPM) No. 4 "Requirements for the Establishment of Pest Free Areas".
	IPPC ISPM No. 10 "Requirements for the Establishment of Pest Free Places of Production and Pest Free Production Sites".
Article 8-07. 1.	IPPC ISPM No. 12 "Guidelines for Phytosanitary Certificates".
Article 8-07. 2.	ISPM No. 13 "Guidelines for Non-Compliance Notification and Emergency Action".
Article 8-09(2)(d)	CAC/GL - 1995 "Guidelines for the Exchange of Information in Emergency Food Control Situations".
Article 8-09(2)(e)	- For rejections for phytosanitary reasons the provisions of IPPC ISPM No. 13 "Guidelines on the Notification of Non-Compliance and Emergency Action".
	- For rejections for animal health reasons, the relevant provisions of the International Animal Health Code of the Office International des Epizooties.
	- For food rejections for safety or other reasons, "Guidelines for the Exchange of Information between Countries on Rejections of Imported Food" CAC/GL 25-1997.

CHAPTER IX

STANDARDS, TECHNICAL REGULATIONS AND CONFORMITY ASSESSMENT PROCEDURES

Article 9-01: Definitions.

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

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

potential harm assessment: the assessment of the possibility of adverse effects;

compatibility: to bring different standards-related measures, approved by different standards bodies, but with the same scope, to such a level that they are identical, equivalent or have the effect of allowing goods or services to be used interchangeably or for the same purpose;

standardization-related measures: a standard, technical regulation or conformity assessment procedure;

standard: a document approved by a recognized institution, which provides, for common and repeated use, rules, guidelines or characteristics for goods or related processes and production methods or for related services or methods of operation, and compliance with which is not mandatory. It may also include or deal exclusively with terminology, symbols, packaging, marking or labeling requirements applicable to a good, process or method of production or operation;

international standard: a standardization measure, or other guideline or recommendation, adopted by an international standardization body and made available to the public;

legitimate objective: among others, the guarantee of safety or the protection of human, animal, plant or environmental life or health, or the prevention of practices that may mislead consumers, including matters relating to the identification of goods or services, considering among other aspects, where appropriate, fundamental factors of a climatic, geographical, technological, infrastructure or scientific justification;

standardizing body: a body whose standardization activities are recognized by the parties;

international standardizing bodies: a standardizing body open to participation by the relevant bodies of at least all Members of the TBT Agreement, including the International Organization for Standardization, the International Electrotechnical Commission, the Codex Alimentarius Commission, the World Health Organization, the Food and Agriculture Organization of the United Nations, the International Telecommunication Union, or any other body designated by the Parties;

conformity assessment procedure: any procedure used, directly or indirectly, to determine that the relevant requirements of technical regulations or standards are fulfilled and includes, among others, sampling, testing and inspection, evaluation, verification and assurance of conformity, registration, accreditation and approval procedures, separately or in various combinations;

technical regulation: a document that, for the purpose of achieving legitimate objectives, establishes the characteristics of goods or their related processes and production methods, or the characteristics of services or their related methods of operation, including the applicable administrative provisions, and whose observance is mandatory. It may also include or deal exclusively with terminology, symbols, packaging, marking or labeling requirements applicable to a good, process or method of production or operation; and

services: any service within the scope of application of this treaty, which is subject to measures relating to standardization.

Article 9-02: General provision.

In cases not provided for in the definitions of the preceding article, the definitions contained in the TBT Agreement shall apply to this chapter.

Article 9-03: Scope of application.

This Chapter applies to measures relating to the standardization of the Parties, as well as to measures that may affect, directly or indirectly, trade in goods or services between the Parties.

Article 9-04: Rights and obligations of the Parties.

1. The Parties shall be governed by the rights and obligations contracted in the TBT Agreement. They may also adopt the necessary measures to ensure their legitimate objectives and to guarantee the application and compliance of the measures related to standardization, avoiding that such measures constitute unjustified or unnecessary obstacles to trade.

2. In order to facilitate trade, the Commission shall promote the elimination of barriers to trade that may result from the application of technical regulations and conformity assessment procedures, without reducing the level of prevention of deceptive practices or the protection of human health and/or safety, animal or plant life or health, the environment or consumers.

3. To achieve this, the Parties shall adopt, whenever possible, measures relating to international standardization, under the terms established in the TBT Agreement.

4. When these standards, guidelines or recommendations do not constitute an effective or adequate means to achieve their legitimate objectives, such as fundamental factors of a climatic, geographical, technological or infrastructural nature, or for scientifically justified reasons or because the level of protection considered adequate by the Party is not obtained, the Parties may not consider them as a basis for the development of their standardization measures.

Article 9-05: Compatibility and equivalence.

1. At the request of a Party, the other Party shall, to the extent possible and by appropriate means, endeavor to promote the compatibility of the specific technical regulations and conformity assessment procedures that exist in its territory with the technical regulations and conformity assessment procedures that apply to products identified in the territory of that Party.

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

3. Each Party shall give favorable consideration to the request of the other Party to negotiate, whenever possible, agreements for mutual recognition of the results of conformity assessment procedures, adopting, to the extent possible, recognized international practices in this area.

Article 9-06: Evaluation of potential damages.

1. In the pursuit of its legitimate objectives, each Party may carry out assessments of the potential harm that may be caused by any good being traded or any service provider between the Parties to the protection of human health or safety, animal or plant life or health, the environment and consumers.

2. In making such an assessment, each Party shall take into account, among other factors: available scientific evidence or technical information; intended end use; processes or methods of production, insofar as these influence the characteristics of the final goods; processes or methods of operation, inspection, sampling or testing or environmental conditions, avoiding arbitrary or unjustifiable distinctions between similar goods at the level of protection it considers necessary.

3. Each Party shall provide to the other, upon request, relevant documentation regarding such assessment processes, the factors it took into consideration in carrying out the assessment and in establishing the levels of protection it considers necessary.

Article 9-07: Notification, publication and delivery of information.

1. When proposing the adoption or modification of any measure relating to standardization, except those set forth in paragraph 2.10 of the TBT Agreement, each Party shall notify the other in writing of the proposed measure that is not in the nature of a law or regulation of law and allow a reasonable period of time for each Party to comment in writing and, upon request, discuss and take into account the comments, as well as the results of the discussions.

2. For the purposes of this article, the competent notifying authorities shall be those indicated in Annex 9-07 to this article.

3. Each Party shall annually advise the other Party of its plans and programs of standards-related measures. Each Party shall maintain a list of its standards-related measures, which, upon request, shall be made available to the other Party.

4. Where a Party permits persons in its territory who are not members of the government to be present during the process of developing its standards-related measures, it shall also permit persons from the territory of the other Party who are not members of the government to be present.

Article 9-08: Technical cooperation.

1. At the request of one Party, the other:

   a) provide it with advice, information and technical assistance on mutually agreed terms and conditions, to strengthen standardization-related measures, as well as its activities, processes and systems in this area;

   b) provide it with information on its technical cooperation programs related to standardization measures in areas of particular interest; and

   c) consult it during the development of any technical standard, technical regulation and/or conformity assessment procedure or prior to its adoption or change or its application.

2. Each Party shall encourage bodies with recognized standardization activities in its territory to cooperate in standardization activities with those of the other Party in its territory, as appropriate.

Article 9-09: Limitations on the provision of information.

Nothing in this Chapter shall be construed to require a Party to provide any information the dissemination of which would be contrary or detrimental to the legitimate commercial interests of particular enterprises.

Article 9-10: Bilateral meetings.

1. At the request of a Party, the Parties shall hold bilateral meetings as soon as possible after receipt of the request:

   a) consider or consult on any particular matter relating to standardization measures that may affect trade between the Parties;

   b) define and facilitate the compatibility process of its standardization measures;

   c) facilitate the process of negotiating mutual recognition agreements;

   d) discuss any other related matters.

2. For the purposes of this article, the authorities in charge of coordinating the bilateral meetings shall be those indicated in Annex 9-10.

3. When a Party has doubts about any measure related to the standardization of the other Party, such Party may turn to the other Party, through its competent authorities, in order to obtain information, clarification and/or advice in this respect.

Annex 9-07

Competent authorities

For the purposes of article 9-07, the competent authorities shall be:

a) in the case of Mexico, the Ministry of Economy, through the General Directorate of Standards, or its successor; and

b) in the case of Uruguay, the Ministry of Industry, Energy and Mining, or its successor.

Exhibit 9-10

Authorities in charge of coordinating bilateral meetings.

For the purposes of article 9-10, the authorities in charge of coordinating bilateral meetings are:

a) in the case of Mexico, the Ministry of Economy, through the Undersecretariat of International Trade Negotiations, or its successor; and

b) in the case of Uruguay, the Ministry of Foreign Affairs, or its successor.

CHAPTER X

CROSS-BORDER TRADE IN SERVICES

Article 10-01: Definitions.

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

services: any service in any sector within each Party's classification of use, except services supplied in the exercise of governmental authority;

services supplied in the exercise of governmental authority: any service that is supplied neither on a commercial basis nor in competition with one or more service suppliers;

company: means a "company" as defined in Article 2-01 (General Definitions), and the branch of a company;

enterprise of a Party: an enterprise incorporated or organized under the laws of a Party, including branches located in the territory of a Party and carrying out economic activities in that territory;

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

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

b) in the territory of a Party, by persons of that Party, to persons of another Party; or

c) by a national of a Party in the territory of another Party,

but does not include the supply of a service in the territory of a Party through an investment, as defined in Article 13-01 (Definitions), in that territory;

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

quantitative restriction: a non-discriminatory measure that imposes limitations on:

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

b) the operations of any service provider, either through a fee or a proof of economic need, or by any other quantitative means;

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

professional services: subject to the legislation of each Party, the performance for remuneration or free of charge of any act or the rendering of any service proper to each profession and the professional exercise of which is authorized or restricted by a Party, but does not include services rendered by persons practicing a trade or to crew members of merchant ships and aircraft.

Article 10-02: Scope of application.

1. This Chapter refers to measures that a Party adopts or maintains that affect cross-border trade in services, including those relating to:

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

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

c) access to and use of services offered to the general public in connection with the provision of a service;

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

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

2. This chapter does not refer to:

a) financial services,

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

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

ii. specialized air services;

iii. the sale and marketing of air transportation services; and

iv. computerized reservation services;

c) government purchases made by a Party or government enterprise; nor to

d) subsidies or grants provided by a Party or a state enterprise, including government-supported loans, guarantees and insurance. The Parties shall take into account the results of the treatment of this issue in the WTO Working Party on GATS Rules in the framework of the Doha round.

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

a) impose any obligation on a Party with respect to a national of another Party seeking to enter its labor market or to have permanent employment in its territory, or to confer any right on such a national, with respect to such access or employment; or

b) prevent a Party from providing services or performing functions such as the enforcement of laws and services relating to social rehabilitation, pension or unemployment insurance or social security services, social welfare, public education, public training, health and child protection, when performed in a manner not inconsistent with this Chapter.

Article 10-03: National treatment.

1. Each Party shall accord to services and service suppliers of the other Party, with respect to all measures affecting the supply of services, treatment no less favorable than that it accords, in like circumstances, to its service suppliers.

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

3. The provisions of paragraph 1 do not require the Parties to compensate for inherent competitive disadvantages resulting from the foreign character of the relevant services or service suppliers.

Article 10-04: Most favored nation treatment.

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

Article 10-05: Local presence.

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

Article 10-06: Reservations and exceptions.

1. Articles 10-03, 10-04 and 10-05 shall not apply to:

a) any existing non-conforming measure adopted or maintained by:

i. a Party at the national or federal, or state or departmental level, as appropriate, as set forth in its list in Annex I (Reservations and Exceptions), or

ii. a municipal government; nor to

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

(c) the amendment of any non-conforming measure referred to in subparagraph (a), provided that such amendment or renewal does not diminish the degree of conformity of the measure, as in effect immediately prior to the amendment, with articles 10-03, 10-04 and 10-05.

2. Upon entry into force of this Agreement, no Party shall increase the degree of non-conformity of its existing measures with respect to Articles 10-03, 10-04 and 10-05. The Parties shall list their non-conforming measures in Annex I (Reservations and Exceptions), which shall be completed by the Parties no later than one year after the entry into force of this Agreement.

Article 10- 07: Non-discriminatory quantitative restrictions.

1. Each Party shall indicate in its Schedule to Annex II (Non-Discriminatory Quantitative Restrictions), within one year of the entry into force of this Agreement, any quantitative restrictions it maintains at the national or federal and state or departmental levels.

2. Each Party shall notify the other Party of any quantitative restrictions, other than those at the local government level, that it adopts after the date of entry into force of this Agreement, and shall indicate the restriction in its Schedule to Annex II (Non-Discriminatory Quantitative Restrictions).

3. The Parties shall endeavor periodically, but in any event at least every two (2) years, to negotiate the liberalization or removal of the quantitative restrictions indicated in their list in Annex II (Non-Discriminatory Quantitative Restrictions), in accordance with the provisions of paragraphs 1 and 2.

Article 10-08: Future liberalization.

In order to achieve a level of progressive liberalization, the Commission may convene negotiations aimed at eliminating the remaining restrictions registered in accordance with article 10-06.

Article 10-09: Procedures.

The Commission shall establish procedures for:

a) that a Party notifies to the other Parties and includes in its relevant list:

i. quantitative restrictions, in accordance with article 10-07;

ii. amendments or renewals to measures referred to in Article 10-06 (1)(b); and

b) consultations on reservations, quantitative restrictions or commitments, with a view to achieving greater liberalization.

Article 10-10: National Regulations.

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

2. Each Party shall have the right to regulate the supply of services in its territory, and to establish new regulations in this respect, in order to achieve its domestic policy objectives, including pro-competitive and consumer protection regulations.

Article 10-11: Granting of licenses and certificates.

1. When a license, registration, certificate or other type of authorization is required for the provision of a service, the competent authorities of the Party concerned shall, within a reasonable period of time after the submission of an application:

a) decide on the application, informing the interested party when the application is complete; or

b) inform the interested party, when the application is not complete, without unnecessary delay, of the status of the application, as well as of any additional information required under the law of the other Party.

2. In order to ensure that any measures that a Party adopts or maintains with respect to licensing or certification requirements and procedures for nationals of the other Party do not constitute an unnecessary barrier to trade, each Party shall endeavor to ensure that such measures:

a) are based on objective and transparent criteria, such as capacity and suitability to provide a service;

b) are not more burdensome than necessary to ensure the quality of a service; and

c) do not constitute a disguised restriction on the cross-border provision of a service.

3. When a Party recognizes, unilaterally or by agreement with another non-Party, education, experience, licenses or certificates obtained in the territory of the other Party or of any non-Party:

a) nothing in Article 10-04 shall be construed to require that Party to recognize education, experience, licenses or certificates obtained in the territory of the other Party; and

b) the Party shall provide the other Party with adequate opportunity to demonstrate that education, experience, licenses or certificates obtained in the territory of that other Party shall also be recognized, or to enter into an arrangement or agreement having equivalent effect.

4. Each Party shall, within 2 (two) years of the date of entry into force of this Agreement, eliminate any nationality or permanent residence requirement, as indicated in its Schedule to Annex I (Reservations and Exceptions), that it maintains for the licensing or certification of professional service suppliers of the other Party. Where a Party fails to comply with this obligation with respect to a particular sector, the other Party may, in the same sector and for as long as the non-complying Party maintains its requirement, maintain, as the sole remedy, an equivalent requirement indicated in its Schedule to Annex I (Reservations and Exceptions) or reinstate:

a) any such requirements at the federal level that it has eliminated pursuant to this article; or

b) by notification to the non-complying Party, any such state-level requirements that had been in existence on the date of entry into force of this Agreement.

5. The Parties shall consult with each other periodically with a view to examining the possibility of eliminating the remaining nationality or permanent residence requirements for the granting of licenses or certificates to service providers of each Party.

6. Annex 10-11(6) applies to measures adopted or maintained by a Party relating to the licensing or certification of professional service suppliers.

Article 10-12: Denial of benefits.

Upon notification and consultation in accordance with Articles 16-03 (Notification and Provision of Information), and 18-03 (Consultations), a Party may deny the benefits of this Chapter to a service supplier of the other Party, where the Party determines that the service is being supplied by an enterprise that is not engaged in substantive business operations in the territory of either Party, and that is owned or controlled by persons of a non-Party.

ANNEXES:

The following Annexes were agreed upon: Annex

IRes Reserves and Exceptions

Annex IINon-Discriminatory Quantitative Restrictions Annex

IIIExemptions to the Most-Favored-Nation Clause Annex

IVActivities Reserved to the State

Exhibit 10-11(6)

Professional Services

Objective.

1. The purpose of this Annex is to establish the rules to be observed by the Parties to harmonize, among them, the measures that will regulate the mutual recognition of titles or academic degrees for the rendering of professional services, through the granting of authorization for professional practice.

Processing of applications for the granting of licenses and certificates.

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

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

b) if it is incomplete, inform the applicant, without undue delay, of the status of the application and of any additional information required under its laws.

Development of professional standards.

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

4.. The standards and criteria referred to in paragraph 3 may be developed in relation to the following aspects:

a) education: accreditation of schools or academic programs;

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

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

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

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

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

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

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

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

Granting of temporary licenses.

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

Review.

7. The Commission shall periodically review, at least once every three (3) years, the application of the provisions of this Annex.

CHAPTER XI

TELECOMMUNICATIONS

Article 11-01: Definitions.

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

intracorporate communications: the telecommunications through which a company communicates:

a) internally, with its subsidiaries, branches and affiliates, or among themselves, as defined by each Party; or

b) in a non-commercial manner and subject to the applicable laws of each Party, with all persons of fundamental importance to the economic activity of the company, and who have an ongoing contractual relationship with it;

but does not include telecommunications services supplied to persons other than those described in this definition;

authorized equipment: terminal or other equipment that has been approved for connection to the public telecommunications network in accordance with the conformity assessment procedures of the Party where it is installed;

terminal equipment: any digital or analog device capable of processing, receiving, switching, signaling or transmitting signals by electromagnetic means and which is connected to the public telecommunications network, by means of radio or cable connections, at a terminal point;

standardization-related measures: "standardization-related measures" as defined in Article 9-01 (Definitions);

conformity assessment procedure: "conformity assessment procedure" as defined in Article 9-01 (Definitions);

protocol: a set of rules and formats governing the exchange of information between two peer entities for the purpose of transferring signal or data information;

dominant supplier or operator: a supplier or operator that has the ability to significantly affect the conditions of participation (in terms of pricing and supply) in a given market for telecommunications services as a result of control of essential facilities or use of its market position;

network terminal point: the final demarcation of the public telecommunications network at the user's premises;

private telecommunications network: the internal telecommunications network of a company or between individuals, to meet its own telecommunications needs, without marketing any service to third parties;

public telecommunications network: the telecommunications network used for the commercial operation of telecommunications services intended to meet the needs of the general public, not including users' telecommunications terminal equipment or private telecommunications networks beyond the terminal point of the network;

enhanced or value-added services: telecommunication services using computerized processing systems that:

a) act on the format, content, code, protocol or similar aspects of the information transmitted from the user4;

b) provide the customer with additional, different or restructured information; or

c) involve user interaction with stored information;

telecommunications service: any telecommunications service that a Party explicitly or de facto mandates to be offered to the general public, including telegraph, telephone, telex and data transmission, and that generally involves the real-time transmission of customer-supplied information between two or more points, with no "point-to-point" change in the form or content of the user's information; and

telecommunication: any transmission, emission, reception of signs, signals, writings, images, sounds and information of any nature, by wire, radioelectricity, optical means or other electromagnetic systems.

Article 11-02: Scope of application and extent of obligations.

1. Recognizing the dual role of telecommunication services, both as a specific sector of economic activity and as a means of providing services for other economic activities, this chapter applies to:

a) measures adopted or maintained by a Party relating to access to and continued use of public networks or telecommunications services by persons of another Party, including their access to and use when operating private networks to carry out intracorporate communications;

b) measures adopted or maintained by a Party on the supply of value-added or enhanced services by persons of another Party in the territory of the former Party or across its borders; and

c) measures relating to standardization with respect to connection of terminal or other equipment to public telecommunications networks.

. Except to ensure that persons operating broadcasting stations and cable systems have continued access to and use of public networks and telecommunications services, this Chapter does not apply to any measure that a Party adopts or maintains relating to the broadcasting or cable distribution of radio or television programming.

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

a) oblige any Party to authorize a person of another Party to establish, construct, acquire, lease, operate or supply telecommunications networks or services;

b) to compel any Party or to require any Party to require any person to establish, construct, acquire, lease, operate or supply public telecommunications networks or services that are not offered to the general public;

c) prevent any Party from prohibiting persons operating private networks from using such networks to provide public networks or telecommunications services to third parties; or

[4] The Parties shall understand that acting on the format, content, code, protocol or similar aspects referred to, does not modify the operational and functional aspects of transmission, switching and control of the telecommunications networks.

d) oblige a Party to require any person engaged in the broadcasting or cable distribution of radio or television programming to provide its cable distribution or broadcasting infrastructure as a public telecommunications network.

Article 11-03: Access to and use of public networks and telecommunication services.

1. Each Party shall ensure that any person of the other Party has access to and may make use of any public telecommunications network or service, as well as private leased circuits, offered in its territory or on a cross-border basis on reasonable and non-discriminatory terms and conditions, for the conduct of its business, as specified in paragraphs 2 through 7.

2. Subject to paragraphs 6 and 7, each Party shall ensure that persons of the other Party are permitted:

a) purchase or lease and connect terminal equipment or other equipment that interfaces with the public telecommunications network;

b) interconnect private, leased or owned circuits with public telecommunications networks in the territory of that Party or with leased or owned circuits of another person, on terms and conditions mutually accepted by such persons;

c) perform switching, signaling and processing functions; and

d) use the operating protocols of their choice as long as this does not detract from the quality of service.

3. Without prejudice to the provisions of its existing legislation, each Party shall endeavor to ensure that the pricing of telecommunications services is guided by the economic costs directly related to the supply of such services.

4. Each Party shall ensure that persons of the other Party may use public networks or telecommunications services for the transmission of information in its territory or across its borders, including for intracorporate communications, and for access to information contained in databases or stored in any other machine-readable form in the territory of either Party.

5. Each Party may adopt any measure necessary to ensure the confidentiality and security of messages and the protection of the privacy of subscribers to public telecommunications networks or services.

6. Each Party shall ensure that no conditions are imposed on access to and use of public telecommunications networks or services other than those necessary to:

a) safeguarding the service responsibilities of providers of public networks or telecommunication services, in particular their ability to make their networks or services available to the general public; or

b) protect the technical integrity of public networks or telecommunications services.

7. Provided that the conditions for access to and use of public networks or telecommunications services meet the guidelines set forth in paragraph 6, such conditions may include:

a) restrictions on the resale or shared use of such services;

b) requirements to use specific technical interfaces, including interface protocols, for interconnection with the aforementioned networks or services;

c) restrictions on the interconnection of private circuits, leased or owned, with the aforementioned networks or services, or with circuits leased or owned by another person, when these are used for the supply of public networks or telecommunication services; and

d) procedures for granting licenses, permits, registrations, authorizations or notifications that, if adopted or maintained, are transparent and whose processing of applications is resolved in accordance with the time limits established in the legislation of each Party.

Article 11-04: Conditions for the provision of enhanced or value-added services.

Each Party shall ensure that:

a) any procedures it adopts or maintains for granting licenses, permits, registrations, authorizations or notifications concerning the supply of enhanced or value-added services are transparent and non-discriminatory and that applications are processed in accordance with the time limits established in each Party's legislation; and

b) the information required under such procedures is limited to that necessary to demonstrate that the applicant has the financial solvency to commence the provision of the service, or that the applicant's services, terminal or other equipment comply with the applicable technical standards or technical regulations of the Party.

2. Without prejudice to the provisions of its legislation in force, no Party shall require an enhanced or value-added service supplier:

a) to the general public;

b) justify their rates according to their costs;

c) register a fee;

d) interconnect its networks with any particular customer or network; or

e) satisfy any particular technical standard or regulation, for an interconnection other than interconnection with a public telecommunications network.

3. Notwithstanding the provisions of paragraph 2(c), each Party may require the filing of a fee to:

a) an enhanced or value-added service supplier, for the purpose of correcting a practice of that supplier that the Party, in accordance with its law, has found in a particular case to be anti-competitive; or

b) a principal supplier or dominant operator, to which the provisions of article 11-06 apply.

Article 11-05: Measures relating to standardization.

1. Each Party shall ensure that its measures relating to standardization that relate to the connection of terminal or other equipment to public telecommunications networks, including those measures that relate to the use of test and measurement equipment for the conformity assessment procedure, are adopted or maintained only to the extent necessary to:

a) avoid technical damage to public telecommunications networks;

b) avoid technical interference with or impairment of telecommunications services;

c) avoid electromagnetic interference and ensure compatibility with other uses of the electromagnetic spectrum;

d) prevent malfunctioning of the billing equipment; or

e) guarantee the user's security and access to public networks or telecommunication services.

2. Each Party may establish the requirement of approval for the connection of terminal or other equipment that is not authorized to the public telecommunications network, provided that the approval criteria are consistent with the provisions of paragraph 1.

3. Each Party shall ensure that the terminal points of public telecommunications networks are defined on a reasonable and transparent basis.

4. No Party shall require additional authorization for equipment that is connected on the consumer side, once the equipment has been authorized, as this authorized equipment serves as protection to the network, meeting the criteria of paragraph 1.

5. Each Part:

a) ensure that its conformity assessment procedures are transparent and non-discriminatory and that applications for conformity assessment are processed in accordance with the deadlines established in its legislation;

b) allow any technically qualified entity to perform the required testing of terminal equipment or other equipment to be connected to the public telecommunications network, in accordance with the Party's conformity assessment procedures, subject to the Party's right to review the accuracy and completeness of the test results; and

c) ensure that the measures it adopts or maintains to authorize persons acting as agents of suppliers of telecommunications equipment before the Party's competent conformity assessment bodies are non-discriminatory.

6. No later than one year after the entry into force of this Agreement, each Party shall adopt, among its conformity assessment procedures, the necessary provisions to accept the results of tests carried out, based on its established standards and procedures, by laboratories located in the territory of the other Party.

7. The Parties shall establish, in accordance with Chapter IX (Standards, Technical Regulations and Conformity Assessment Procedures), a Subcommittee on Measures Relating to Telecommunication Standardization.

Article 11-06: Anti-competitive practices.

1. Where a Party maintains or establishes a major supplier or dominant operator to provide public telecommunications networks and services, and it competes, directly or through an affiliate, in the supply of enhanced or value-added services or other goods or services related to telecommunications, the Party shall ensure that the major supplier or dominant operator does not use its position to engage in anti-competitive practices in those markets, either directly or through dealings with its affiliates, in a manner that adversely affects a person of the other Party.

2. Each Party shall endeavor to introduce or maintain effective measures to prevent the anticompetitive conduct referred to in paragraph 1, such as:

a) accounting requirements;

b) structural separation requirements;

c) rules to ensure that the monopoly, major supplier or dominant operator grants its competitors access to and use of its telecommunications networks or services on terms and conditions no less favorable than those it grants to itself or its affiliates; or

d) rules to ensure timely disclosure of technical changes to public telecommunications networks and their interfaces.

Article 11-07: Relationship with international organizations and agreements.

1. The Parties shall make their best efforts to encourage the role of regional and subregional organizations and promote them as forums for the development of telecommunications in the region.

2. The Parties, recognizing the importance of international standards in achieving global compatibility and interoperability of telecommunications networks or services, shall promote such standards through the work of relevant international bodies, such as the International Telecommunication Union and the International Organization for Standardization.

Article 11-08: Technical cooperation and other consultations.

1. In order to stimulate the development of interoperable telecommunications services infrastructure, the Parties shall cooperate in the exchange of technical information in the development of intergovernmental training programs, as well as in other related activities. In fulfilling this obligation, the Parties shall place special emphasis on existing coordination and exchange programs.

2. The Parties shall consult among themselves to determine the possibility of further liberalizing trade in all telecommunications services.

Article 11-09: Transparency.

In addition to the provisions of Chapter XVI (Transparency), each Party shall make publicly available measures relating to access to and use of public telecommunications networks or services, including measures relating to:

a) rates and other terms and conditions of service;

b) specifications of the technical interfaces with these services and networks;

c) information on the bodies responsible for the development and adoption of standardization measures affecting such access and use;

d) conditions applicable to the connection of terminal or other equipment to the public telecommunications network; and

e) any notification, permit, registration, license or contract requirement.

Article 11-10: Relationship with other chapters.

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

CHAPTER XII

TEMPORARY ENTRY OF BUSINESS PEOPLE

Article 12-01: Definitions.

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

temporary entry means the entry of a business person of one Party into the territory of the other Party, without the intention of establishing permanent residence;

business person means a national of a Party engaged in trade in goods or services, or in investment activities;

temporary: includes the term "temporary"; and

in force: the binding quality of the legal precepts of the Parties at the time of entry into force of this Agreement.

Article 12-02:General principles.

The provisions of this chapter reflect the preferential trade relationship between the Parties, the convenience of facilitating temporary entry in accordance with the principle of reciprocity and of establishing transparent criteria and procedures to that effect. It also reflects the need to ensure border security, and to protect the national labor force and permanent employment in their respective territories.

Article 12-03: General obligations.

1. Each Party shall apply the measures relating to the provisions of this Chapter in accordance with Article 12-02 and, in particular, shall apply them expeditiously to avoid undue delay or prejudice to trade in goods and services or investment activities covered by this Agreement.

2. The Parties shall endeavor to develop and adopt common criteria, definitions and interpretations for the application of this chapter.

Article 12-04: Authorization for temporary entry.

1. In accordance with the provisions of this Chapter, including those contained in Annex 12-04, each Party shall authorize the temporary entry of business persons who comply with applicable immigration, public health and safety, and national security measures.

2. Each Party shall limit the amount of the fees for processing applications for temporary entry of business persons to the approximate cost of the services rendered.

Article 12-05: Provision of information.

1. In addition to the provisions of Article 16-02 (Publication), each Party:

   a) provide the other Party with materials to enable them to become acquainted with the measures relating to this Chapter; and

   b) no later than one year after the date of entry into force of the Agreement, prepare, publish and make available, both in its territory and in the territory of the other Party, a consolidated document containing material explaining the requirements for temporary entry under this Chapter, so that business persons of the other Party may become acquainted with them.

2. Each Party shall compile, maintain and make available to the other Party, in accordance with its legislation, information regarding the granting of temporary entry authorizations, in accordance with this Chapter, to business persons of the other Party who have been issued immigration documentation. This compilation shall include information specific to each occupation, profession or activity.

Article 12-06: Committee on temporary entry.

1. The Parties establish a Committee on Temporary Entry of Business Persons, composed of representatives of each Party, including migration officials.

2. The Committee shall meet at least once a year to review:

   a) the application and administration of this chapter;

   b) the development of measures to further facilitate the temporary entry of business people in accordance with the principle of reciprocity; or

   c) proposed amendments or additions to this chapter.

Article 12-07: Settlement of Disputes.

1. The Parties may not initiate proceedings under Chapter XVIII (Dispute Settlement) with respect to a denial of temporary entry authorization under this Chapter, or with respect to any particular case covered by Article 12-03 (1), unless:

   a) the matter concerns a recurring practice; and

   b) the affected business person has exhausted the administrative remedies available to it with respect to that particular matter.

2. The remedies referred to in paragraph (1)(b) shall be deemed exhausted when the competent authority has not issued a final decision within one year from the commencement of the administrative procedure, and the decision has not been delayed for reasons attributable to the business person concerned.

Article 12-08: Relationship with other chapters.

Except as provided in this Chapter and Chapters I (Initial Provisions), XVI (Transparency), XVII (Dispute Settlement), and XX (Final Provisions), nothing in this Agreement shall impose any obligation on the Parties with respect to their migration measures.

Exhibit 12-04

Temporary entry of business persons Section A -

Business Visitors

1. Each Party shall authorize temporary entry to a business person who intends to carry out a business activity referred to in Appendix 12-04(A)(1), provided that, in addition to complying with the immigration measures in force applicable to temporary entry, he exhibits:

a) proof of nationality of a Party;

b) documentation evidencing that it will undertake such activities and stating the purpose of its entry; and

c) proof of the international character of the business activity proposed to be undertaken and that the person does not intend to enter the local labor market.

2. Each Party shall provide that a business person may comply with the requirements set forth in subparagraph (a), (b), (c), (d), (e), (f), (g) and (h) above.

c) of paragraph 1, when it demonstrates that:

a) the principal source of remuneration for that activity is outside the territory of the Party authorizing temporary entry; and

b) the main place of business and where most of the profits are earned are outside this territory.

3. Each Party shall authorize the temporary entry of a business person who intends to carry out an activity other than those listed in Appendix 12-04(A)(1), on terms no less favorable than those provided for in the existing provisions of the measures listed in Appendix 12-04(A)(2), provided that such business person also complies with the immigration measures in force applicable to temporary entry.

4. No Party may:

a) require, as a condition for authorizing temporary entry under paragraph 1 or 3, prior approval procedures, petitions, proof of labor certification, work permit or other procedures of similar effect; or

b) impose or maintain any numerical restrictions on temporary entry pursuant to paragraph 1 or 3.

Section B - Merchants and Investors

1. Each Party shall authorize temporary entry and issue supporting documentation to the intending business person:

a) engage in substantive trade in goods or services, principally between the territory of the Party of which he is a national and the territory of the Party from which entry is sought; or

b) establish, develop, manage or provide key technical advice or services to manage an investment in which the individual or his or her company has committed, or is in the process of committing, a significant amount of capital,

and who performs supervisory, executive or essential skill functions, provided that the person also complies with current immigration measures applicable to temporary entry.

2. No Party may:

a) require proof of labor certification, work permit or other procedures of similar effect, as a condition for authorizing temporary entry under paragraph 1; or

b) impose or maintain numerical restrictions in connection with temporary entry under paragraph 1.

Section C - Transfers of personnel within a company

1. Each Party shall authorize temporary entry and issue supporting documentation to a business person employed by an enterprise legally constituted and operating in its territory who intends to perform managerial, executive or specialized knowledge functions in that enterprise or in one of its subsidiaries or affiliates, provided that he/she complies with the immigration measures in force applicable to temporary entry. The Party may require that the person has been continuously employed by the enterprise for one year within the three (3) years immediately preceding the date of submission of the application.

2. Neither Party may:

a) require proof of labor certification, work permit or other procedures of similar effect as a condition for authorizing temporary entry under paragraph 1; or

b) impose or maintain numerical restrictions in connection with temporary entry under paragraph 1.

Section D - Professionals

1. Each Party shall authorize temporary entry and issue supporting documentation to a business person who intends to carry out activities at the professional level in the field of a profession listed in Appendix 12-04(D)(1) to Section D of the Annex to Article 3, when the person, in addition to complying with the current immigration requirements applicable to temporary entry, exhibits:

a) proof of nationality of a Party; and

b) documentation that the person will undertake such activities and stating the purpose of entry.

2. No Party may:

a) require prior approval procedures, petitions, proof of labor certification, work permit or others of similar effect, as a condition for authorizing temporary entry under paragraph 1; or

b) impose or maintain numerical restrictions in connection with temporary entry under paragraph 1.

Appendix 12-04(A)(1)

Business visitors

I. Research and scientific activities

- Researchers, technicians, and scientists performing activities independently or for an enterprise located in the territory of the other Party.

II. Teaching and academic activities

- Persons who, having special training, make teaching a regular activity or those who, without having a teaching degree, give seminars, courses or lectures.

III. Cultivation, manufacturing and production

- Purchasing and production personnel, at management level, who carry out commercial operations for an enterprise located in the territory of the other Party.

IV. Consulting

- Individuals *who* are experts in a field on which they provide professional advice, among others, in technical, scientific or social areas.

V. Marketing

- Market researchers and analysts who conduct research or analysis independently or for a company located in the territory of the other Party.
- Trade show and promotional staff attending trade conventions.

VI. Sales

- Sales representatives and sales agents who place orders or negotiate contracts for goods and services for an enterprise located in the territory of the other Party, but do not deliver the goods or provide the services.
- Buyers making purchases for an enterprise located in the territory of the other Party.

VII. Distribution

Transportation operators engaged in the transportation of goods or passengers into the territory of one Party from the territory of the other Party, or in the loading and transportation of goods or passengers into the territory of the other Party, or in the loading and transportation of goods or passengers from the territory of the other Party to the territory of the other Party.

passengers from the territory of one Party into the territory of the other Party, without unloading, into the territory of the other Party.

Customs brokers providing advisory services to facilitate the importation or exportation of goods. [1]

VIII. After-sales services

- Installation, repair, maintenance, and supervisory personnel who have the technical expertise essential to fulfill the seller's contractual obligation; and who provide services, or train workers to provide such services, under a warranty or other service contract related to the sale of commercial or industrial equipment or machinery, including computer software purchased from an enterprise located outside the territory of the Party from which temporary entry is sought, during the term of the warranty or service contract.

IX. General Services

- Professionals engaged in business activities at the professional level in the field of a profession listed in Appendix 12-04(D)(1).
- Management and supervisory personnel involved in business operations for an enterprise located in the territory of the other Party.
- Financial services personnel (insurance agents, banking personnel or investment brokers) involved in commercial transactions for an enterprise located in the territory of the other Party.
- Public relations and advertising personnel who advise clients or attend or participate in conventions.
- Tourism personnel (tour and travel agents, tour guides or tour operators) attending or participating in conventions or conducting an excursion that has been initiated in the territory of the other Party.
- Translators or interpreters providing services as employees of an enterprise located in the territory of the other Party.

CHAPTER XIII

INVESTMENT

SECTION A. Definitions

Article 13-01: Definitions.

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

equity shares or debentures: include voting and non-voting shares, convertible bonds or debt instruments, stock options and warrants;

ICSID: the International Centre for Settlement of Investment Disputes;

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

Inter-American Convention: the Inter-American Convention on International Commercial Arbitration, concluded in Panama on January 30, 1975;

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

enterprise: any entity constituted or organized under the laws in force of any of the Parties, whether or not for profit and whether privately or governmentally owned, including corporations, branches, trusts, participations, sole proprietorships, joint ventures or other associations that carry out or contemplate carrying out, directly or indirectly, activities necessary for the production of a good or the rendering of a service in the host country of the investment;

enterprise of a Party: an enterprise incorporated or organized under the law of a Party; and a branch office located in the territory of a Party and carrying on business therein;

investment: means the following assets

a) a company;

b) shares representing the capital of a company;

c) debt instruments of a company:

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

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

   but does not include a debt instrument of the State or a State enterprise, regardless of the original maturity date.

d) a loan to a company:

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

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

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

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

f) an interest in an enterprise that entitles the owner to share in the equity of that enterprise in a liquidation, provided that it is not derived from a debt instrument or loan excluded under (c) or (d);

g) real estate or other property, tangible or intangible[1] , acquired in the expectation of, or used for the purpose of, economic benefit, or for the purpose of the production of a good or the rendering of a service, or for other business purposes; and

h) the participation resulting from the capital or other resources committed for the development of an economic or productive activity in the territory of the other Party, among others, according to:

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

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

but shall not be understood as an investment:

[1] For greater certainty, these include intellectual property rights according to the categories of intellectual property that are subject to protection under Chapter XV (Intellectual Property).

i) pecuniary claims arising exclusively from:

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

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

j) any other pecuniary claim;

that does not entail the interest rates set forth in paragraphs a) to h).

financial institution: any financial intermediary or other enterprise that is authorized to do business and is regulated or supervised as a financial institution under the laws of the Party in whose territory it is located;

investment of an investor of a Party: an investment owned or controlled directly or indirectly by an investor of that Party;

investor of a Party: a Party or an enterprise of such Party, or a national or enterprise of such Party, that intends to make, is making or has made an investment;

investment from a non-Party: an investor that is not an investor of a Party, that intends to make, is making, or has made an investment,

disputing investor: an investor making a claim under Section C; **disputing Party:** the Party against which

a claim is made under Section C; **disputing party:** the disputing investor or the disputing Party;

disputing parties: the disputing investor and the disputing Party;

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

Secretary-General: the Secretary-General of ICSID;

transfers: international transfers and payments; and

tribunal: an arbitral tribunal established under article 13-20 or 13-26.

SECTION B.

Investment Article 13-02: Scope of application.

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

a) investors of the other Party;

b) investments of investors of another Party made in the territory of the Party; and

c) with respect to Article 13-07, all investments in the territory of the Party.

2. This Chapter covers both investments existing on the date of entry into force of this Agreement and investments made or acquired thereafter. The provisions of this Agreement shall not apply to any controversy, claim or dispute arising prior to the entry into force of this Agreement.
.in force.

3. A Party has the right to engage exclusively in the economic activities listed in Annex IV (Activities Reserved to the State), and to refuse to authorize the establishment of investments in such activities.

4. This Chapter does not apply to measures adopted or maintained by a Party in relation to investors of the other Party and investments of such investors in financial institutions in the territory of the Party.

5 Nothing in this Chapter shall be construed to prevent a Party from providing social services or carrying out functions, such as law enforcement and law enforcement, social rehabilitation services, pension or unemployment insurance or social security services, social welfare, public education, public training, health, and child protection, when performed in a manner not inconsistent with this Chapter.

Article 13-03: National treatment.

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

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

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

4. For greater certainty, no Party may:

a) impose on an investor of another Party a requirement that a minimum level of equity interest in an enterprise established in the territory of the Party be held by its nationals, except in the case of registered shares for directors or founding members of companies; or

b) require an investor of another Party, by reason of its nationality, to sell or otherwise dispose of an investment in the territory of a Party.

Article 13-04: Most favored nation treatment.

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

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

Article 13-05: Level of treatment.

Each Party shall accord to investors and investments of investors of another Party the best treatment required by Articles 13-03 and 13-04.

Article 13-06: Minimum standard of treatment.

1. Subject to Annex 13-06(1), 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.

2. Without prejudice to paragraph 1 and notwithstanding Article 13-09, each Party shall accord to investors of the other Party and to investments of investors of the other Party whose investments suffer losses in its territory due to armed conflict or civil strife, non-discriminatory treatment with respect to any measures it adopts or maintains with respect to such losses.

3. The second paragraph does not apply to existing measures related to subsidies or benefits that may be inconsistent with article 13-03, except as provided in article 13-09.

Article 13-07: Performance requirements.

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

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

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

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

d) relate in any way the volume or value of imports to the volume or value of exports, or to the volume of foreign exchange earnings related to such investment;

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

f) transfer to a person in its territory, technology, a production process or other proprietary knowledge, except where the requirement is imposed or the commitment or initiative is enforced by a judicial or administrative tribunal or competent authority to remedy an alleged violation of competition laws or to act in a manner not inconsistent with other provisions of this Agreement.

2. A measure that requires an investment to employ a technology to comply generally with applicable health, safety or environmental requirements shall not be considered inconsistent with paragraph 1(f). For greater certainty, Articles 13-03 and 13-04 apply to such a measure.

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

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

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

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

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

4. Nothing in paragraph 3 shall be construed to prevent a Party from conditioning the receipt or continued receipt of an advantage, in connection with an investment in its territory by an investor of a Party or non-Party, on the requirement that it locate production, provide services, train or employ workers, construct or expand particular facilities, or carry out research and development, in its territory.

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

6. Provided that such measures are not applied in an arbitrary or unjustified manner, or do not constitute a disguised restriction on international trade or investment, nothing in paragraphs 1(b) or (c) or 3 above shall be construed as a disguised restriction on international trade or investment.

a) or b) shall be construed to prevent a Party from adopting or maintaining measures, including environmental, competition, consumer protection and other measures necessary to:

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

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

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

Article 13-08: Senior executives and boards of directors.

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

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

Article 13-09: Reservations and exceptions.

1. Articles 13-03, 13-04, 13-07 and 13-08 shall not apply to:

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

      i) a Party at the national or federal, or state or departmental level, as appropriate, as set forth in its Schedule to Annex I (Reservations and Exceptions) or IV (Activities Reserved to the State); or

      ii) a municipal government; nor to

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

   c) the amendment of any non-conforming measure referred to in subparagraph a) provided that such amendment does not diminish the degree of conformity of the measure, as in effect prior to the amendment, with articles 13-03, 13-04, 13-07 and 13-08.

2. Upon entry into force of this Agreement, no Party shall increase the degree of non-conformity of its existing measures with respect to Articles 13-03, 13-04 and 13-07 and 13-08. The Parties shall list their non-conforming measures in Annex I (Reservations and Exceptions), which shall be completed by the Parties no later than one year after the entry into force of this Agreement.

3. Each Party shall have one year from the date of entry into force of this Agreement to indicate in its list in Annex I (Reservations and Exceptions) any non-conforming measure that, not including local governments, is maintained by a state or departmental government.

4. Articles 13-03 and 13-04 do not apply to any measure that constitutes an exception or derogation to the obligations under Article 15-04 (National Treatment), as expressly stated in that article.

5. Article 13-04 does not apply to treatment accorded by a Party pursuant to the treaties, or with respect to the sectors, set forth in its list in Annex III (Exceptions to Most-Favored-Nation Treatment).

6. Articles 13-03, 13-04 and 13-08 do not apply to:

   a) purchases made by a Party or a State enterprise; or

   b) subsidies or contributions, including government-backed loans, guarantees and insurance, granted by a Party or a state enterprise.

7. The provisions contained in:

   a) paragraphs 1(a), (b) and (c), and 3(a) and (b) of article 13-07 shall not apply to the requirements for qualification of goods and services with respect to export promotion and foreign aid programs;

   b) paragraphs 1(b), (c), (f) and (g), and 3(a) and (b) of Article 13-07 shall not apply to purchases made by a Party or by a State enterprise; and

   c) paragraphs 3(a) and (b) of Article 13-07 shall not apply to requirements imposed by an importing Party on goods that, by virtue of their content, qualify for preferential tariffs or quotas.

Article 13-10: Transfers.

1. Each Party shall permit all transfers related to the investment of an investor of the other Party in the territory of the Party to be made in freely convertible currency without restriction and without delay.

Such transfers include, among others:

   a) earnings, dividends, interest, capital gains, royalty payments, management fees, technical assistance and other fees, in-kind profits and other amounts derived from the investment.

   b) proceeds from the sale or liquidation, in whole or in part, of the investment;

c) payments made under a contract to which an investor or its investment is a party, including payments made under a loan agreement;

d) payments made in accordance with article 13-11; and

e) payments arising from the application of Section C.

2. With respect to spot transactions of the currency to be transferred, each Party shall permit transfers to be made in freely usable currency at the market rate of exchange prevailing on the date of transfer.

3. No Party may require its investors to make transfers of their income, profits, or earnings or other amounts derived from or attributable to investments made in the territory of another Party, nor shall it penalize them for failure to make such transfers.

4. Notwithstanding the provisions of paragraphs 1 and 2, the Parties may prevent transfers by means of the equitable, non-discriminatory and good faith application of their laws in the following cases:

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

b) issuance, trading and operations of securities;

c) criminal offenses;

d) reports of currency transfers or other monetary instruments; or

e) guaranteeing compliance with rulings in contentious proceedings.

5. Paragraph 3 shall not be construed to prevent a Party, through the application of its laws in an equitable, non-discriminatory and good faith manner, from imposing any measure related to subparagraphs (a) through (e) of paragraph 4.

6. Notwithstanding paragraph 1, a Party may restrict transfers of profits in kind in circumstances where it might otherwise restrict such transfers under this Agreement, including as provided in paragraph 4.

Article 13-11: Expropriation and compensation.

1. Neither Party may nationalize or expropriate, directly or indirectly, an investment of an investor of the other Party in its territory, or take any measure tantamount to expropriation or nationalization of such investment (expropriation), except: a) in the public interest; b) on a non-discriminatory basis;
c) in accordance with the principle of legality and article 13-06; and d) through indemnification in accordance with paragraphs 2 to 6.

2. The compensation will be equivalent to the market value of the expropriated investment immediately before the expropriation measure was carried out (date of expropriation), and will not reflect any change in value because the intention to expropriate was known prior to the date of expropriation. The valuation criteria will include in the current value, the value of the asset (including the declared tax value of tangible assets), as well as other criteria that are appropriate to determine the market value.

3. Payment of compensation shall be made without delay and shall be fully payable.

4. The amount paid shall not be less than the equivalent amount of compensation that would have been paid on the date of expropriation in a freely convertible currency in the international financial market and such currency would have been converted at the market rate prevailing on the valuation date, plus interest at a reasonable commercial rate for such currency until the date of payment.

5. Once paid, the compensation may be freely transferred in accordance with Article 13-10.

6. This Article does not apply to the issuance of compulsory licenses granted in relation to intellectual property rights, or to the revocation, limitation or creation of such rights to the extent that such issuance, revocation, limitation or creation is in accordance with Chapter XV (Intellectual Property).

Article 13-12: Special formalities and information requirements.

1. Nothing in Article 13-03 shall be construed to prevent a Party from adopting or maintaining a measure prescribing special formalities in connection with the establishment of investments by investors of another Party, such as a requirement that investors be residents of the Party or that investments be constituted in accordance with the laws and regulations of the Party, provided that such formalities do not significantly impair the protection afforded by a Party to investors of the other Party and to investments of investors of the other Party in accordance with this Chapter.

2. Notwithstanding Articles 13-03 and 13-04, a Party may require an investor of the other Party or its investment in its territory to provide routine information relating to that investment solely for informational or statistical purposes. The Party shall protect from any disclosure the

information that is confidential, which could adversely affect the competitive position of the investment or the investor. Nothing in this paragraph shall be construed to prevent a Party from obtaining or disclosing information relating to the equitable and good faith application of its laws.

Article 13-13: Relationship with other chapters.

1. In case of incompatibility between this chapter and another chapter, the latter shall prevail to the extent of the incompatibility.

2. If a Party requires a service supplier of the other Party to post a bond or other form of financial security as a condition for supplying a service in its territory, that does not, of itself, make this Chapter applicable to the cross-border supply of that service. This Chapter applies to the treatment accorded by that Party to the deposited bond or financial security.

Article 13-14: Denial of benefits.

Upon notification and consultation in accordance with Articles 16-03 (Notification and Provision of Information) and 18-03 (Consultations), a Party may deny the benefits of this Chapter to an investor of the other Party that is an enterprise of that Party and to investments of such an investor, if investors of a non-Party own or control the enterprise and the enterprise does not have substantial business activities in the territory of the Party under whose law it is incorporated or organized.

SECTION C. Dispute settlement between a Party and an investor of another Party .

Article 13-15: Objective.

Without prejudice to the rights and obligations of the Parties set forth in Chapter XVIII (Dispute Settlement), this section establishes a mechanism for the settlement of investment disputes that ensures equal treatment between investors of the Parties in accordance with the principle of international reciprocity, ensuring due process of law and the impartiality of tribunals.

Article 13-16: Claim by a Party's investor for its own account for damages suffered by itself.

1. Pursuant to this section, an investor of a Party may submit to arbitration a claim that the other Party has breached an obligation set forth in:

a) Section B or Article 14-04, paragraph 2 (State Enterprises); or

b) Article 14-03, paragraph 4, subparagraph a) (Monopolies), when the monopolist has acted in a manner inconsistent with the Party's obligations under Section B;

and that the investor has suffered loss or damage by virtue of or as a consequence of the breach.

2. The investor may not file a claim if more than 3 (three) years have elapsed from the date on which it first became aware or should have become aware of the alleged breach and suffered loss or damage.

Article 13-17: Claim by an investor of a Party on behalf of an enterprise for damages suffered by an enterprise of the other Party that is a juridical person owned or controlled directly or indirectly by the investor.

1. An investor of a Party may submit to arbitration under this Section a claim that the other Party has breached an obligation set forth in:

(a) Section B or Article 14-04, paragraph 2 (State Enterprises); or (b) Article 14-03, paragraph 4, subparagraph 4, subparagraph 1 (State Enterprises).

a) (Monopolies), where the monopolist has acted in a manner inconsistent with the Party's obligations under Section B,

and that an enterprise of the other Party that is a juridical person owned or controlled directly or indirectly by the investor has suffered loss or damage by reason of or arising out of that breach.

2. An investor may not bring a claim under paragraph 1, if more than 3 (three) years have elapsed from the date on which the enterprise first became aware, or should have first become aware, of the alleged breach and suffered loss or damage.

3. Where an investor submits a claim under this Article and in parallel the investor or an investor that does not control an enterprise submits a claim under Article 13-16 arising out of the same acts that gave rise to the submission of a claim under this Article, and two or more claims are submitted to arbitration under Article 13-20, the Tribunal established under Article 13-26 shall consider such claims together, unless the Tribunal determines that the interests of a disputing party would be prejudiced.

4. An investment may not file a claim under this section.

Article 13-18: Settlement of a claim through consultation and negotiation.

The disputing parties shall first attempt to settle the dispute through consultation or negotiation.

Article 13-19: Notice of intention to submit claim to arbitration.

The disputing investor shall notify the disputing Party in writing of its intention to submit a claim to arbitration at least 90 days before the claim is formally submitted, and the notice shall state the following:

a) the name and address of the disputing investor; and when the claim has been made pursuant to Article 13-17, it shall include the name and address of the enterprise;

b) the provisions of this Agreement alleged to have been breached and any other applicable provisions;

c) the matters of fact and law on which the claim is based; and

d) the relief sought and the approximate amount of damages claimed.

Article 13-20: Submission of the claim to arbitration.

1. Provided that 6 (six) months have elapsed since the acts giving rise to the claim took place, a disputing investor may submit the claim to arbitration in accordance with:

a) the ICSID Convention, provided that both the disputing Party and the Party of the investor are States parties to the ICSID Convention;

b) the ICSID Additional Facility Rules, where either the disputing Party or the Party of the investor, but not both, is a Party to the ICSID Convention; or

c) the UNCITRAL Arbitration Rules.

If a disputing investor or an enterprise of the other Party that is a juridical person owned or controlled directly or indirectly by the investor initiates proceedings before a domestic court with respect to a measure that constitutes an alleged breach under Articles 13-16 or 13-17, the dispute may not be submitted to arbitration under this Section. Likewise, in the event that an investor has submitted the dispute to international arbitration, the choice of that procedure shall be final.

3. In the event that an investor of a Party submits a claim to arbitration, the investment - the enterprise of the other Party that is a juridical person owned or controlled directly or indirectly by the investor - may not initiate or continue proceedings before a domestic court or any other dispute settlement procedure claiming the same measure.

4. The arbitration rules applicable to the dispute resolution procedure shall follow that procedure except as modified in this section.

Article 13-21: Conditions for submitting a claim to arbitration.

1. A disputing investor may submit a claim to arbitration pursuant to Article 13-16 only if:

a) consents to submit to arbitration under the terms of the procedures set forth in this Agreement; and

b) the investor and the enterprise, where the claim relates to loss or damage to an interest of an enterprise of another Party that is a juridical person owned or controlled directly or indirectly by the investor, waive their right to initiate or continue any proceeding before an administrative or judicial tribunal under the law of any Party or other dispute settlement procedures with respect to the measure alleged to be in violation of the provisions referred to in Article 13-16. The foregoing, except for proceedings in which the application of precautionary measures of a suspensive, declaratory or extraordinary nature, which do not involve the payment of damages before the administrative or judicial tribunal, is requested, in accordance with the law of the disputing Party.

2. A disputing investor may submit a claim to arbitration under Article 13-17 only if both the investor and the enterprise:

a) consent to submit to arbitration under the terms of the procedures set forth in this Agreement; and

b) waive their right to initiate or continue any proceeding with respect to the measure of the disputing Party that is alleged to be a violation referred to in Article 13-17 before any administrative tribunal or court under the law of either Party or other dispute settlement procedures. The foregoing, except for proceedings in which the application of precautionary measures of a suspensive, declaratory or extraordinary nature, which do not involve the payment of damages, is requested before the administrative or judicial tribunal, in accordance with the law of the disputing Party.

3. The consent and waiver required by this Article shall be in writing, delivered to the disputing Party and included in the submission of the claim to arbitration.

4. Only in the event that the disputing Party has deprived the disputing investor of control in an enterprise:

a) no waiver shall be required under paragraph 1(b) or 2(b); and

b) paragraphs 2 and 3 of article 13-20 shall not be applicable.

Article 13-22: Consent to arbitration.

1. Each Party consents to submit claims to arbitration in accordance with the procedures set forth in this Agreement.

2. The consent referred to in paragraph 1 and the submission of a claim to arbitration by a disputing investor shall comply with the requirements set forth in:

a) Chapter II of the ICSID Convention (Jurisdiction of the Centre) and the Additional Facility Rules requiring the written consent of the Parties;

b) Article II of the New York Convention, which requires a written agreement; and

c) Article I of the Inter-American Convention, which requires an agreement.

Article 13-23: Number of arbitrators and method of appointment.

Except for the tribunal established pursuant to Article 13-26, and unless the disputing Parties agree otherwise, the tribunal shall be composed of three (3) arbitrators. Each disputing Party shall appoint one. The third arbitrator, who shall be the chairman of the arbitral tribunal, shall be appointed by agreement of the disputing parties.

Article 13-24: Integration of the tribunal in the event that a Party fails to appoint an arbitrator or the disputing parties fail to agree on the appointment of the chairman of the arbitral tribunal.

1. The Secretary-General of ICSID (hereinafter referred to as the Secretary-General) shall appoint arbitrators in arbitration proceedings in accordance with this section.

2. Where a tribunal, other than the tribunal established pursuant to Article 13-26, is not constituted within ninety days from the date on which the claim is submitted to arbitration, the Secretary General shall, at the request of either disputing Party, appoint, at his discretion, the arbitrator or arbitrators not yet appointed, but not the chairman of the tribunal who shall be appointed in accordance with paragraph 3.

3. The Secretary-General shall appoint the President of the tribunal from the list of arbitrators referred to in paragraph 4, ensuring that the President of the tribunal is not a national of the disputing Party or a national of the Party of the disputing investor. In the event that an arbitrator available to preside over the tribunal is not found on the list, the Secretary-General shall appoint, from the ICSID Panel of arbitrators, the President of the arbitral tribunal, provided that he or she is a national of a Party other than the Party of the disputing investor.

4. On the date of entry into force of this Agreement, the Parties shall establish and maintain a list of 10 arbitrators as potential presiding arbitrators who meet the qualifications set out in the Convention and the rules referred to in Article 13-20 and who have experience in international law and investment matters. The members of the list shall be appointed by consensus without regard to their nationality.

Article 13-25: Consent to the appointment of arbitrators.

For the purposes of Article 39 of the ICSID Convention and Article 7 of Part C of the Additional Facility Rules, and without prejudice to objecting to an arbitrator pursuant to Article 13-24(3) or on grounds other than nationality:

a) the disputing Party accepts the appointment of each of the members of a tribunal established in accordance with the ICSID Convention or the Additional Facility Rules;

b) a disputing investor referred to in Article 13-16 may submit a claim to arbitration or continue the proceeding under the ICSID Convention or the Facility Rules

Supplementary, only on condition that the disputing investor consents in writing to the appointment of each of the members of the tribunal; and

c) the disputing investor referred to in Article 13-17(1) may submit a claim to arbitration or continue proceedings under the ICSID Convention or the Additional Facility Rules only on condition that the disputing investor and the enterprise consent in writing to the appointment of each of the members of the Tribunal.

Article 13-26: Joinder of proceedings.

1. A tribunal established under this Article shall be established in accordance with the UNCITRAL Arbitration Rules and shall proceed in accordance with the provisions of those Rules, except as provided in this Section.

2. Where a tribunal established under this Article determines that the claims submitted to arbitration under Article 13-20 raise common questions of law or fact, the tribunal, in the interest of a fair and efficient resolution, and having heard the disputing Parties, may order that:

a) assumes jurisdiction over, adjudicates and resolves all or part of the claims, jointly; or

b) assume jurisdiction, substantiate and resolve one or more of the claims on the basis that this will contribute to the resolution of the other claims.

3. A disputing party seeking a determination of joinder under paragraph 2 shall request the Secretary-General to establish a tribunal and shall specify in its request:

a) the name of the disputing Party or the disputing investors against which the order of cumulation is sought;

b) the nature of the requested consolidation order; and

c) the basis on which the request is supported.

4. A disputing party shall deliver a copy of its request to the other disputing party or to the disputing investors against whom the order of consolidation is sought.

5. Within 60 days from the date of receipt of the request, the Secretary-General shall set up a tribunal composed of three arbitrators. The Secretary-General shall appoint the Chairman of the tribunal from the list of arbitrators referred to in Article 13-24 (4). In the event that no arbitrator is available on the list to preside over the tribunal, the Secretary-General shall appoint, from the list of ICSID Arbitrators, the president of the tribunal who shall not be a national of any of the Parties. The Secretary-General shall appoint the other two members of the tribunal from the list referred to in Article 13-24(4) and, where they are not available on that list, shall select them from the list of ICSID Arbitrators; if no arbitrators are available on that list, the Secretary-General shall make the missing appointments at his discretion. One of the members shall be a national of the disputing Party and the other member of the tribunal shall be a national of a Party of the disputing investors.

6. Where a tribunal has been established under this Article, a disputing investor who has submitted a claim to arbitration under Article 13-16 or 13-17 and has not been named in the request for aggregation made pursuant to paragraph 3 may apply in writing to the Tribunal to be included in an order made pursuant to paragraph 2, and shall specify in such application:

a) the name and address of the disputing investor;

b) the nature of the requested consolidation order; and

c) the grounds on which the request is based.

7. A disputing investor referred to in paragraph 6 shall deliver a copy of its request to the disputing Parties identified in a request made under paragraph 3.

8. A court established under Article 13-20 shall not have jurisdiction to adjudicate a claim, or part of a claim, over which a court established under this Article has assumed jurisdiction.

9. On the request of a disputing party, a tribunal established under this Article may, pending its decision under paragraph 2, order that the proceedings of a tribunal established under Article 13-20 be adjourned, unless the latter tribunal has suspended its proceedings.

10. A disputing Party shall deliver to the Secretariat within 15 days from the date of receipt by the disputing Party:

a) a request for arbitration made pursuant to Article 36(1) of the ICSID Convention;

b) a notice of arbitration under Article 2 of Part C of the ICSID Additional Facility Rules; or

c) a notice of arbitration under the terms of the UNCITRAL Arbitration Rules.

11. A disputing Party shall provide the Secretariat with a copy of the request made under the terms of paragraph 3:

a) within 15 days of receipt of the request, in the case of a request made by the disputing investor; or

b) within 15 days from the date of the request, in the case of a request made by the disputing Party.

12. A disputing Party shall deliver to the Secretariat a copy of a request made under the terms of paragraph 6 within 15 days from the date of receipt of the request.

13. The Secretariat shall keep a public register of the documents referred to in paragraphs 10, 11 and 12.

Article 13-27: Notification.

The disputing Party shall deliver to the other Party:

a) written notice of a claim that has been submitted to arbitration no later than 30 days after the date of submission of the claim to arbitration; and

b) copies of all pleadings filed in the arbitration proceedings.

Article 13-28: Participation of a Party.

Upon written notice to the disputing parties, a Party may communicate to a tribunal its legal interpretation on questions relating to the interpretation of the provisions of this treaty in the context of the dispute in question.

Article 13-29: Documentation.

1. A Party shall be entitled, at its own expense, to receive from the disputing Party a copy of:

a) the evidence offered to the court; and

b) the written arguments presented by the disputing Parties.

2. A Party receiving information under paragraph 1 shall treat the information as if it were a disputing Party.

Article 13-30: Place of arbitration proceedings.

Unless the disputing parties agree otherwise, a tribunal shall conduct the arbitral proceedings in the territory of a Party that is a party to the New York Convention, which shall be chosen in accordance with:

a) the ICSID Additional Facility Rules, if the arbitration is governed by those rules or by the ICSID Convention; or

b) the UNCITRAL Arbitration Rules, if the arbitration is governed by those rules.

Article 13-31: Applicable law.

1. A tribunal established under this Section shall decide disputes submitted to it in accordance with this Agreement and the applicable rules and principles of international law.

2. An interpretation by the Commission of a provision of this Agreement shall be binding on a tribunal established in accordance with this section.

Article 13-32: Interpretation of annexes.

1. Where a Party asserts as a defense that an allegedly violative measure falls within the scope of a reservation or exception set out in Annex I (Reservations and Exceptions), Annex III (Exceptions to Most-Favored-Nation Treatment) or Annex IV (Activities Reserved to the State), at the request of the disputing Party, the tribunal shall request the Commission for an interpretation on that matter. The Commission shall, within 60 days of the delivery of the request, submit its interpretation in writing to the tribunal.

2. Pursuant to Article 13-31(2), the Commission's interpretation submitted under paragraph 1 shall be binding on the Tribunal. If the Commission does not submit an interpretation within 60 days, the Tribunal shall decide the matter.

Article 13-33: Expert opinions.

Without prejudice to the appointment of other types of experts where authorized by the applicable arbitration rules, the tribunal, at the request of a disputing party, or on its own initiative unless the disputing parties do not agree, may appoint one or more experts to render written opinions on any factual issue relating to environmental, health, safety or other scientific matters raised by a disputing party in a proceeding, on such terms and conditions as the disputing parties may agree.

Article 13-34: Provisional measures of protection.

A tribunal may order or recommend an interim measure of protection to preserve the rights of a disputing party or to ensure that the tribunal's jurisdiction is given full effect, including an order to preserve evidence in the possession or control of a disputing party, or orders to protect the tribunal's jurisdiction. A tribunal may not order the attachment or stay of enforcement of the allegedly violative measure referred to in Article 13-16 or 13-17.

Article 13-35: Final award.

1. Where a tribunal makes a final award against the Party, the tribunal may only award, separately or in combination:

   a) compensation for pecuniary damages and the corresponding interest;

   b) restitution of the property, in which case the award shall provide that the disputing Party may pay monetary damages, plus interest as appropriate, in lieu of restitution.

2. A tribunal may also award costs in accordance with the applicable arbitration rules.

3. Pursuant to paragraph 1, when the claim is made on the basis of Article 13-17(1):

   a) the award providing for restitution of the property shall provide that restitution shall be granted to the enterprise;

   b) the award granting pecuniary damages and interest thereon, shall provide that the sum of money be paid to the company; and

   c) the award shall provide that the award shall be without prejudice to any right of any person to relief under applicable domestic law.

4. A court may not order a Party to pay damages that are punitive in nature.

Article 13-36: Finality and enforcement of award.

1. An award rendered by a tribunal shall be binding only on the disputing parties and only in respect of the particular case.

2. Subject to paragraph 3 and to the review procedure applicable to an interim award, a disputing party shall comply with and comply with the award without delay.

3. A disputing party may not request enforcement of a final award as long as:

   a) in the case of a final award rendered under the ICSID Convention:

      i) 120 days have not elapsed from the date on which the award was rendered and no disputing party has requested the revision or annulment of the award; or

      ii) review or annulment proceedings have not been concluded; and

   b) in the case of a final award under the ICSID Additional Facility Rules or the UNCITRAL Arbitration Rules;

      i) 3 (three) months have elapsed since the date on which the award was rendered and no disputing party has initiated a proceeding to revise, set aside or annul the award; or

      ii) a Tribunal has dismissed or admitted an application for reconsideration, dismissal or annulment of the award and this decision cannot be appealed.

4. Each Party shall provide for the proper enforcement of an award in its territory.

5. Where a disputing Party fails to comply with or abide by a final award, the Commission, upon receipt of a request from a Party whose investor was a party to the arbitration proceeding, shall establish a panel pursuant to Article 18-04 (Request for Establishment of an Arbitral Tribunal). The requesting Party may invoke such procedures to:

   a) a determination that non-compliance or disregard of the terms of the final award is contrary to the obligations of this Agreement; and

   b) a recommendation that the Party comply with and abide by the final award.

6. The disputing investor may seek enforcement of an arbitral award under the ICSID Convention, the New York Convention or the Inter-American Convention, whether or not proceedings under paragraph 5 have been instituted.

7. For the purposes of Article I of the New York Convention and Article I of the Inter-American Convention, a claim submitted to arbitration under this section shall be deemed to arise out of a commercial relationship or transaction.

Article 13-37: General provisions.

A. The time at which the claim is considered to be subject to arbitration proceedings.

1. A claim is considered submitted to arbitration under the terms of this section when:

a) the request for arbitration under Article 36(1) of the ICSID Convention has been received by the Secretary-General;

b) the notice of arbitration pursuant to Article 2 of Part C of the ICSID Additional Facility Rules has been received by the Secretary-General; or

c) the notice of arbitration referred to in the UNCITRAL Arbitration Rules has been received by the disputing Party.

B. Delivery of documents.

2. Delivery of the notification and other documents to a Party shall be made at the place designated by it in Annex 13-37.2.

C. Payments under Insurance or Guaranty Agreements.

3. In an arbitration proceeding under this Section, a Party shall not assert as a defense, counterclaim, right of set-off, 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 the alleged damages.

D. Publication of awards.

4. Annex 13-37.4 applies to the Parties listed in that annex with respect to the publication of awards.

Article 13-38: Exclusions.

1. Without prejudice to the application or non-application of the dispute settlement provisions of this Section or Chapter XVIII (Dispute Settlement) to other actions agreed to by a Party pursuant to Article 19-03 (National Security), a ruling by a Party prohibiting or restricting the acquisition of an investment in its territory by an investor of the other Party or its investment, in accordance with that Article, shall not be subject to such provisions.

2. The dispute resolution provisions of this section and those of Chapter XVIII (Dispute Resolution) shall not apply to matters referred to in Annex 13-38.2.

Exhibit 13-06(1)

Minimum Standard of Treatment Under International Law

1. Article 13-06(1) establishes the customary international law minimum standard of treatment of aliens as the minimum standard of treatment to be accorded to investments of investors of another Party.

2. The concepts of "fair and equitable treatment" and "full protection and security" do not require treatment in addition to or beyond that required by the customary international law minimum standard of treatment of aliens.

3. A finding that another provision of this Treaty or of a separate international agreement has been violated does not establish that Article 13-06(1) has been violated.

Exhibit 13-37.2

Delivery of documents to a Party in accordance with Section C

For purposes of section 13-37(2), the place for service of notices and other documents under section C shall be:

1. In the case of Mexico:

General Directorate of Foreign Investment

Secretariat of the Economy

Insurgentes Sur 1940, 8th Floor

Colonia Florida, C.P. 01030, Mexico City.

2. For Uruguay: Ministry of Economy
and Finance, Colonia 1089.
C.P. 11100, Montevideo, Uruguay

Exhibit 13-37.4

Publication of awards

Mexico

Where Mexico is the disputing Party, the corresponding procedural rules shall apply with respect to the publication of an award.

Exhibit 13-38.2

Exclusions from dispute resolution provisions

Mexico

The provisions relating to the dispute settlement mechanism provided for in Chapter XVIII (Dispute Settlement), shall not apply to a decision of the National Foreign Investment Commission resulting from subjecting an investment to review under the provisions of Annex I (Reservations and Exceptions) relating to whether or not an acquisition that is subject to such review should be permitted.

Chapter XIV

COMPETITION, MONOPOLIES AND STATE-OWNED ENTERPRISES POLICY

Article 14-01: Definitions.

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

commercial considerations: consistent with the normal business practices of the private companies that make up the industry;

designate: to establish, designate, authorize or extend the scope of the monopoly to include an additional good or service, after the date of entry into force of this Agreement;

state enterprise: "state enterprise" as defined in Article 2-01 (General Definitions);

market: the geographic and commercial market for a good or service;

monopoly: an entity, including a consortium or government agency that, in any relevant market in the territory of a Party, has been designated as the sole supplier or purchaser of a good or service, but does not include an entity that has been granted an exclusive intellectual property right derived solely from such grant;

government monopoly: a monopoly owned or controlled, through ownership rights, by the government of a Party or another such monopoly;

discriminatory supply includes:

a) more favorable treatment to the parent, subsidiary or other joint venture than to an unaffiliated company; or

b) more favorable treatment of one type of company than another, in similar circumstances; and

non-discriminatory treatment: the best treatment, as between national treatment and most-favored-nation treatment, as set forth in the relevant provisions of this Agreement.

Article 14-02: Competition legislation.

1. Each Party shall adopt or maintain measures prohibiting anticompetitive business practices and shall take appropriate action in this regard, recognizing that such measures will further the objectives of this Agreement. To this end, the Parties shall consult from time to time on the effectiveness of the measures adopted by each Party.

2. Each Party recognizes the importance of cooperation and coordination between its authorities to promote the effective enforcement of competition laws in the free trade area. Likewise, the Parties shall cooperate on matters related to the enforcement of competition laws, including mutual legal assistance, communication, consultation and exchange of information regarding the application of competition laws and policies in the free trade area.

3. The exchange of information referred to in the preceding paragraph shall be carried out taking into account the applicable legislation of each Party, as well as the confidentiality provisions agreed upon by the Parties or their enforcement authorities.

. No Party may have recourse to the dispute settlement procedures of this Agreement with respect to any matter arising under this Article.

5. No investor of a Party may submit a dispute under Chapter XIII (Investment) for any matter arising under this Article.

Article 14-03: State monopolies.

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

delegation: includes a legislative grant and an order, instruction or other act of government transferring governmental powers to the monopoly or authorizing the monopoly to exercise such powers; and

maintain: established prior to the entry into force of this Agreement and its existence on that date.

2. Nothing in this Agreement shall be construed to prevent a Party from designating a monopoly.

3. Where a Party intends to designate a monopoly, and this designation may affect the interests of persons of the other Party, the Party:

a) whenever possible, notify the other Party, in advance and in writing, of the designation; and

b) at the time of designation, shall endeavor to introduce into the operation of the monopoly conditions that minimize or eliminate any nullification or impairment of benefits, within the meaning of Annex 18-01 (Nullification and Impairment).

4. Each Party shall ensure, through regulatory control, administrative supervision or the application of other measures, that any privately owned monopoly that the Party designates, or governmental monopoly that the Party maintains or designates:

a) acts in a manner that is not inconsistent with the Party's obligations under this Agreement, where that monopoly exercises governmental functions delegated to it by the Party with respect to the monopolized good or service, such as the authority to grant import or export licenses, approve commercial transactions, or impose quotas, duties or other charges;

b) except when it concerns the fulfillment of any of the terms of its appointment or prevents the regular performance of its legal attributions that are not incompatible with paragraphs c) or d), acts only according to commercial considerations in the purchase or sale of the monopolized good or service in the relevant market, including with respect to its price, quality, availability, sales capacity, transportation and other terms and conditions for its purchase and sale. The difference in pricing between types of customers, between affiliated and non-affiliated companies, and the granting of cross-subsidies, are not per se incompatible with this provision and these conducts are subject to this paragraph when they are used as an instrument of behavior contrary to competition laws;

c) grants non-discriminatory treatment to the investors' investment, goods and service suppliers of the other Party when buying and selling the monopolized good or service in the relevant market; and

d) does not use its monopoly position to engage in anticompetitive practices in a non-monopolized market in its territory that adversely affect the investment of an investor of the other Party, directly or indirectly, including through the operations of its parent, subsidiary or other joint venture, including discriminatory supply of the monopolized good or service, cross-subsidization or predatory conduct.

5. Paragraph 4 does not apply to the acquisition of goods or services by governmental agencies for official purposes and without the purpose of commercial resale or for use in the production of goods or the provision of services for commercial sale.

6. Nothing in this article shall be construed to prevent a monopolist from fixing prices in different geographic markets, when such differences are based on normal commercial considerations such as considering supply and demand conditions in those markets.

Article 14-04: State-Owned Enterprises.

1. Nothing in this Agreement shall be construed to prevent a Party from maintaining or establishing State enterprises.

2. Each Party shall ensure, through regulatory control, administrative supervision or the application of other measures, that any State enterprise maintained or established by it acts in a manner that is not inconsistent with the Party's obligations under Chapter XIII (Investment), where such enterprises exercise governmental functions delegated to it by the Party, such as the power to expropriate, grant licenses, approve commercial operations, or impose fees, duties or other charges.

3. Each Party shall ensure that any State enterprise maintained or established by it accords non-discriminatory treatment to investments of investors of the other Party in its territory with respect to the sale of their goods and services.

Article 14-05: Trade and Competition Committee.

The Commission may establish a Trade and Competition Committee, composed of representatives of each Party, which shall meet at least once a year. The Committee shall report and make appropriate recommendations to the Commission on questions concerning the relationship between competition laws and policies and trade in the free trade area.

CHAPTER XV

INTELLECTUAL PROPERTY

Section A - Definitions and general provisions

Article 15-01: Definitions.

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

TRIPS Agreement: the Agreement on Trade-Related Aspects of Intellectual Property Rights, dated April 15, 1994;

Berne Convention: the Berne Convention for the Protection of Literary and Artistic Works, in accordance with the Paris Act of July 24, 1971;

Geneva Convention: the Convention for the Protection of Producers of Phonograms Against Unauthorized Duplication of their Phonograms, adopted in the city of Geneva on October 29, 1971;

Paris Convention: the Paris Convention for the Protection of Industrial Property, in accordance with the Stockholm Act of July 14, 1967;

Rome Convention: the International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations, adopted in the city of Rome on October 26, 1961;

UPOV Convention: the International Convention for the Protection of New Varieties of Plants of December 2, 1961, as revised at Geneva on November 10, 1972, in accordance with the Act of October 23, 1978; and

Intellectual property rights: includes all categories of intellectual property that are subject to protection under this chapter, under the terms indicated therein.

Article 15-02: Protection of Intellectual Property Rights

1. Each Party shall provide in its territory adequate and effective protection and enforcement of the intellectual property rights referred to in this Chapter and shall ensure that measures to enforce such rights do not, in turn, become barriers to legitimate trade.

2. Each Party may provide in its legislation for more extensive protection than that required by this Chapter, provided that such protection does not infringe the provisions of this Chapter.

Article 15-03: Relationship with other intellectual property conventions.

1. Nothing in this Chapter relating to intellectual property rights shall prejudice any obligations that the Parties may have to each other under the Paris Convention, the Berne Convention, the Rome Convention, the Geneva Convention and the UPOV Convention, or prejudice any rights or obligations under other treaties.

2. In order to provide adequate and effective protection and enforcement of the intellectual property rights referred to in this Chapter, the Parties shall apply, at a minimum, the substantive provisions of the Paris Convention, the Berne Convention, the Rome Convention, the Geneva Convention and the UPOV Convention.

3. The Parties shall use their best efforts to accede to the 1996 WIPO Copyright Treaty and the 1996 WIPO Performances and Phonograms Treaty, if they are not already party to them at the date of entry into force of this Agreement.

Article 15-04: National treatment.

1. Each Party shall accord to nationals of the other Party treatment no less favorable than that it accords to its own nationals with respect to the protection of intellectual property rights provided for in this Chapter, subject to the exceptions already provided for in the Paris Convention, the Berne Convention, the Rome Convention, the Geneva Convention and the UPOV Convention.

2. Each Party may have recourse to the exceptions permitted in paragraph 1 in relation to judicial and administrative proceedings, for the protection of intellectual property rights including the designation of a legal domicile or the appointment of an agent within the jurisdiction of a Party, only where such exceptions:

a) necessary to secure compliance with laws and regulations not inconsistent with the provisions of this chapter; and

b) where such practices are not applied in a manner that constitutes a disguised restriction on trade.

3. No Party may require the holders of intellectual property rights referred to in this Chapter to comply with any formality or condition for acquiring copyright and related rights as a condition for the granting of national treatment under this Article.

Article 15-05: Most favored nation treatment.

With respect to the protection of intellectual property rights referred to in this Chapter, any advantage, favor, privilege or immunity granted by a Party to nationals of any other non-Party shall be accorded immediately and unconditionally to nationals of the other Party. Exempt from this obligation shall be any advantage, favor, privilege or immunity granted by a Party that:

a) deriving from international agreements on judicial assistance or law enforcement of a general nature and not limited in particular to the protection of intellectual property;

b) have been granted in accordance with the provisions of the Berne Convention or the Rome Convention authorizing that the treatment accorded is not a function of national treatment but of the treatment accorded in another country; or

c) relating to the rights of performers, producers of phonograms and broadcasting organizations, which are not provided for in this chapter.

Article 15-06: Control of abusive or anticompetitive practices and conditions.

Each Party may apply, to the extent consistent with the provisions of this Chapter, appropriate measures to prevent the abuse of intellectual property rights by right holders or the resort to practices that unreasonably restrain trade or adversely affect the transfer of technology.

Article 15-07: Cooperation to eliminate trade in infringing goods.

The Parties shall cooperate with each other with a view to eliminating trade in goods that infringe intellectual property rights.

Section B - Copyright Article

15-08: Copyright.

1. Each Party shall protect works covered by Article 2 of the Berne Convention, including any other works embodying an original expression within the meaning of that Convention.

2. Each Party shall grant to authors or their successors in title the rights set forth in the Berne Convention with respect to the works referred to in paragraph 1.

3. Computer programs, whether source programs or object programs, shall be protected as literary works under the Berne Convention.

4. Compilations of data or other materials, in machine-readable or other form, which by reason of the selection or arrangement of their contents constitute intellectual creations, shall be protected as such. Such protection shall not extend to the data or materials themselves and shall be without prejudice to any copyright subsisting in such data or materials.

5. At least with respect to computer programs and cinematographic works, the Parties shall confer on authors, successors in title and other right holders the right to authorize or prohibit the commercial rental to the public of originals or copies of their copyrighted works. A Party shall be exempted from this obligation in respect of cinematographic works, unless the rental has resulted in the widespread making of copies of such works to such an extent that the exclusive right of reproduction conferred in that Party on authors, successors in title and other rightholders is materially impaired. With respect to computer programs, this obligation does not apply to leases the essential subject matter of which is not the program itself.

Article 15-09: Performers.

1. Each Party shall grant performers the rights referred to in the Rome Convention.

2. Notwithstanding the foregoing, once a performer has consented to the incorporation of his performance in a visual or audiovisual fixation, Article 7 of the Rome Convention shall cease to apply.

Article 15-10: Producers of phonograms.

1. Each Party shall grant to producers of phonograms the rights referred to in the Rome Convention and the Geneva Convention, including the right to authorize or prohibit the first public distribution of the original and each copy of the phonogram by sale, rental or any other means.

2. Each Party shall confer on producers of phonograms, in accordance with its legislation, the right to authorize or prohibit the commercial rental to the public of originals or copies of protected phonograms.

Article 15-11: Protection of program-carrying satellite signals.

Within five years after the entry into force of this Agreement, the Parties undertake to establish that anyone who manufactures, imports, sells, leases, or performs an act for a commercial purpose, which allows devices that are of primary assistance in decrypting an encrypted program-carrying satellite signal, or uses them for commercial purposes, without the authorization of the legitimate service provider or distributor, depending on the legislation of each Party, shall incur civil liability.

Article 15-12: Powers conferred on the Parties with respect to copyright and related rights.

1. Each Party shall provide that for copyright and related rights, any person acquiring or holding economic or economic rights:

a) may freely and separately transfer them under any title; and

b) has the capacity to exercise those rights in its own name and to fully enjoy the benefits derived therefrom.

2. Each Party shall confine limitations and exceptions to copyright and related rights to specific special cases that do not prevent their normal exploitation, nor cause unjustified prejudice to the legitimate interests of the right holder.

Article 15-13: Duration of copyright and related rights.

1. Copyright lasts for the life of the author and extends for at least 50 years after his death.

2. Where the term of protection of a work is calculated on a basis other than the life of a natural person, such term shall be not less than 50 years from the end of the calendar year of the authorized publication or, in the absence of such authorized publication, within a period of 50 years from the making of the work, counted from the end of the calendar year of its making.

3. The term of protection granted to performers and producers of phonograms may not be less than 50 years, counted from the end of the calendar year in which the fixation was made or the performance took place.

4. The duration of the protection granted to broadcasting organizations shall be granted by each Party in accordance with its legislation in force.

Section C -

Trademarks Article 15-14: Subject Mat ter of Protection.

1. Any sign or combination of signs capable of distinguishing the goods or services of a natural or legal person from those of another natural or legal person may constitute a trademark. Such signs may be registered as trademarks, in particular words, including personal names, letters, numerals, figurative elements and combinations of colors, as well as any combination of these signs.

2. Where signs are not inherently capable of distinguishing the relevant goods or services, each Party may make the registrability of such signs subject to the distinctiveness they have acquired through use.

3. The marks shall include service marks and collective marks, and depending on the legislation of each Party shall include certification marks.

4. Each Party may require as a condition for registration that the signs be visually perceptible.

5. Each Party may establish prohibitions for the registration of trademarks in accordance with the provisions of its legislation on the matter.

6. The nature of the good or service to which the mark is to be applied shall in no case be an obstacle to the registration of the mark.

7. In accordance with its law, each Party shall publish trademarks prior to registration or promptly thereafter, and shall provide a reasonable opportunity to request the cancellation of the registration. In addition, each Party may provide an opportunity to oppose the registration of a trademark.

Article 15-15: Rights conferred.

The owner of a registered trademark shall enjoy the exclusive right to prevent third parties, without his consent, from using in the course of trade identical or similar signs for goods or services that are identical or similar to those for which the trademark is registered, where such use gives rise to a likelihood of confusion. A likelihood of confusion shall be presumed to exist in the event that an identical or similar sign is used for identical or similar goods or services. The aforementioned rights shall be understood without

prejudice previously existing rights and shall not affect the possibility of the Parties to recognize rights based on use.

Article 15-16: Well-known trademarks.

1. It shall be understood that a trademark is well known in a Party, when a determined sector of the public or commercial circles of the Party is aware of the trademark, as a consequence of the commercial activities developed in that Party or outside it, by a person who uses that trademark in relation to its goods or services, as well as when the trademark is known in the territory of the Party, as a consequence of the promotion or advertising of the same.

2. Each Party shall establish in its legislation the necessary means to prevent or cancel the registration as a trademark of those signs, equal or similar to a well-known trademark, to be applied to any good or service.

3. Each Party shall apply Article 16.3 of the TRIPS Agreement.

4. For the purpose of proving the notoriety of the trademark, any means of evidence admitted by the Party in which the notoriety of the trademark is to be proved may be used.

Article 15-17: Exceptions.

The Parties may provide limited exceptions to the rights conferred by a trademark, for example, fair use of descriptive terms, provided that the exceptions take into account the legitimate interests of the trademark owner and third parties.

Article 15-18: Duration of protection.

The initial registration of a trademark shall have, at least, a duration of ten years counted from the date of the filing of the application or the date of its grant, according to the legislation of each Party, and may be renewed indefinitely for successive periods of not less than ten years, provided that the conditions for renewal are satisfied.

Article 15-19: Requirement of use of the mark.

1. If in order to maintain the registration of a trademark a Party requires use, the registration may only be cancelled after an uninterrupted period of at least 3 (three) years of non-use, unless the trademark owner demonstrates that there were valid reasons for it based on the existence of obstacles to such use. Circumstances arising independently of the will of the trademark owner and constituting an obstacle to the use of the trademark, such as import restrictions or other official requirements imposed on the goods or services protected by the trademark, shall be recognized as valid reasons for non-use.

2. Each Party, in accordance with national legislation, shall determine when a trademark is in use.

3. When controlled by the owner, the use of a mark by another person shall be deemed to constitute use of the mark for the purposes of maintaining the registration.

Article 15-20: Other requirements.

The use of a trademark in the course of business transactions with special requirements, such as use with another trademark, use in a special form or use in a manner that impairs the ability of the trademark to distinguish the goods or services of a natural person or enterprise from those of other natural persons or enterprises, shall not be unreasonably complicated.

Article 15-21: Licenses and assignment of trademarks.

Each Party may establish the conditions for licensing and assignment of trademarks, it being understood that compulsory licensing of trademarks shall not be permitted and that the owner of a registered trademark shall have the right to assign it with or without the transfer of the company to which the trademark belongs.

Section D - Geographical indications and appellations of origin

Article 15-22: Protection of geographical indications and appellations of origin.

1. Each Party shall protect appellations of origin and geographical indications as provided for in its legislation, at the request of the competent authorities or interested parties of the Party where such geographical indication or appellation of origin is protected.

2. Appellations of origin or geographical indications protected in a Party shall not be considered common or generic to distinguish a good, as long as their protection in the country of origin subsists.

3. In relation to appellations of origin and geographical indications, each Party shall establish legal means for interested parties to prevent:

a) the use of any means that, in the designation or presentation of the good, indicates or suggests that the good in question comes from a territory, region or geographical locality other than the true place of origin, in such a way as to mislead the public as to the geographical origin of the good; and

b) any other use that constitutes an act of unfair competition within the meaning of Article 10 bis of the Paris Convention.

4. Each Party shall, ex officio if its legislation so permits, or at the request of an interested party, refuse or cancel the registration of a trademark containing or consisting of a geographical indication or appellation of origin in respect of goods that do not originate in the territory, region or locality indicated, if the use of that indication in the trademark for those goods is of such a nature as to mislead the public as to the true place of origin of the goods.

5. Paragraphs 4 and 5 apply to any appellation of origin or geographical indication which, although correctly indicating the territory, region or locality in which the goods originate, gives the public a false idea that the goods originate in another territory, region or locality.

6. Uruguay will recognize the appellations of origin "Tequila" and "Mezcal", for their exclusive use in goods originating in Mexico as long as they are produced and certified in Mexico, in accordance with the laws, regulations and norms of Mexico applicable to those goods.

Section E - Patents

Article 15-23: Patentable Subject Matter.

1. Subject to the provisions of paragraphs 2 and 3, patents shall be granted for inventions, whether products or processes, in all fields of technology, provided that they are new, result from an inventive step and are susceptible of industrial application.

2. Subject to the provisions of paragraph 3, there shall be no discrimination in the granting of patents, nor in the enjoyment of the respective rights, on the basis of the field of technology of the territory of the country in which the invention was made or whether the products are imported or produced locally.

3. Each Party may exclude from patentability inventions the commercial exploitation of which in its territory must be prevented in order to protect public order or morality, including to protect human or animal health or life or to preserve plants, or to avoid serious damage to nature or the environment, provided that such exclusion is not based solely on the fact that the Party prohibits in its territory the commercial exploitation of the subject matter of the patent.

4. Likewise, each Party may exclude from patentability:

a) diagnostic, therapeutic and surgical methods for the treatment of humans or animals;

b) plants and animals other than microorganisms, and essentially biological processes for the production of plants or animals, with the exception of non-biological or microbiological processes; or

c) biological and genetic material, as it exists in nature.

Article 15-24: Rights conferred.

1. A patent shall confer upon its owner the following exclusive rights:

a) where the subject matter of the patent is a product, to prevent third parties, without its consent, from making, using, offering for sale, selling or importing for these purposes the product that is the subject matter of the patent; or

b) where the subject matter of the patent is a process, to prevent third parties, without his consent, from performing the act of using the process and the acts of: using, offering for sale, selling or importing for these purposes at least the product obtained directly by means of said process.

2. Likewise, patent holders shall have the right to assign or transfer the patent and to enter into licensing agreements.

Article 15-25: Exceptions.

Each Party may provide limited exceptions to the exclusive rights conferred by a patent, provided that such exceptions do not unreasonably conflict with the normal exploitation of the patent, nor unreasonably prejudice the interests of the patent owner, taking into account the legitimate interests of third parties.

Article 15-26: Other uses without authorization of the right holder.

Where the law of a Party permits other uses of the subject matter of a patent, other than those permitted under Article 15-25, without the authorization of the right holder, including use by the government or by third parties authorized by the government, the provisions of Article 31 of the TRIPS Agreement shall be observed.

Article 15-27: Nullity or forfeiture.

Each Party in accordance with its legislation shall provide for the possibility of review of any decision of nullity or revocation of a patent.

Article 15-28: Evidence in cases of infringement of patented processes.

1. For the purposes of civil or administrative proceedings, where the law of each Party so provides, in matters of infringement of the rights of the owner referred to in paragraph 1(b) of Article 15-24, where the subject matter of a patent is a process for obtaining a product, the judicial or administrative authorities shall have the authority to order the defendant to prove that the process for obtaining a product is different from the patented process. Accordingly, each Party shall establish that, in the absence of proof to the contrary, any identical product produced by any party without the consent of the patent owner has been obtained by means of the patented process, in at least one of the following circumstances:

a) if the product obtained by the patented process is new;

b) if there is a substantial likelihood that the identical product was manufactured by the process and the patentee cannot establish by reasonable efforts which process was actually used.

2. In the collection and evaluation of evidence, the legitimate interest of the defendant for the protection of its industrial and commercial secrets shall be taken into account.

Article 15-29: Duration of protection.

Each Party shall provide for a patent protection period of at least 20 years, counted from the filing date of the application.

Section F - Utility Models

Article 15-30: Protection of Utility Models.

Each Party shall protect utility models in accordance with its legislation, for a term of at least ten years counted from the filing date of the application.

Section G - Industrial designs

Article 15-31: Conditions for protection.

1. Each Party shall grant protection to new or original industrial designs that are independently created.

2. Each Party may provide that designs shall not be considered new or original if they do not differ to a significant degree from known designs or combinations of features of known designs.

3. Each Party may provide that such protection shall not extend to designs based essentially on functional or technical considerations.

Article 15-32: Duration of protection.

Each Party shall grant a period of protection for industrial designs of at least ten years, counted from the filing date of the application.

Article 15-33: Rights conferred.

1. The owner of an industrial design shall have the right to prevent third parties who do not have the owner's consent from manufacturing, importing or selling goods or products bearing or incorporating his design or essentially copying the same, when such acts are carried out for commercial purposes.

2. Each Party may provide for limited exceptions to the protection of industrial designs, provided that such exceptions do not interfere with the normal exploitation of industrial designs in an undue manner, nor unreasonably prejudice the legitimate interests of the design owner, taking into account the legitimate interests of third parties.

Section H - Protection of Plant Breeders' Rights Article 15-34:

Protection of Plant Breeders' Rights.

In accordance with its legislation, each Party shall recognize and grant protection to plant varieties by means of breeders' rights granted in accordance with the UPOV Convention.

Section I - Protection of undisclosed information

Article 15-35: Protection of industrial and business secrets.

1. In ensuring effective protection against unfair competition, in accordance with Article 10 bis of the Paris Convention (1967), each Party shall protect industrial and trade secrets, in accordance with paragraph 2.

2. Natural and legal persons shall have the possibility to prevent information that is legitimately under their control from being disclosed to third parties or from being acquired or used by third parties without their consent in a manner contrary to honest commercial practices, to the extent that such information:

a) secret in the sense that it is not, as a body or in the precise configuration and assembly of its components, generally known or readily accessible to persons within the circles in which the type of information in question is normally used; and

b) has a commercial value because it is secret; and

c) has been the subject of reasonable measures, in the circumstances, to keep it secret, taken by the person lawfully in control of it.

3. In order to grant the protection referred to in this Article, each Party shall require that an industrial and trade secret be contained in documents, electronic or magnetic media, optical discs, microfilms, films or other similar instruments.

4. No Party may limit the duration of protection for industrial and trade secrets, as long as the conditions described in subparagraphs a), b) and c) of paragraph 2 exist.

5. No Party shall discourage or prevent the voluntary licensing of trade secrets by imposing excessive or discriminatory conditions on such licenses, or conditions that dilute the value of trade secrets.

Section J - Control of anticompetitive practices in contractual licenses Article 15-36: Control of anticompetitive practices in contractual licenses.

1. The Parties agree that certain practices or conditions relating to the licensing of intellectual property rights referred to in this Chapter, which restrict competition, may have adverse effects on trade and may impede the transfer and dissemination of technology.

2. Nothing in this Chapter shall prevent the Parties from specifying in their legislation practices or conditions relating to licensing that may constitute, in certain cases, an abuse of intellectual property rights that has an adverse effect on competition in the relevant market. As provided in paragraph 1, a Party may adopt, in a manner consistent with the other provisions of this Chapter, appropriate measures to prevent or control such practices which may include exclusive grant-back conditions, conditions preventing challenges to validity and compulsory joint licensing, in the light of that Party's relevant laws and regulations.

Section K - Enforcement of Intellectual Property Rights.

Article 15-37: General obligations.

1. The Parties shall ensure that their legislation establishes procedures for the enforcement of the intellectual property rights referred to in this Chapter in accordance with the provisions of this Section that permit the adoption of effective measures against any infringing action, including expeditious remedies to prevent infringements, and remedies that constitute an effective deterrent to further infringements. These procedures shall be applied in such a way as to avoid the creation of obstacles to legitimate trade and shall provide safeguards against their abuse.

2. Procedures relating to the enforcement of intellectual property rights shall be fair and equitable. They shall not be unnecessarily complicated or burdensome, nor involve unjustified time limits or unnecessary delays.

3. Decisions on the merits of a case shall preferably be formulated in writing and shall be reasoned. They shall be made available, at least to the parties to the proceedings, without undue delay. They shall be based only on evidence on which the parties have been given an opportunity to be heard.

4. The parties to the proceeding shall be given the opportunity for a review by a judicial authority of final administrative decisions and, subject to the jurisdictional provisions of each Party's law relating to the importance of a case, of at least the legal aspects of the initial judicial decisions on the merits of the case. However, it shall not be mandatory to give them the opportunity to review acquittals in criminal cases.

5. It is understood that this section does not impose any obligation to establish a judicial system for the enforcement of intellectual property rights different from that already existing for the enforcement of law in general, nor does it affect the ability of the Parties to enforce their law in general. Nothing in this Section creates any obligation with respect to the allocation of resources between intellectual property enforcement and general law enforcement.

Article 15-38: Fair and equitable procedures.

The Parties shall make available to right holders civil judicial procedures for the enforcement of all intellectual property rights referred to in this Chapter. Defendants shall be entitled to receive written notice in a timely manner and in sufficient detail, including the basis of the claim. Parties shall be permitted to be represented by independent counsel and the proceedings shall not impose unduly burdensome requirements as to mandatory personal appearances. All parties to these proceedings shall have adequate opportunity to present their case and to present all relevant evidence. The procedure shall provide for means to identify and protect confidential information, unless this would be contrary to existing constitutional requirements.

Article 15-39: Tests.

1. The judicial authorities shall have the authority to order that, where a party has presented reasonably available evidence sufficient to support its allegations, and has identified any evidence relevant to substantiate its allegations that is in the control of the opposing party, the opposing party shall provide such evidence, subject, in appropriate cases, to conditions that ensure the protection of confidential information.

2. In the event that a party to the proceeding voluntarily and without good cause refuses access to necessary information or otherwise does not provide such information within a reasonable period of time or substantially impedes a proceeding relating to a measure taken to secure the enforcement of a right, the Parties may empower the judicial authorities to make preliminary and final determinations, affirmative or negative, on the basis of the information submitted to them, including the claim or allegation made by the party adversely affected by the denial of access to information, provided that the parties are given an opportunity to be heard on the allegations or evidence.

Article 15-40:Injunctions.

1. Judicial authorities shall have the authority to order a party to desist from an infringement, inter alia, to prevent imported goods that infringe an intellectual property right from entering the channels of commerce within their jurisdiction immediately after customs clearance of the goods. Parties are not required to grant such a power in relation to protected subject matter that has been acquired or ordered by a person before knowing or having reasonable grounds to know that dealing in such subject matter would involve an infringement of an intellectual property right.

2. Notwithstanding the other provisions of this Section, and provided that the provisions of this Chapter specifically referring to use by the government, or by third parties authorized by the government, without the consent of the right holder are respected, the Parties may limit the remedies available against such use to the payment of adequate compensation to the right holder, according to the circumstances of each case, taking into account the economic value of the authorization. In other cases, the remedies provided for in this Section shall apply or, where such remedies are incompatible with national law, declaratory judgments and adequate compensation may be obtained.

Article 15-41: Damages.

1. The judicial authorities shall have the authority to order the infringer to pay the right holder adequate damages to compensate for the harm suffered by the right holder as a result of an infringement of his intellectual property right caused by an infringer who knowingly, or with reasonable grounds to know, engaged in infringing activity.

2. The judicial authorities shall also have the authority to order the infringer to pay the right holder's expenses, which may include attorney's fees, as appropriate. Where appropriate, the Parties may empower the judicial authorities to award damages for profits and/or compensation for damages previously recognized, even if the infringer did not know or had no reasonable grounds to know that he had engaged in infringing activity.

Article 15-42: Other resources.

In order to provide an effective deterrent to infringement, the judicial authorities shall be empowered to order that goods found to be infringing goods be, without compensation, removed from the channels of commerce in such a way as to avoid causing damage to the right holder, or that they be destroyed, provided that this is not incompatible with constitutional provisions in force. The judicial authorities shall also be empowered to order that the materials and instruments that have been predominantly used for the production of the infringing goods be, without compensation, removed from the channels of commerce in such a way as to minimize the risk of further infringements. The need for proportionality between the seriousness of the infringement and the measures ordered, as well as the interests of third parties, shall be taken into account when processing the corresponding requests. In the case of counterfeit trademark goods, the simple removal of the trademark unlawfully affixed shall not be sufficient, except in exceptional cases, to allow the goods to be placed in the channels of commerce.

Article 15-43: Right to information.

The Parties may provide that, unless it is disproportionate to the seriousness of the infringement, the judicial authorities may order the infringer to inform the right holder of the identity of third parties who have participated in the production and distribution of the infringing goods or services, and of their distribution channels.

Article 15-44: Indemnification of defendant.

1. The judicial authorities shall have the authority to order a party, at whose request measures have been taken and who has abused the enforcement procedure, to adequately compensate the party on whom an obligation or restriction has been improperly imposed, for the damage suffered as a result of such abuse. The judicial authorities shall also be empowered to order the plaintiff to pay the defendant's expenses, which may include attorney's fees, as appropriate.

2. In connection with the administration of any legislation relating to the protection or enforcement of intellectual property rights, the Parties shall exempt both authorities and public officials from liability that would give rise to appropriate remedial measures only in the case of actions taken or intended in good faith for the administration of such legislation.

Article 15-45: Administrative proceedings.

To the extent that civil remedies may be ordered from administrative proceedings concerning the merits of a case, such proceedings shall follow principles substantially equivalent to those set forth in Articles 15-38 through 15-44.

Article 15-46: Provisional measures.

1. The judicial authorities shall be empowered to order the adoption of prompt and effective provisional measures aimed at:

a) to prevent the infringement of any intellectual property rights covered by this chapter and, in particular, to prevent goods from entering the channels of commerce within their jurisdiction, including imported goods, immediately after customs clearance; and

b) preserve relevant evidence related to the alleged infringement.

2. The judicial authorities shall be empowered to take provisional measures, where appropriate, without having heard the other party, in particular where any delay is likely to cause irreparable harm to the right holder, or where there is a demonstrable risk of destruction of evidence.

3. The judicial authorities shall have the authority to require the plaintiff to produce such evidence as is reasonably available to them to establish to their satisfaction to a sufficient degree of certainty that the plaintiff is the right holder and that his right is or will be imminently infringed, and to order the plaintiff to furnish a bond or equivalent security sufficient to protect the defendant and to prevent abuse.

4. Where provisional measures have been taken without the other party having been heard, they shall be promptly notified to the affected party no later than immediately after their application. At the request of the respondent, a review shall be held within a reasonable time after such notification, in which the right to be heard shall be recognized, with a view to deciding whether such measures should be modified, revoked or confirmed.

5. The authority responsible for the enforcement of the provisional measures may require the applicant to submit any other information necessary for the identification of the goods in question.

6. Without prejudice to the provisions of paragraph 4, interim measures taken under paragraphs 3 and 4 shall be subject to the provisions of paragraph 4.

1 and 2 shall be revoked or otherwise terminated, at the request of the respondent, if the proceedings leading to a decision on the merits of the case are not initiated within a reasonable period of time to be established where the law of a Party so permits, by determination of the judicial authority that ordered the measures, which in the absence of such determination shall not exceed 20 working days or 31 calendar days, whichever is longer.

7. In cases where the provisional measures are revoked or lapse by action or omission of the plaintiff, or in those cases where it is subsequently determined that there was no infringement or threat of infringement of an intellectual property right, the judicial authorities shall have the authority to order the plaintiff, upon request of the defendant, to pay the defendant adequate compensation for any damage caused by such measures.

8. To the extent that provisional measures may be ordered as a result of administrative proceedings, such proceedings shall follow principles substantially equivalent to those set forth in this article.

Section L - Special requirements relating to border measures Article 15-47:

Suspension of customs clearance by customs authorities.

1. The Parties, in accordance with the provisions of this section, shall adopt procedures so that the holder of a right, who has valid reasons to suspect that the importation of counterfeit trademark goods or pirated goods infringing copyright is being prepared, may submit to the competent authorities, administrative or judicial, a written complaint in order that the customs authorities suspend the release of such goods for free circulation.

2. The Parties may authorize such a demand to be made also in respect of goods involving other infringements of intellectual property rights, provided that the requirements of Articles 15-47 to 15-56 are complied with. The Parties may also establish similar procedures for customs authorities to suspend the release of such goods destined for export from their territory.

Article 15-48: Demand.

Any right holder initiating proceedings under Article 15-47 shall be required to submit sufficient evidence to satisfy the competent authorities that, under the law of the country of importation, there is a presumption of infringement of his intellectual property right and to provide a sufficiently detailed description of the goods so that they can be readily recognized by the customs authorities. The competent authorities shall communicate to the

The time limit for action by the customs authorities, if they have accepted the complaint and, when they themselves establish it, within a reasonable period of time.

Article 15-49: Surety or equivalent guarantee.

1. The competent authorities shall have the authority to require the claimant to provide a bond or equivalent security sufficient to protect the respondent and the competent authorities and to prevent abuse. Such bond or equivalent security shall not unduly deter recourse to these procedures.

2. Where, as a result of an application under this Section, the customs authorities have suspended the release for free circulation of goods involving industrial designs, patents or undisclosed information, on the basis of a decision not taken by a judicial or other independent authority, and the time limit stipulated in Article 15-51 has expired without the authority duly empowered for that purpose having issued a provisional precautionary measure, and if all other conditions required for importation have been complied with, the owner, importer or consignee of such goods shall be entitled to obtain the release of such goods upon the posting of a bond in an amount sufficient to protect the right holder in any case of infringement. The payment of such security shall be without prejudice to any other remedy available to the right holder, and it shall also be understood that the security shall be returned if the right holder does not exercise the right of action within a reasonable period of time.

Article 15-50: Notification of suspension.

The importer and the claimant shall be promptly notified of the suspension of customs clearance of the goods, in accordance with Article 15-47.

Article 15-51: Duration of suspension.

If, within a period not exceeding 10 working days from the communication of the suspension to the applicant by notice, the customs authorities have not been informed that a party, other than the defendant, has initiated proceedings leading to a decision on the merits of the case or that the authority duly empowered for that purpose has taken provisional measures prolonging the suspension of the release of the goods, the goods shall be released if all other conditions required for their import or export have been fulfilled. In appropriate cases, the aforementioned period may be extended for a further 10 working days. If proceedings leading to a decision on the merits of the case have been initiated at the request of the defendant, a review, including the right of the defendant to be heard, shall be carried out within a reasonable period of time to decide whether such measures should be modified, revoked or confirmed. However, where the suspension of customs clearance is effected or continued pursuant to a provisional judicial measure, the provisions of paragraph 6 of article 15-46 shall apply.

Article 15-52: Indemnification of the importer and the owner of the goods.

The relevant authorities shall have the authority to order the claimant to pay the importer, the consignee and the owner of the goods adequate compensation for any damage to them caused by the wrongful detention of the goods or by the detention of goods that have been cleared in accordance with the provisions of article 15-51.

Article 15-53: Right of inspection and information.

Without prejudice to the protection of confidential information, the Parties shall empower the competent authorities to give the right holder sufficient opportunity to have any goods detained by the customs authorities inspected in order to substantiate his claims. The competent authorities shall also be empowered to give the importer equivalent opportunities to have such goods inspected. The Parties may empower the competent authorities, when a positive decision has been taken on the merits of the case, to communicate to the right holder the name and address of the consignor, the importer and the consignee, as well as the quantity of the goods in question.

Article 15-54: Ex officio action.

When the Parties request the competent authorities to act on their own initiative and suspend the release of those goods for which they have the presumption that they infringe an intellectual property right:

a) the competent authorities may at any time request from the right holder any information that may be useful to them in exercising that power;

b) the importer and the right holder shall be notified without delay of the suspension. If the importer appeals against it to the competent authorities, the suspension shall be subject, *mutatis mutandis*, to the conditions provided for in article 15-51; and

c) the Parties shall exempt both authorities and public officials from liability, which would give rise to appropriate remedial action only in the case of actions taken or attempted in good faith.

Article 15-55: Resources.

Without prejudice to the other actions to which the right holder is entitled and subject to the right of the defendant to appeal to a judicial authority, the competent authorities shall be empowered to order the destruction or disposal of the infringing goods, in accordance with the principles set out in Article 15-42. With respect to counterfeit trademark goods, the authorities shall not, except in exceptional circumstances, allow the infringing goods to be re-exported in the same state or subject them to a different customs procedure.

Article 15-56: Insignificant imports.

The Parties may exclude from the application of the foregoing provisions small quantities of goods which are not of a commercial nature and which form part of the personal baggage of travelers or are sent in small consignments.

Section M - Criminal Provisions

Article 15-57: Criminal Proceedings.

1. Parties shall establish criminal procedures and penalties at least for cases of wilful trademark counterfeiting or copyright piracy on a commercial scale. The remedies available shall include imprisonment and/or the imposition of sufficiently dissuasive monetary penalties consistent with the level of penalties applied for offenses of corresponding gravity.

2. Where appropriate, available remedies shall also include the seizure, forfeiture and destruction of infringing goods and of all materials and accessories predominantly used for the commission of the offense. The Parties may provide for the application of criminal procedures and penalties in other cases of infringement of intellectual property rights, in particular when committed with intent and on a commercial scale.

Section N - Final provisions

Article 15-58: Application of the rules of this chapter.

1. The rules contained in this Chapter do not give rise to obligations in respect of acts performed before the date of entry into force of this Agreement.

2. Except as otherwise provided, the rules contained in this Chapter give rise to obligations in respect of all subject matter existing on the date of entry into force of this Agreement and protected in that Party on that date. As regards this paragraph and paragraph 3, copyright protection obligations relating to existing works shall be determined solely in accordance with Article 18 of the Berne Convention.

3. There shall be no obligation to restore protection to subject matter that, on the date of entry into force of this Treaty, has passed into the public domain.

CHAPTER XVI

TRANSPARENCY

Article 16-01: Information Center.

1. Each Party shall designate a unit or office as an information center to facilitate communication between the Parties on any matter covered by this Agreement.

2. When requested by a Party, the information center of the other Party shall indicate the unit or official responsible for the matter and provide such support as may be required to facilitate communication with the requesting Party.

Article 16 -02: Publication.

1. Each Party shall ensure that its laws, regulations, procedures and administrative rulings of general application that relate to any matter covered by this Agreement are promptly published in the state Party issuing or processing them or made available for the information of the Parties and any interested party.

2. To the extent possible, each Party shall publish in advance any measure it proposes to adopt that concerns any matter related to this Agreement, and shall provide the other Party with a reasonable opportunity to request information and comment on the proposed measures.

Article 16-03: Notification and provision of information.

1. Each Party shall, to the extent possible, notify the other Party of any measure in force that the Party considers may substantially affect or will substantially affect the interests of that other Party under the terms of this Agreement.

2. Each Party shall, upon request of the other Party, provide information and promptly respond to its requests for information on any measure in force relating to this treaty, notwithstanding that that Party has been previously notified of that measure.

3. The notification or provision of information referred to in this Article shall be made without prejudice to whether or not the measure is compatible with this Treaty.

CHAPTER XVII TREATY

ADMINISTRATION

Article 17-01: Administrative Commission.

1. The Parties establish the Administrative Commission, composed of the officials referred to in Annex 17-01(1) or by the persons designated by them.

2. The Commission shall have the following functions:

   a) to ensure compliance with and the correct application of the provisions of this Treaty;

   b) evaluate the results achieved in the implementation of this Treaty and monitor its development;

   c) resolve any differences that may arise with respect to its interpretation or application;

   d) oversee the work of all committees established under this Treaty and included in Annex 17-01(2); and

   e) to hear any other matter that may affect the operation of this Agreement, or any other matter that may be entrusted to it by the Parties.

3. The Commission may:

   a) establish and delegate responsibilities to *ad hoc* or standing committees;

   b) seek advice from individuals or groups with no governmental connection; and

   c) if agreed by the Parties, take any other action in the exercise of its functions.

4. The Commission shall make all its decisions unanimously.

5. The Commission shall meet at least once a year. The meetings shall be chaired successively by each Party.

Article 17- 02: Secretariat.

1. Each Party shall designate an official office or unit to serve as that Party's Secretariat and shall communicate to the other Party: the name and position of the official responsible for its Secretariat; and the address of its Secretariat to which communications should be addressed.

2. The Commission shall supervise the coordinated functioning of the secretariats of the Parties.

3. It shall be the responsibility of the Secretariats:

a) provide assistance to the Commission;

b) provide administrative support to the arbitration tribunals;

c) by direction of the Commission to support the work of the committees established under this Treaty;

d) the payment of remuneration and expenses due to arbitrators and experts appointed in accordance with this Treaty, as provided in the Annex to this Article; and

e) perform such other duties as may be assigned to it by the Commission.

Exhibit 17-01(1)

Officers of the Administrative Commission

The officers referred to in Article 17-01 are:

a) in the case of Mexico, the Secretary of Economy, or his successor; and

b) in the case of Uruguay, the Minister of Foreign Affairs, or his successor.

Annex 17-01(2)

Committee

s

1. Committee on Trade in Goods (Article 3-15)
2. Committee on Rules of Origin and Customs Procedures (Article 4-18)
3. Committee on Sanitary and Phytosanitary Measures (Article 8-10)
4. Committee on Temporary Entry of Business Persons (Article 12-06)
5. Trade and Competition Committee (Article 14-05)

Exhibit 17-02

Remuneration and Expense

Payment

1. The Commission shall fix the amounts of remuneration and expenses to be paid to arbitrators and experts.

2. The remuneration of the arbitrators, experts and their assistants, their transportation and accommodation expenses, and all general expenses of the arbitral tribunals shall be covered in equal portions by the Parties.

3. Each arbitrator and expert shall keep a record and submit a final account of his time and expenses, and the arbitral tribunal shall keep a similar record and submit a final account to the Secretariat of all general expenses.

CHAPTER XVIII

SETTLEMENT OF DISPUTES

Article 18-01: Scope of Application.

Except as otherwise provided in this Agreement, disputes arising between the Parties regarding the interpretation, application or breach of the provisions contained herein, and disputes that may arise between the Parties regarding the application of measures in force that are deemed inconsistent with the obligations of the Agreement or that may cause nullification or impairment of benefits within the meaning of Annex 18-01, shall be subject to the dispute settlement procedure set forth in this Chapter.

Article 18-02: Dispute settlement under the WTO Agreement.

1. Any dispute arising in connection with the provisions of this Agreement and the WTO Agreement may be resolved in either forum at the option of the complaining Party.

2. Before the complaining Party initiates dispute settlement proceedings under the WTO Agreement against another Party alleging matters substantially equivalent to those that it may invoke under this Chapter, the complaining Party shall give written notice of its intention to do so to the other Party.

3. Once a Party has initiated dispute settlement proceedings under the WTO Agreement, or under the procedure provided for in this Chapter, it may not resort to the other forum with respect to the same matter.

4. For purposes of this Article, dispute settlement procedures under the WTO Agreement shall be deemed to have been initiated when a Party requests the establishment of a panel pursuant to Article 6 of the Understanding on Rules and Procedures Governing the Settlement of Disputes, which is part of the WTO Agreement. Likewise, dispute settlement procedures with respect to this Chapter shall be deemed to have been initiated when a Party requests the establishment of an Arbitral Tribunal pursuant to Article 18 -04.

Article 18-03: Consultations.

1. The Parties shall endeavor to resolve disputes referred to in Article 18-01 through consultations with a view to reaching a mutually satisfactory solution.

2. Either Party may request consultations with the other Party, which shall be communicated to the Commission. Any request for consultations shall be submitted in writing to the other Party and shall state the reasons on which it is based, with an indication of the subject matter of the dispute and the legal basis of the complaint.

3. The Parties shall provide the information that allows analyzing the matter, treating such written or oral information confidentially and shall consult among themselves in order to reach a solution. The consultations shall not prejudice the rights of any of the Parties that are dealt with in other competent forums.

4. This stage may not be extended for more than 30 days from the date of receipt by the other Party of the formal request to enter into consultations, unless the Parties, by mutual agreement, extend this period.

Article 18-04: Request for the establishment of an Arbitral Tribunal.

When the dispute could not be settled through consultations, the Party initiating the proceedings may request in writing to the other Party the establishment of an Arbitral Tribunal.

Article 18-05: Integration of the Arbitral Tribunal.

1. Unless otherwise agreed by the Parties, the Arbitral Tribunal shall be composed of three (3) arbitrators.

2. In the written notification provided for in Article 18-04, the Party requesting the Arbitral Tribunal shall appoint an arbitrator to the Arbitral Tribunal who may be a national of that Party.

3. Within 15 days of receipt of the request for the establishment of an Arbitral Tribunal, the other Party shall appoint a member of the Arbitral Tribunal, who may be a national of that Party.

4. Within 30 days after receipt of the request for the establishment of an Arbitral Tribunal, the Parties shall agree on the appointment of the third arbitrator of the Arbitral Tribunal. Unless otherwise agreed by the Parties, the third member shall not be a national or resident of either Party. The arbitrator so appointed shall be the presiding arbitrator of the Arbitral Tribunal.

5. If any of the three arbitrators has not been nominated or appointed within thirty days of receipt of the notification referred to in paragraph 2 of this Article, the Director-General of the WTO shall, at the request of any Party, make the required appointments within a further thirty days.

6. The remuneration of the arbitrators and the other expenses of the Arbitral Tribunal shall be borne in equal amounts by the Parties.

Article 18-06: Requirements of the Referees.

1. The arbitrators sitting on the Arbitral Tribunal shall act in their personal capacity and not as representatives of the Parties, of a government or of an international organization. Consequently, the Parties shall refrain from giving them instructions and from exercising any kind of influence over them with respect to the matters submitted to the Arbitral Tribunal.

2. The arbitrators that make up the Arbitral Tribunal shall comply with and abide by the provisions contained in the Code of Conduct. No later than 30 days after the entry into force of this Agreement, the Commission shall establish the Code of Conduct.

Article 18-07: Role of the Arbitral Tribunal.

1. The Arbitral Tribunal shall consider the dispute raised, objectively assessing the facts, taking into account the provisions of the Treaty, the additional instruments and agreements signed within the framework of the Treaty, the information provided by the Parties and the customary rules of interpretation of public international law. The Arbitral Tribunal shall give the Parties an opportunity to present their respective positions and shall formulate its conclusions.

2. The Arbitral Tribunal shall have the right to seek information and request technical advice from any person or entity it deems appropriate. However, before seeking information or requesting advice from a person or entity subject to the jurisdiction of a Party, the Arbitral Tribunal shall notify the Parties.

3. The Parties shall provide a prompt and complete response to any request addressed to them by the Arbitral Tribunal for such information as it deems necessary and relevant. The information provided shall not be disclosed without the formal authorization of the person, institution or authority of the Party that provided it.

Article 18-08: Consolidation of Procedures.

Unless they decide otherwise, the Parties shall join two or more proceedings before them under this Article relating to the same measure. The Parties may join two or more proceedings concerning other matters before them under this Article, where they consider it appropriate to consider them together.

Article 18-09: Rules of procedure.

1. The Arbitral Tribunal shall conduct the proceedings in accordance with the rules of procedure established by the Commission no later than 30 days after the entry into force of this Treaty.

2. The Commission may modify, when it deems necessary, the model rules of procedure referred to in paragraph 1.

Article 18-10: Award of the Arbitral Tribunal.

The Arbitral Tribunal shall have 90 days from the date of its establishment to submit an award with its findings to the Commission on whether the measure in force is incompatible with the Treaty or whether the measure is grounds for nullification or impairment. In the latter case, the Arbitral Tribunal shall determine the level of nullification or impairment and may suggest adjustments mutually satisfactory to the Parties.

Article 18-11: Adoption of the Award of the Arbitral Tribunal.

1. The Commission shall meet within 15 days from the date on which the award of the Arbitral Tribunal was referred to it to consider its adoption. Unless there is consensus to the contrary, the Commission shall adopt the findings of the Arbitral Tribunal. In the absence of a meeting of the Commission, the award shall be deemed to be automatically adopted.

2. Without prejudice to the provisions of the preceding Article, the Commission may also issue recommendations for reaching a mutually satisfactory solution. In the event that the Party complained against fails to comply with the recommendations of the Commission, the complaining Party may proceed in accordance with the provisions of Article 18-13 to comply with the findings of the Arbitral Tribunal contained in its award.

Article 18-12: Compliance with the award of the Arbitral Tribunal.

1. When the award of the Arbitral Tribunal adopted by the Commission, in accordance with article 18-11, paragraph 1, concludes by majority vote that:

a) the measure is inconsistent with the Treaty, the Party complained against shall refrain from implementing the measure or shall repeal it; or

b) the measure causes nullification or impairment, the Party complained against shall refrain from enforcing the measure or shall repeal it, taking into consideration the level of nullification or impairment determined, if any, by the Arbitral Tribunal.

Article 18-13: Noncompliance - Suspension of Benefits.

1. The complaining Party may suspend the application of benefits of equivalent effect to the other Party, upon written notice to such Party, if the award of the Arbitral Tribunal adopted by the Commission concludes by majority vote that:

a) the measure is inconsistent with the obligations of the Treaty and the Party complained against fails to refrain from implementing or revoking it within 60 days after the referral of the Arbitral Tribunal's findings to the Commission, in accordance with Article 18-10; or

b) the measure is grounds for annulment or impairment and the Parties do not reach a mutually satisfactory resolution of the dispute within 60 days after the referral of the Arbitral Tribunal's findings to the Commission, in accordance with Article 18-10.

2. The suspension of benefits shall last until the Party complained against complies with the award of the Arbitral Tribunal adopted by the Commission or until the Parties reach a mutually satisfactory settlement of the dispute, as the case may be.

3. In reviewing the benefits to be suspended in accordance with the preceding article:

a) the complaining Party shall first seek to suspend benefits within the same sector or sectors that are affected by the measure or that have been the cause of nullification or impairment; and

b) the complaining Party that considers that it is not feasible or effective to suspend benefits in the same sector or sectors, may suspend benefits in other sectors, indicating the reasons on which it is based.

Article 18-14: Special Arbitral Tribunal.

1. At the written request of any Party to the dispute, communicated to the Commission, an ad hoc Arbitral Tribunal shall be set up to determine whether the level of benefits suspended by a complaining Party pursuant to the preceding Article is manifestly excessive. To the extent possible, the special Arbitral Tribunal shall be composed of the same arbitrators who were members of the Arbitral Tribunal that rendered the final award referred to in Article 18-10. Otherwise, the special Arbitral Tribunal shall be composed in accordance with the provisions of Article 18-05.

2. The Special Arbitral Tribunal shall submit its award to the Commission within 60 days of its establishment, or within such other period of time as the parties to the dispute may agree.

Article 18-15: Emergency Situations - Perishable Products.

In cases involving perishable products, the Parties shall enter into consultations within a period not exceeding ten (10) days from the date of the request, and shall make every effort to expedite the other stages of the procedure.

Article 18-16: Promotion of Arbitration.

Each Party shall seek and facilitate recourse to arbitration and other alternative means for the settlement of commercial disputes between private parties of both countries. To this end, the Commission may establish a consultative group on this matter, composed of experts from both countries.

Exhibit 18-01

Cancellation and impairment

1. A Party may have recourse to the dispute settlement mechanism of this Chapter where, by virtue of the application of a measure that does not contravene the Treaty, it considers that the benefits that it could reasonably have expected to receive from the application are nullified or impaired:

a) of Chapters III (National Treatment and Market Access for Goods), IV (Rules of Origin), V (Customs Procedures for the Origin Management of Goods), VI (Safeguards), VII (Unfair Trade Practices), VIII (Sanitary and Phytosanitary Measures), IX (Standards, Technical Regulations and Conformity Assessment Procedures);

b) of Chapter X (Cross-Border Trade in Services); or

c) of Chapter XV (Intellectual Property).

2. With respect to measures subject to an exception under Article 19-02 (General Exceptions), a Party may not invoke:

a) paragraph 1(a) to the extent that the benefit derives from any provision relating to cross-border trade in services of Chapters III (National Treatment and Market Access for Goods), IV (Rules of Origin), V (Customs Procedures for the Origin Management of Goods), VI (Safeguards), VII (Unfair Trade Practices), VIII (Sanitary and Phytosanitary Measures), IX (Standards, Technical Regulations and Conformity Assessment Procedures);

b) paragraph 1b); nor

c) paragraph 1c).

CHAPTER XIX

EXCEPTIONS

Article 19-01: Definitions.

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

tax treaty: a convention for the avoidance of double taxation or other international tax treaty or arrangement;

Fund: the International Monetary Fund; and

taxes and tax measures do not include:

a) a "customs duty" as defined in Article 2-01 (General Definitions); or

b) the measures listed in exceptions (b), (c) and (d) of that definition; payments for current international transactions: "payments for current international transactions" as defined in the Articles of Agreement of the Fund; international capital transactions: "international capital transactions" as defined in the Articles of Agreement of the Fund; and transfers: international transactions and international transfers and related payments.

Article 19-02: General exceptions.

1. Article XX of GATT 1994 and its interpretative notes are incorporated into this Agreement and form an integral part thereof, for the purposes of:

a) Chapters III (National Treatment and Market Access for Goods), IV (Rules of Origin), V (Customs Procedures for the Handling of Origin of Goods), VI (Safeguards), VII (Unfair Trade Practices), except to the extent that any of their provisions apply to services or investment;

b) Chapter VIII (Sanitary and Phytosanitary Measures), except to the extent that any of its provisions apply to services or investment; and

c) Chapter IX (Standards, Technical Regulations and Conformity Assessment Procedures), except to the extent that any of its provisions apply to services.

2. Article XIV of the GATS is incorporated into and made an integral part of this Agreement for the purposes of:

a) Chapters III (National Treatment and Market Access for Goods), IV (Rules of Origin), V (Customs Procedures for the Origin Management of Goods), VI (Safeguards), VII (Unfair Trade Practices) and Chapter VIII (Sanitary and Phytosanitary Measures), except to the extent that any of their provisions apply to services;

b) Chapter IX (Standards, Technical Regulations and Conformity Assessment Procedures);

c) Chapter X (Cross-Border Trade in Services); and

d) Chapter XI (Telecommunications).

Article 19-03: National security.

Nothing in this Agreement shall be construed to mean:

a) oblige a Party to provide or give access to information the disclosure of which it considers contrary to its essential security interests;

b) prevent a Party from taking any measure it considers necessary to protect its essential security interests:

i) relating to trade in armaments, munitions and war materiel and to trade and transactions in goods, materials, services and technology carried out for the direct or indirect purpose of supplying a military institution or other defense establishment,

ii) adopted in time of war or other emergencies in international relations, or

(iii) relating to the implementation of national policies or international agreements on the non-proliferation of nuclear weapons or other nuclear explosive devices; or

c) prevent any Party from taking action in accordance with its obligations under the United Nations Charter for the Maintenance of International Peace and Security.

Article 19-04: Exceptions to the disclosure of confidential information.

Nothing in this Agreement shall be construed to require a Party to furnish or give access to confidential information the disclosure of which would impede compliance with or be contrary to its Constitution or laws.

Article 19-05: Taxation.

1. Except as provided in this Article, nothing in this Agreement shall apply to taxation measures.

2. Nothing in this Agreement shall affect the rights and obligations of either Party under any tax convention. In the event of any inconsistency between this Agreement and any such treaty, the treaty shall prevail to the extent of the inconsistency.

3. Notwithstanding the provisions of paragraph 2:

a) Article 3-02 (National Treatment), and such other provisions in this Agreement as are necessary to give effect to that Article, shall apply to taxation measures to the same extent as Article III of GATT 1994; and

b) Article 3-10 (Export Taxes), shall apply to tax measures.

4. Article 13-11 (Expropriation and Compensation) shall apply to taxation measures, except that no investor may invoke that Article as a basis for a claim made under Article 13-16 (Claim by an investor of a Party on its own behalf, on account of damages suffered by itself) or Article 13-17 (Claim by an investor of a Party on behalf of an enterprise on account of damages suffered by an enterprise of the other Party that is a juridical person owned or controlled directly or indirectly by the investor). If the competent authorities of the Parties do not agree to examine the matter or if, having agreed to examine the matter, they do not agree that the measure does not constitute an expropriation, within 6 (six) months after the matter has been submitted to them, the investor may submit a claim to arbitration in accordance with Article 13-20 (Submission of Claim to Arbitration).

Article 19-06: Balance of payments.

1. Nothing in this Agreement shall be construed to prevent a Party from adopting or maintaining measures that restrict transfers where the Party faces serious balance of payments difficulties, or the threat thereof, provided that the restrictions are consistent with this Article.

2. As soon as practicable after a Party applies a measure under this Article, the Party shall:

a) submit for review by the Fund all restrictions on current account operations in accordance with Article VIII of the Articles of Agreement of the International Monetary Fund;

b) initiate good faith consultations with the Fund on economic adjustment measures to address the fundamental economic problems underlying the difficulties; and

c) adopt or maintain economic policies compatible with such consultations.

3. Measures implemented or maintained pursuant to this article shall:

a) avoid unnecessary damage to the commercial, economic or financial interests of the other Party;

b) not be more onerous than necessary to deal with balance of payments difficulties, or the threat thereof;

c) be temporary and be phased out progressively as the balance of payments situation improves;

d) be consistent with those of paragraph 2(c), as well as with the Articles of Agreement of the Fund; and

e) The most favorable of the national treatment and most favored nation principles shall be applied.

4. A Party may adopt or maintain a measure under this Article that gives priority to objectives essential to its economic program, provided that the Party does not apply the measure for the purpose of protecting a particular industry or sector, unless the measure is consistent with paragraph 2(c), and with Article VIII (3) of the Articles of Agreement of the Fund.

5. Restrictions imposed on transfers:

a) shall be consistent with Article VIII (3) of the Articles of Agreement of the Fund, when applied to payments for current international transactions;

b) shall be consistent with Article VI of the Articles of Agreement of the Fund and shall be applied only in conjunction with measures on payments for current international transactions in accordance with paragraph 2(a), when applied to international capital transactions;

c) may not substantially prevent transfers from being made in freely usable currency at a market rate of exchange when applied to transfers under Article 13-10 (Transfers) and to transfers relating to trade in goods; and

d) may not take the form of tariff surcharges, quotas, licenses or similar measures.

Annex 19-05

Competent authorities

For the purposes of article 19-05, the competent authorities are:

a) for the case of Mexico, the Undersecretary of Revenue of the Ministry of Finance and Public Credit, or his successor; and

b) in the case of Uruguay, the Director General de Rentas, or his successor.

CHAPTER XX FINAL PROVISIONS

Article 20-01: Annexes.

The annexes to this Agreement constitute an integral part of this Agreement.

Article 20-02: Amendments.

1. The Parties may agree on any modification or addition to this Agreement.

2. The agreed modifications and additions shall enter into force once they are approved according to the corresponding legal procedures of each Party and shall constitute an integral part of this Agreement.

Article 20-03: Entry into force.

This Agreement shall enter into force 30 days after the exchange of communications certifying that the necessary legal formalities in each Party have been completed.

Article 20-04: Future Negotiations - Public Sector Procurement and Financial Services.

1. The Parties agree to conclude a chapter on government procurement no later than two (2) years after the entry into force of this Agreement. This Chapter shall be defined by mutual agreement with a broad scope of application. The Commission shall establish the relevant procedures to carry out the above.

2. The Parties agree to conclude a chapter on financial services no later than two (2) years after the entry into force of this Agreement. This Chapter shall be defined by mutual agreement with a broad scope of application. The Commission shall establish the relevant procedures to carry out the above.

Article 20-05: Reservations.

This Treaty shall not be subject to reservations or interpretative declarations at the time of its ratification.

Article 20-06: Accession.

1. Any country or group of countries may accede to this Agreement subject to such terms and conditions as may be agreed between that country or group of countries and the Commission, and once its accession has been approved in accordance with the applicable legal procedures of each country.

2. This Agreement shall not enter into force between a Party and any acceding country or group of countries if at the time of accession any one of them does not give its consent.

3. The accession will enter into force once the communications certifying that the legal formalities have been completed have been exchanged.

Article 20-07: Complaint.

1. Either Party may denounce this Agreement. The denunciation shall take effect 180 days after it is communicated to the other Party, notwithstanding that the Parties may agree on a different term.

2. In the event of the accession of a country or group of countries in accordance with the provisions of Article 20-06, notwithstanding that a Party has denounced the Treaty, it shall remain in force for the other Parties.

Article 20-08: Treaty Revision Clause.

No later than two (2) years after the entry into force of this Agreement, the Commission shall consider further steps in the process of trade liberalization between Mexico and Uruguay. To that end, a case-by-case review of the tariffs applicable to the products listed in Annexes I and II, the quotas in force and the relevant rules of origin, as deemed appropriate, shall be carried out.

Article 20-09: Repeals and transitory provisions.

However, with respect to Chapter V (Customs Procedures for the Handling of the Origin of Goods), importers may request the application of ACE No. 5, for a period of 30 days, counted as of the entry into force of this Agreement. For such purposes, the certificates of origin issued pursuant to ACE No. 5 must have been completed prior to the entry into force of this Agreement, be in force, and be valid for up to the aforementioned period.

Signed in the city of Santa Cruz de la Sierra, Bolivia, on the fifteenth day of November, two thousand and three, in two equally authentic originals.

The President of the United Mexican States, **Vicente Fox Quesada,** Rubric.

The President of the Oriental Republic of Uruguay, **Jorge Battle Ibáñez** - Rubric.

This is a true and complete copy in Spanish of the Free Trade Agreement between the United Mexican States and the Oriental Republic of Uruguay, signed in the city of Santa Cruz de la Sierra, Bolivia, on November fifteenth, two thousand and three.

Extending the present, in three hundred and fifty-six useful pages, in the City of Mexico, Federal District, on the twenty-third day of June of the year two thousand and four, in order to incorporate it into the respective Decree of Promulgation - Consist.- Rubric.