

THE DOMINICAN REPUBLIC – CENTRAL AMERICA – UNITED STATES  
FREE TRADE AGREEMENT

## Table of Contents

Preamble

Chapter One Initial Provisions

Chapter Two General Definitions

Chapter Three National Treatment and Market Access for Goods

Chapter Four Rules of Origin and Origin Procedures

Chapter Five Customs Administration and Trade Facilitation

Chapter Six Sanitary and Phytosanitary Measures

Chapter Seven Technical Barriers to Trade

Chapter Eight Trade Remedies

Chapter Nine Government Procurement

Chapter Ten Investment

Chapter Eleven Cross-Border Trade In Services

Chapter Twelve Financial Services

Chapter Thirteen Telecommunications

Chapter Fourteen Electronic Commerce

Chapter Fifteen Intellectual Property Rights

Chapter Sixteen Labor

Chapter Seventeen Environment

Chapter Eighteen Transparency

Chapter Nineteen Administration of the Agreement and Trade Capacity Building

Chapter Twenty Dispute Settlement

Chapter Twenty-One Exceptions

Chapter Twenty-Two Final Provisions

Appendix 3.3.6 Special Rules of Origin

Annex 4.1 Specific Rules of Origin

Annex I

Annex II

Annex III

Schedule of Costa Rica to Annex 3.3

Schedule of the Dominican Republic to Annex 3.3

Schedule of El Salvador to Annex 3.3

Schedule of Guatemala to Annex 3.3

Schedule of Honduras to Annex 3.3

Schedule of Nicaragua to Annex 3.3

Schedule of the United States to Annex 3.3

## PREAMBLE

The Government of the Republic of Costa Rica, the Government of the Dominican Republic, the Government of the Republic of El Salvador, the Government of the Republic of Guatemala, the Government of the Republic of Honduras, the Government of the Republic of Nicaragua, and the Government of the United States of America, resolved to:

STRENGTHEN the special bonds of friendship and cooperation among their nations and promote regional economic integration;

CONTRIBUTE to the harmonious development and expansion of world trade and provide a catalyst to broader international cooperation;

CREATE an expanded and secure market for the goods and services produced in their territories while recognizing the differences in their levels of development and the size of their economies;

AVOID distortions to their reciprocal trade;

ESTABLISH clear and mutually advantageous rules governing their trade;

ENSURE a predictable commercial framework for business planning and investment;

BUILD on their respective rights and obligations under the Marrakesh Agreement Establishing the World Trade Organization and other multilateral and bilateral instruments of cooperation;

SEEK to facilitate regional trade by promoting efficient and transparent customs procedures that reduce costs and ensure predictability for their importers and exporters;

ENHANCE the competitiveness of their firms in global markets;

FOSTER creativity and innovation, and promote trade in goods and services that are the subject of intellectual property rights;

PROMOTE transparency and eliminate bribery and corruption in international trade and investment;

CREATE new opportunities for economic and social development in the region;

PROTECT, enhance, and enforce basic workers' rights and strengthen their cooperation on labor matters;

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

BUILD on their respective international commitments on labor matters;

IMPLEMENT this Agreement in a manner consistent with environmental protection and conservation, promote sustainable development, and strengthen their cooperation on environmental matters;

PROTECT and preserve the environment and enhance the means for doing so, including through the conservation of natural resources in their respective territories;

PRESERVE their flexibility to safeguard the public welfare;

RECOGNIZE the interest of the Central American Parties in strengthening and deepening their regional economic integration; and

CONTRIBUTE to hemispheric integration and provide an impetus toward establishing the Free Trade Area of the Americas;

HAVE AGREED as follows:

## Chapter One Initial Provisions

### Article 1.1: Establishment of a Free Trade Area

The Parties to this Agreement, consistent with Article XXIV of the General Agreement on Tariffs and Trade 1994 and Article V of the General Agreement on Trade in Services, hereby establish a free trade area.

### Article 1.2: Objectives

1. The objectives of this Agreement, as elaborated more specifically through its principles and rules, including national treatment, most-favored-nation treatment, and transparency, are to:
  - (a) encourage expansion and diversification of trade between the Parties;
  - (b) eliminate barriers to trade in, and facilitate the cross-border movement of, goods and services between the territories of the Parties;
  - (c) promote conditions of fair competition in the free trade area;
  - (d) substantially increase investment opportunities in the territories of the Parties;
  - (e) provide adequate and effective protection and enforcement of intellectual property rights in each Party's territory;
  - (f) create effective procedures for the implementation and application of this Agreement, for its joint administration, and for the resolution of disputes; and
  - (g) establish a framework for further bilateral, regional, and multilateral cooperation to expand and enhance the benefits of this Agreement.
2. The Parties shall interpret and apply the provisions of this Agreement in the light of its objectives set out in paragraph 1 and in accordance with applicable rules of international law.

### Article 1.3: Relation to Other Agreements

1. The Parties affirm their existing rights and obligations with respect to each other under the WTO Agreement and other agreements to which such Parties are party.

2. For greater certainty, nothing in this Agreement shall prevent the Central American Parties from maintaining their existing legal instruments of Central American integration, adopting new legal instruments of integration, or adopting measures to strengthen and deepen these instruments, provided that such instruments and measures are not inconsistent with this Agreement.

#### Article 1.4: Extent of Obligations

The Parties shall ensure that all necessary measures are taken in order to give effect to the provisions of this Agreement, including their observance, except as otherwise provided in this Agreement, by state governments.

### Chapter Two General Definitions

#### Article 2.1: Definitions of General Application

For purposes of this Agreement, unless otherwise specified:

Central America means the Republics of Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua;

central level of government means:

(a) for Costa Rica, the Dominican Republic, El Salvador, Guatemala, Honduras, and Nicaragua, the national level of government; and

(b) for the United States, the federal level of government;

Commission means the Free Trade Commission established under Article 19.1 (The Free Trade Commission);

covered investment means, with respect to a Party, an investment, as defined in Article 10.28 (Definitions), in its territory of an investor of another Party in existence as of the date of entry into force of this Agreement or established, acquired, or expanded thereafter;

customs authority means the competent authority that is responsible under the law of a Party for the administration of customs laws and regulations;

customs duty includes any customs or import duty and a charge of any kind imposed in connection with the importation of a good, including any form of surtax or surcharge in connection with such importation, but does not include any:

(a) charge equivalent to an internal tax imposed consistently with Article III:2 of the GATT 1994, in respect of like, directly competitive, or substitutable goods of the Party, or in respect of goods from which the imported good has been manufactured or produced in whole or in part;

(b) antidumping or countervailing duty that is applied pursuant to a Party's domestic law; or

(c) fee or other charge in connection with importation commensurate with the cost of services rendered;

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

days means calendar days;

enterprise means any entity constituted or organized under applicable law, whether or not for profit, and whether privately-owned or governmentally-owned, including any corporation, trust, partnership, sole proprietorship, joint venture, or other association;

enterprise of a Party means an enterprise constituted or organized under the law of a

Party;  
existing means in effect on the date of entry into force of this Agreement;  
GATS means the WTO General Agreement on Trade in Services;  
GATT 1994 means the WTO General Agreement on Tariffs and Trade 1994;  
goods of a Party means domestic products as these are understood in the GATT 1994 or such goods as the Parties may agree, and includes originating goods of that Party;  
Harmonized System (HS) means the Harmonized Commodity Description and Coding System, including its General Rules of Interpretation, Section Notes, and Chapter Notes, as adopted and implemented by the Parties in their respective tariff laws;  
heading means the first four digits in the tariff classification number under the Harmonized System;  
measure includes any law, regulation, procedure, requirement, or practice;  
national means a natural person who has the nationality of a Party according to Annex 2.1 or a permanent resident of a Party;  
originating means qualifying under the rules of origin set out in Chapter Four (Rules of Origin and Origin Procedures);  
Party means any State for which this Agreement is in force;  
person means a natural person or an enterprise;  
person of a Party means a national or an enterprise of a Party;  
preferential tariff treatment means the duty rate applicable under this Agreement to an originating good;  
procurement means the process by which a government obtains the use of or acquires goods or services, or any combination thereof, for governmental purposes and not with a view to commercial sale or resale or with a view to use in the production or supply of goods or services for commercial sale or resale;  
regional level of government means, for the United States, a state of the United States, the District of Columbia, or Puerto Rico. For Costa Rica, the Dominican Republic, El Salvador, Guatemala, Honduras, and Nicaragua, “regional level of government” is not applicable;  
Safeguards Agreement means the WTO Agreement on Safeguards;  
sanitary or phytosanitary measure means any measure referred to in Annex A, paragraph 1 of the SPS Agreement;  
SPS Agreement means the WTO Agreement on the Application of Sanitary and Phytosanitary Measures;  
state enterprise means an enterprise that is owned, or controlled through ownership interests, by a Party;  
subheading means the first six digits in the tariff classification number under the Harmonized System;  
territory means for a Party the territory of that Party as set out in Annex 2.1;  
TRIPS Agreement means the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights;  
WTO means the World Trade Organization; and  
WTO Agreement means the Marrakesh Agreement Establishing the World Trade Organization, done on April 15, 1994.

## Annex 2.1 Country-Specific Definitions

For purposes of this Agreement, unless otherwise specified:

natural person who has the nationality of a Party means:

- (a) with respect to Costa Rica, a costarricense as defined in Articles 13 and 14 of the Constitución Política de la República de Costa Rica;
  - (b) with respect to the Dominican Republic, a dominicano as defined in Article 11 of the Constitución de la República Dominicana;
  - (c) with respect to El Salvador, a salvadoreño as defined in Articles 90 and 92 of the Constitución de la República de El Salvador;
  - (d) with respect to Guatemala, a guatemalteco as defined in Articles 144, 145 and 146 of the Constitución de la República de Guatemala;
  - (e) with respect to Honduras, a hondureño as defined in Articles 23 and 24 of the Constitución de la República de Honduras;
  - (f) with respect to Nicaragua, a nicaragüense as defined in Article 15 of the Constitución Política de la República de Nicaragua; and
  - (g) with respect to the United States, “national of the United States” as defined in the existing provisions of the Immigration and Nationality Act; and
- territory means:

- (a) with respect to Costa Rica, the land, maritime, and air space under its sovereignty (for greater certainty, the territory of Costa Rica includes Coco Island) and the exclusive economic zone and the continental shelf within which it exercises sovereign rights and jurisdiction in accordance with international law and its domestic law;
- (b) with respect to the Dominican Republic, the land, maritime, and air space under its sovereignty and the exclusive economic zone and the continental shelf within which it exercises sovereign rights and jurisdiction in accordance with international law and its domestic law;
- (c) with respect to El Salvador, the land, maritime, and air space under its sovereignty and the exclusive economic zone and the continental shelf within which it exercises sovereign rights and jurisdiction in accordance with international law and its domestic law;
- (d) with respect to Guatemala, the land, maritime, and air space under its sovereignty and the exclusive economic zone and the continental shelf within which it exercises sovereign rights and jurisdiction in accordance with international law and its domestic law;
- (e) with respect to Honduras, the land, maritime, and air space under its sovereignty and the exclusive economic zone and the continental shelf within which it exercises sovereign rights and jurisdiction in accordance with international law and its domestic law;
- (f) with respect to Nicaragua, the land, maritime, and air space under its sovereignty and the exclusive economic zone and the continental shelf within which it exercises sovereign rights and jurisdiction in accordance with international law and its domestic law; and
- (g) with respect to the United States,
  - (i) the customs territory of the United States, which includes the 50 states, the District of Columbia, and Puerto Rico,
  - (ii) the foreign trade zones located in the United States and Puerto Rico, and
  - (iii) any areas beyond the territorial seas of the United States within which, in accordance with international law and its domestic law, the United States may exercise rights with respect to the seabed and subsoil and their natural resources.

## Chapter Three

### National Treatment and Market Access for Goods

#### Article 3.1: Scope and Coverage

Except as otherwise provided, this Chapter applies to trade in goods of a Party.

#### Section A: National Treatment

##### Article 3.2: National Treatment

1. Each Party shall accord national treatment to the goods of another Party in accordance with Article III of the GATT 1994, including its interpretive notes, and to this end Article III of the GATT 1994 and its interpretative notes are incorporated into and made part of this Agreement, *mutatis mutandis*.

2. The provisions of paragraph 1 regarding national treatment shall mean, with respect to a regional level of government, treatment no less favorable than the most favorable treatment that regional level of government accords to any like, directly competitive, or substitutable goods, as the case may be, of the Party of which it forms a part.

3. Paragraphs 1 and 2 shall not apply to the measures set out in Annex 3.2.

#### Section B: Tariff Elimination

##### Article 3.3: Tariff Elimination

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

2. Except as otherwise provided in this Agreement, each Party shall progressively eliminate its customs duties on originating goods, in accordance with Annex 3.3. (For greater certainty, except as otherwise provided in this Agreement, each Central American Party and the Dominican Republic shall provide that any originating good is entitled to the tariff treatment for the good set out in its Schedule to Annex 3.3, regardless of whether the good is imported into its territory from the territory of the United States or any other Party. An originating good may include a good produced in a Central American Party or the Dominican Republic with materials from the United States).

3. For greater certainty, paragraph 2 shall not prevent a Central American Party from providing identical or more favorable tariff treatment to a good as provided for under the legal instruments of Central American integration, provided that the good meets the rules of origin under those instruments.

4. On the request of any Party, the Parties shall consult to consider accelerating the elimination of customs duties set out in their Schedules to Annex 3.3. Notwithstanding Article 19.1.3(b) (The Free Trade Commission), an agreement between two or more Parties to accelerate the elimination of a customs duty on a good shall supercede any duty rate or staging category determined pursuant to their Schedules to Annex 3.3 for such good when approved by each such Party in accordance with its applicable legal procedures. Promptly after two or more Parties conclude an agreement under this paragraph they shall notify the other Parties of the terms of that agreement.

5. For greater certainty, a Party may:

(a) raise a customs duty back to the level established in its Schedule to Annex 3.3 following a unilateral reduction; or

(b) maintain or increase a customs duty as authorized by the Dispute Settlement Body of the WTO.

6. Annex 3.3.6 applies to the Parties specified in that Annex.

## Section C: Special Regimes

### Article 3.4: Waiver of Customs Duties

1. No Party may adopt any new waiver of customs duties, or expand with respect to existing recipients or extend to any new recipient the application of an existing waiver of customs duties, where the waiver is conditioned, explicitly or implicitly, on the fulfillment of a performance requirement.
2. No Party may, explicitly or implicitly, condition on the fulfillment of a performance requirement the continuation of any existing waiver of customs duties.
3. Costa Rica, the Dominican Republic, El Salvador, and Guatemala may each maintain existing measures inconsistent with paragraphs 1 and 2, provided it maintains such measures in accordance with Article 27.4 of the SCM Agreement. Costa Rica, the Dominican Republic, El Salvador, and Guatemala may not maintain any such measures after December 31, 2009.
4. Nicaragua and Honduras may each maintain measures inconsistent with paragraphs 1 and 2 for such time as it is an Annex VII country for purposes of the SCM Agreement. Thereafter, Nicaragua and Honduras shall maintain any such measures in accordance with Article 27.4 of the SCM Agreement.

### Article 3.5: Temporary Admission of Goods

1. Each Party shall grant duty-free temporary admission for the following goods, regardless of their origin:
  - (a) professional equipment, including equipment for the press or television, software and broadcasting and cinematographic equipment, necessary for carrying out the business activity, trade, or profession of a business person who qualifies for temporary entry pursuant to the laws of the importing Party;
  - (b) goods intended for display or demonstration;
  - (c) commercial samples and advertising films and recordings; and
  - (d) goods admitted for sports purposes.
2. Each Party shall, at the request of the person concerned and for reasons its customs authority considers valid, extend the time limit for temporary admission beyond the period initially fixed.
3. No Party may condition the duty-free temporary admission of a good referred to in paragraph 1, other than to require that such good:
  - (a) be used solely by or under the personal supervision of a national or resident of another Party in the exercise of the business activity, trade, profession, or sport of that person;
  - (b) not be sold or leased while in its territory;
  - (c) be accompanied by a security in an amount no greater than the charges that would otherwise be owed on entry or final importation, releasable on exportation of the good;
  - (d) be capable of identification when exported;
  - (e) be exported on the departure of the person referenced in subparagraph (a), or within such other period related to the purpose of the temporary admission as the Party may establish, or within one year, unless extended;
  - (f) be admitted in no greater quantity than is reasonable for its intended use; and
  - (g) be otherwise admissible into the Party's territory under its law.
4. If any condition that a Party imposes under paragraph 3 has not been fulfilled, the Party may apply the customs duty and any other charge that would normally be owed on the good plus any other charges or penalties provided for under its law.

5. Each Party, through its customs authority, shall adopt procedures providing for the expeditious release of goods admitted under this Article. To the extent possible, such procedures shall provide that when such a good accompanies a national or resident of another Party who is seeking temporary entry, the good shall be released simultaneously with the entry of that national or resident.

6. Each Party shall permit a good temporarily admitted under this Article to be exported through a customs port other than that through which it was admitted.

7. Each Party shall provide that its customs authority or other competent authority shall relieve the importer or other person responsible for a good admitted under this Article from any liability for failure to export the good on presentation of satisfactory proof to the importing Party's customs authority that the good has been destroyed within the original period fixed for temporary admission or any lawful extension.

8. Subject to Chapters Ten (Investment) and Eleven (Cross-Border Trade in Services):

(a) each Party shall allow a vehicle or container used in international traffic that enters its territory from the territory of another Party to exit its territory on any route that is reasonably related to the economic and prompt departure of such vehicle or container;

(b) no Party may require any bond or impose any penalty or charge solely by reason of any difference between the port of entry and the port of departure of a vehicle or container;

(c) no Party may condition the release of any obligation, including any bond, that it imposes in respect of the entry of a vehicle or container into its territory on its exit through any particular port of departure; and

(d) no Party may require that the vehicle or carrier bringing a container from the territory of another Party into its territory be the same vehicle or carrier that takes such container to the territory of another Party.

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

#### Article 3.6: Goods Re-entered after Repair or Alteration

1. No Party may apply a customs duty to a good, regardless of its origin, that re-enters its territory after that good has been temporarily exported from its territory to the territory of another Party for repair or alteration, regardless of whether such repair or alteration could be performed in the territory of the Party from which the good was exported for repair or alteration.

2. No Party may apply a customs duty to a good, regardless of its origin, admitted temporarily from the territory of another Party for repair or alteration.

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

(a) destroys a good's essential characteristics or creates a new or commercially different good; or

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

#### Article 3.7: Duty-Free Entry of Commercial Samples of Negligible Value and Printed Advertising Materials

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

(a) such samples be imported solely for the solicitation of orders for goods, or services

provided from the territory, of another Party or a non-Party; or  
(b) such advertising materials be imported in packets that each contain no more than one copy of each such material and that neither such materials nor packets form part of a larger consignment.

#### Section D: Non-Tariff Measures

##### Article 3.8: Import and Export Restrictions

1. Except as otherwise provided in this Agreement, no Party may adopt or maintain any prohibition or restriction on the importation of any good of another Party or on the exportation or sale for export of any good destined for the territory of another Party, except in accordance with Article XI of the GATT 1994 and its interpretative notes, and to this end Article XI of the GATT 1994 and its interpretative notes are incorporated into and made a part of this Agreement, *mutatis mutandis* (for greater certainty, this paragraph applies, *inter alia*, to prohibitions or restrictions on the importation of remanufactured goods).

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

- (a) export and import price requirements, except as permitted in enforcement of countervailing and antidumping duty orders and undertakings;
- (b) import licensing conditioned on the fulfillment of a performance requirement, except as provided in a Party's Schedule to Annex 3.3; or
- (c) voluntary export restraints inconsistent with Article VI of the GATT 1994, as implemented under Article 18 of the SCM Agreement and Article 8.1 of the AD Agreement.

3. In the event that a Party adopts or maintains a prohibition or restriction on the importation from or exportation to a non-Party of a good, nothing in this Agreement shall be construed to prevent the Party from:

- (a) limiting or prohibiting the importation from the territory of another Party of such good of that non-Party; or
- (b) requiring as a condition of export of such good of the Party to the territory of another Party, that the good not be re-exported to the non-Party, directly or indirectly, without being consumed in the territory of the other Party.

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

5. Paragraphs 1 through 4 shall not apply to the measures set out in Annex 3.2.

6. Neither a Central American Party nor the Dominican Republic may, as a condition for engaging in importation or for the import of a good, require a person of another Party to establish or maintain a contractual or other relationship with a dealer in its territory.

7. Neither a Central American Party nor the Dominican Republic may remedy a violation or alleged violation of any law, regulation, or other measure regulating or otherwise relating to the relationship between any dealer in its territory and any person of another Party, by prohibiting or restricting the importation of any good of another Party.

8. For purposes of this Article:

dealer means a person of a Party who is responsible for the distribution, agency, concession, or representation in the territory of that Party of goods of another Party;

and

remedy means to obtain redress or impose a penalty, including through a provisional, precautionary, or permanent measure.

#### Article 3.9: Import Licensing

1. No Party may adopt or maintain a measure that is inconsistent with the Import Licensing Agreement.
2. Promptly after entry into force of this Agreement, each Party shall notify the other Parties of any existing import licensing procedures, and thereafter shall notify the other Parties of any new import licensing procedure and any modification to its existing import licensing procedures, within 60 days before it takes effect. A notification provided under this Article shall:
  - (a) include the information specified in Article 5 of the Import Licensing Agreement; and
  - (b) be without prejudice as to whether the import licensing procedure is consistent with this Agreement.
3. No Party may apply an import licensing procedure to a good of another Party unless it has provided notification in accordance with paragraph 2.

#### Article 3.10: Administrative Fees and Formalities

1. Each Party shall ensure, in accordance with Article VIII:1 of the GATT 1994 and its interpretive notes, that all fees and charges of whatever character (other than customs duties, charges equivalent to an internal tax or other internal charge applied consistently with Article III:2 of the GATT 1994, and antidumping and countervailing duties) imposed on or in connection with importation or exportation are limited in amount to the approximate cost of services rendered and do not represent an indirect protection to domestic products or a taxation of imports or exports for fiscal purposes.
2. No Party may require consular transactions, including related fees and charges, in connection with the importation of any good of another Party.
3. Each Party shall make available and maintain through the Internet a current list of the fees and charges it imposes in connection with importation or exportation.
4. The United States shall eliminate its merchandise processing fee on originating goods.

#### Article 3.11: Export Taxes

Except as provided in Annex 3.11, no Party may adopt or maintain any duty, tax, or other charge on the export of any good to the territory of another Party, unless such duty, tax, or charge is adopted or maintained on any such good:

- (a) when exported to the territories of all other Parties; and
- (b) when destined for domestic consumption.

#### Section E: Other Measures

##### Article 3.12: Distinctive Products

1. Each Central American Party and the Dominican Republic shall recognize Bourbon Whiskey and Tennessee Whiskey, which is a straight Bourbon Whiskey authorized to be produced only in the State of Tennessee, as distinctive products of the United States. Accordingly, those Parties shall not permit the sale of any product as Bourbon Whiskey or Tennessee Whiskey, unless it has been manufactured in the United States in accordance with the laws and regulations of the United States governing the manufacture of Bourbon Whiskey and Tennessee Whiskey.

2. At the request of a Party, the Committee on Trade in Goods shall consider whether to recommend that the Parties amend the Agreement to designate a good as a distinctive product for purposes of this Article.

#### Section F: Agriculture

##### Article 3.13: Administration and Implementation of Tariff-Rate Quotas

1. Each Party shall implement and administer the tariff-rate quotas for agricultural goods set out in Appendix I or, if applicable, Appendix II or III to its Schedule to Annex 3.3 (hereafter “TRQs”) in accordance with Article XIII of the GATT 1994, including its interpretive notes, and the Import Licensing Agreement.

2. Each Party shall ensure that:

(a) its procedures for administering its TRQs are transparent, made available to the public, timely, nondiscriminatory, responsive to market conditions, minimally burdensome to trade, and reflect end user preferences;

(b) any person of a Party that fulfills the Party’s legal and administrative requirements shall be eligible to apply and to be considered for an import license or quota allocation under the Party’s TRQs;

(c) it does not allocate any portion of a quota to an industry association or non-governmental organization, except as otherwise provided in this Agreement;

(d) solely government authorities administer its TRQs, except as otherwise provided in this Agreement; and

(e) it allocates quotas under its TRQs in commercially viable shipping quantities and, to the maximum extent possible, in the amounts that importers request.

3. Each Party shall strive to administer its TRQs in a manner that allows importers to fully utilize import quotas.

4. No Party may condition application for, or utilization of, import licenses or quota allocations under its TRQs on the re-export of an agricultural good.

5. No Party may count food aid or other non-commercial shipments in determining whether an import quota under its TRQs has been filled.

6. On request of any Party, an importing Party shall consult with the requesting Party regarding the administration of its TRQs.

##### Article 3.14: Agricultural Export Subsidies

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

2. Except as provided in paragraph 3, no Party may introduce or maintain any export subsidy on any agricultural good destined for the territory of another Party.

3. Where an exporting Party considers that a non-Party is exporting an agricultural good to the territory of another Party with the benefit of export subsidies, the importing Party shall, on written request of the exporting Party, consult with the exporting Party with view to agreeing on specific measures that the importing Party may adopt to counter the effect of such subsidized imports. If the importing Party adopts the agreed-on measures, the exporting Party shall refrain from applying any subsidy to its exports of the good to the territory of the importing Party. If the importing Party does not adopt the agreed-on measures, the exporting Party may apply an export subsidy on its exports of the good to the territory of the importing Party only to the extent necessary to counter the trade-distorting effect of subsidized exports of the good from the non Party

to the importing Party's territory.

#### Article 3.15: Agricultural Safeguard Measures

1. Notwithstanding Article 3.3, each Party may apply a measure in the form of an additional import duty on an agricultural good listed in that Party's Schedule to Annex 3.15, provided that the conditions in paragraphs 2 through 7 are met. The sum of any such additional import duty and any other customs duty on such good shall not exceed the lesser of:
  - (a) the prevailing most-favored-nation (MFN) applied rate of duty; or
  - (b) the MFN applied rate of duty in effect on the day immediately preceding the date of entry into force of this Agreement.
2. A Party may apply an agricultural safeguard measure during any calendar year if the quantity of imports of the good during such year exceeds the trigger level for that good set out in its Schedule to Annex 3.15.
3. The additional duty under paragraph 1 shall be set according to each Party's Schedule to Annex 3.15.
4. No Party may apply an agricultural safeguard measure and at the same time apply or maintain:
  - (a) a safeguard measure under Chapter Eight (Trade Remedies); or
  - (b) a measure under Article XIX of the GATT 1994 and the Safeguards Agreement; with respect to the same good.
5. No Party may apply or maintain an agricultural safeguard measure:
  - (a) on or after the date that a good is subject to duty-free treatment under the Party's Schedule to Annex 3.3; or
  - (b) that increases the in-quota duty on a good subject to a TRQ.
6. Each Party shall implement an agricultural safeguard measure in a transparent manner. Within 60 days after applying a measure, a Party shall notify any Party whose good is subject to the measure, in writing, and shall provide it relevant data concerning the measure. On request, the Party applying the measure shall consult with any Party whose good is subject to the measure regarding application of the measure.
7. A Party may maintain an agricultural safeguard measure only until the end of the calendar year in which the Party applies the measure.
8. The Commission and the Committee on Agricultural Trade may review the implementation and operation of this Article.
9. For purposes of this Article and Annex 3.15, agricultural safeguard measure means a measure described in paragraph 1.

#### Article 3.16: Sugar Compensation Mechanism

1. In any year, the United States may, at its option, apply a mechanism that results in compensation to a Party's exporters of sugar goods in lieu of according duty-free treatment to some or all of the duty-free quantity of sugar goods established for that Party in Appendix I to the Schedule of the United States to Annex 3.3. Such compensation shall be equivalent to the estimated economic rents that the Party's exporters would have obtained on exports to the United States of any such amounts of sugar goods and shall be provided within 30 days after the United States exercises this option. The United States shall notify the Party at least 90 days before it exercises this option and, on request, shall enter into consultations with the Party regarding application of the mechanism.

2. For purposes of this Article, sugar good means a good provided for in the subheadings listed in subparagraph 3(c) of Appendix I to the Schedule of the United States to Annex 3.3.

Article 3.17: Consultations on Trade in Chicken

The Parties shall consult on, and review the implementation and operation of the Agreement as it relates to, trade in chicken in the ninth year after the date of entry into force of this Agreement.

Article 3.18: Agriculture Review Commission

The Parties shall establish an Agriculture Review Commission in the 14th year after the date of entry into force of this Agreement to review the implementation and operation of the Agreement as it relates to trade in agricultural goods. The Agriculture Review Commission shall evaluate the effects of trade liberalization under the Agreement, the operation of Article 3.15 and possible extension of agricultural safeguard measures under that Article, progress toward global agricultural trade reform in the WTO, and developments in world agricultural markets. The Agriculture Review Commission shall report its findings and any recommendations to the Commission.

Article 3.19: Committee on Agricultural Trade

1. Not later than 90 days after the date of entry into force of this Agreement, the Parties shall establish a Committee on Agricultural Trade, comprising representatives of each Party.

2. The Committee shall provide a forum for:

(a) monitoring and promoting cooperation on the implementation and administration of this Section;

(b) consultation between the Parties on matters related to this Section in coordination with other committees, subcommittees, working groups, or other bodies established under this Agreement; and

(c) undertaking any additional work that the Commission may assign.

3. The Committee shall meet at least once a year unless it decides otherwise. Meetings of the Committee shall be chaired by the representatives of the Party hosting the meeting.

4. All decisions of the Committee shall be taken by consensus, unless the Committee otherwise decides.

Section G: Textiles and Apparel

Article 3.20: Refund of Customs Duties

1. On request of an importer, a Party shall refund any excess customs duties paid in connection with the importation into its territory of an originating textile or apparel good between January 1, 2004 and the date of entry into force of this Agreement for that Party. For purposes of applying this Article, the importing Party shall consider a good to be originating if the Party would have considered the good to be originating had it been imported into its territory on the date of entry into force of this Agreement for that Party.

2. Paragraph 1 shall not apply with respect to textile or apparel goods imported into, or imported from, the territory of a Party if it provides written notice to the other Parties

by no later than 90 days before the date of entry into force of this Agreement for that Party that it will not comply with paragraph 1.

3. Notwithstanding paragraph 2, paragraph 1 shall apply with respect to textile or apparel goods imported from the territory of a Party if it provides written notice to the other Parties by no later than 90 days before the date of entry into force of this Agreement for that Party that it shall provide a benefit for textile or apparel goods imported into its territory that the importing and exporting Parties have agreed is equivalent to the benefit provided in paragraph 1.

4. This Article shall not apply to a textile or apparel good that qualifies for preferential tariff treatment under Article 3.21, 3.27, or 3.28.

#### Article 3.21: Duty-Free Treatment for Certain Goods

1. An importing and an exporting Party may identify at any time particular textile or apparel goods of the exporting Party that they mutually agree fall within:

- (a) hand-loomed fabrics of a cottage industry;
- (b) hand-made cottage industry goods made of such hand-loomed fabrics; or
- (c) traditional folklore handicraft goods.

2. The importing Party shall grant duty-free treatment to goods so identified, if certified by the competent authority of the exporting Party.

#### Article 3.22: Elimination of Existing Quantitative Restrictions

Not later than the date of entry into force of this Agreement, the United States shall eliminate the existing quantitative restrictions it maintains under the Agreement on Textiles and Clothing as set out in Annex 3.22.

#### Article 3.23: Textile Safeguard Measures

1. Subject to the following paragraphs, and during the transition period only, if, as a result of the reduction or elimination of a duty provided for in this Agreement, a textile or apparel good of another Party is being imported into the territory of a Party in such increased quantities, in absolute terms or relative to the domestic market for that good, and under such conditions as to cause serious damage, or actual threat thereof, to domestic industry producing a like or directly competitive good, the importing Party may, to the extent necessary to prevent or remedy such damage and to facilitate adjustment, apply a textile safeguard measure to that good, consisting of an increase in the rate of duty on the good to a level not to exceed the lesser of:

- (a) the most-favored-nation (MFN) applied rate of duty in effect at the time the measure is applied; and
- (b) the MFN applied rate of duty in effect on the date of entry into force of this Agreement.

2. In determining serious damage, or actual threat thereof, the importing Party:

- (a) shall examine the effect of increased imports of the good of the other Party on the particular industry, as reflected in changes in such relevant economic variables as output, productivity, utilization of capacity, inventories, market share, exports, wages, employment, domestic prices, profits, and investment, none of which, either alone or combined with other factors, shall necessarily be decisive; and
- (b) shall not consider changes in technology or consumer preference as factors supporting a determination of serious damage or actual threat thereof.

3. The importing Party may apply a textile safeguard measure only following an

investigation by its competent authority.

4. If, on the basis of the results of the investigation under paragraph 3, the importing Party intends to apply a textile safeguard measure, the importing Party shall promptly provide written notice to the exporting Party of its intent to apply a textile safeguard measure, and on request shall enter into consultations with that Party. The importing Party and the exporting Party shall begin the consultations without delay and shall complete them within 60 days of the date of receipt of the request. The importing Party shall make a decision on whether to apply a safeguard measure within 30 days of completion of the consultations.

5. The following conditions and limitations apply to any textile safeguard measure:

(a) no Party may maintain a textile safeguard measure for a period exceeding three years;

(b) no Party may apply a textile safeguard measure to the same good of another Party more than once;

(c) on termination of the textile safeguard measure, the Party applying the measure shall apply the rate of duty set out in its Schedule to Annex 3.3, as if the measure had never been applied; and

(d) no Party may maintain a textile safeguard measure beyond the transition period.

6. The Party applying a textile safeguard measure shall provide to the Party against whose good the measure is taken mutually agreed trade liberalizing compensation in the form of concessions having substantially equivalent trade effects or equivalent to the value of the additional duties expected to result from the textile safeguard measure. Such concessions shall be limited to textile or apparel goods, unless the consulting Parties otherwise agree. If the consulting Parties are unable to agree on compensation within 30 days of application of a textile safeguard measure, the Party against whose good the measure is taken may take tariff action having trade effects substantially equivalent to the trade effects of the textile safeguard measure. Such tariff action may be taken against any goods of the Party applying the measure. The Party taking the tariff action shall apply such action only for the minimum period necessary to achieve the substantially equivalent trade effects. The importing Party's obligation to provide trade compensation and the exporting Party's right to take tariff action shall terminate when the textile safeguard measure terminates.

7. (a) Each Party retains its rights and obligations under Article XIX of the GATT 1994 and the Safeguards Agreement.

(b) No Party may apply, with respect to the same good at the same time, a textile safeguard measure and:

(i) a safeguard measure under Chapter Eight (Trade Remedies); or

(ii) a measure under Article XIX of the GATT 1994 and the Safeguards Agreement.

#### Article 3.24: Customs Cooperation

(Paragraphs 2, 3, 4, 6, and 7 of this Article shall not apply between the Central American Parties or between any Central American Party and the Dominican Republic).

1. The customs authorities of the Parties shall cooperate for purposes of:

(a) enforcing or assisting in the enforcement of their respective laws, regulations, and procedures affecting trade in textile or apparel goods;

(b) ensuring the accuracy of claims of origin for textile or apparel goods; and

(c) deterring circumvention of laws, regulations, and procedures of any Party or international agreements affecting trade in textile or apparel goods.

2. (a) On the written request of an importing Party, an exporting Party shall conduct a verification for purposes of enabling the importing Party to determine:
- (i) that a claim of origin for a textile or apparel good is accurate, or
  - (ii) that the exporter or producer is complying with applicable customs laws, regulations, and procedures regarding trade in textile or apparel goods, including:
    - (A) laws, regulations, and procedures that the exporting Party adopts and maintains pursuant to this Agreement; and
    - (B) laws, regulations, and procedures of the importing Party and the exporting Party implementing other international agreements regarding trade in textile or apparel goods.
- (b) A request under subparagraph (a) shall include specific information regarding the reason the importing Party is requesting the verification and the determination the importing Party is seeking to make.
- (c) The exporting Party shall conduct a verification under subparagraph (a)(i), regardless of whether an importer claims preferential tariff treatment for the textile or apparel good for which a claim of origin has been made.
3. The importing Party, through its competent authority, may assist in a verification conducted under paragraph 2(a), or, at the request of the exporting Party, undertake such a verification, including by conducting, along with the competent authority of the exporting Party, visits in the territory of the exporting Party to the premises of an exporter, producer, or any other enterprise involved in the movement of textile or apparel goods from the territory of the exporting Party to the territory of the importing Party.
4. (a) The competent authority of the importing Party shall provide a written request to the competent authority of the exporting Party 20 days before the proposed date of a visit under paragraph 3. The request shall identify the competent authority making the request, the names and titles of the authorized personnel that will conduct the visit, the reason for the visit, including a description of the type of goods that are the subject of the verification, and the proposed dates of the visit.
- (b) The competent authority of the exporting Party shall respond within 10 days of receipt of the request, and shall indicate the date on which authorized personnel of the importing Party may perform the visit. The exporting Party shall seek, in accordance with its laws, regulations, and procedures, permission from the enterprise to conduct the visit. If consent is not provided, the importing Party may deny preferential tariff treatment to the type of goods of the enterprise that would have been the subject of the verification, except that the importing Party may not deny preferential tariff treatment to such goods based solely on a postponement of the visit, if there is adequate reason for such postponement.
- (c) Authorized personnel of the importing and exporting Parties shall conduct the visit in accordance with the laws, regulations, and procedures of the exporting Party.
- (d) On completion of a visit, the importing Party shall provide the exporting Party with an oral summary of the results of the visit and provide it with a written report of the results of the visit within approximately 45 days of the visit. The written report shall include:
- (i) the name of the enterprise visited;
  - (ii) particulars of the shipments that were checked;
  - (iii) observations made at the enterprise relating to circumvention; and
  - (iv) an assessment of whether the enterprise's production records and other documents support its claims for preferential tariff treatment for:

(A) a textile or apparel good subject to a verification conducted under paragraph 2(a)(i);  
or

(B) in the case of a verification conducted under paragraph 2(a)(ii), any textile or apparel good exported or produced by the enterprise.

5. On request of a Party conducting a verification under paragraph 2(a), a Party shall provide, consistent with its laws, regulations, and procedures, production, trade, and transit documents and other information necessary to conduct the verification. Where the providing Party designates the information as confidential, Article 5.6

(Confidentiality) shall apply. Notwithstanding the foregoing, a Party may publish the name of an enterprise that:

(a) the Party has determined to be engaged in intentional circumvention of laws, regulations, and procedures of any Party or international agreements affecting trade in textile or apparel goods; or

(b) has failed to demonstrate that it produces, or is capable of producing, textile or apparel goods.

6. (a) (i) During a verification conducted under paragraph 2(a), if there is insufficient information to support a claim for preferential tariff treatment, the importing Party may take appropriate action, which may include suspending the application of such treatment to:

(A) in the case of a verification conducted under paragraph 2(a)(i), the textile or apparel good for which a claim for preferential tariff treatment has been made; and

(B) in the case of a verification conducted under paragraph 2(a)(ii), any textile or apparel good exported or produced by the enterprise subject to that verification for which a claim for preferential tariff treatment has been made.

(ii) On completion of a verification conducted under paragraph 2(a), if there is insufficient information to support a claim for preferential tariff treatment, the importing Party may take appropriate action, which may include denying the application of such treatment to any textile or apparel good described in clauses (i)(A) and (B).

(iii) During or on completion of a verification conducted under paragraph 2(a), if the importing Party discovers that an enterprise has provided incorrect information to support a claim for preferential tariff treatment, the importing Party may take appropriate action, which may include denying the application of such treatment to any textile or apparel good described in clauses (i)(A) and (B).

(b) (i) During a verification conducted under paragraph 2(a), if there is insufficient information to determine the country of origin, the importing Party may take appropriate action, which may include detention of any textile or apparel good exported or produced by the enterprise subject to the verification, but for no longer than the period permitted under its law.

(ii) On completion of a verification conducted under paragraph 2(a), if there is insufficient information to determine the country of origin, the importing Party may take appropriate action, which may include denying entry to any textile or apparel good exported or produced by the enterprise subject to the verification.

(iii) During or on completion of a verification conducted under paragraph 2(a), if the importing Party discovers that an enterprise has provided incorrect information as to the country of origin, the importing Party may take appropriate action, which may include denying entry to any textile or apparel good exported or produced by the enterprise subject to the verification.

(c) The importing Party may continue to take appropriate action under any provision of

this paragraph only until it receives information sufficient to enable it to make the determination in paragraph 2(a)(i) or (ii), as the case may be, but in any event for no longer than the period permitted under its law.

(d) The importing Party may deny preferential tariff treatment or entry under this paragraph only after providing a written determination to the importer of the reason for the denial.

7. Not later than 45 days after it completes a verification conducted under paragraph 2(a), the exporting Party shall provide the importing Party a written report on the results of the verification. The report shall include all documents and facts supporting any conclusion that the exporting Party reaches. After receiving the report, the importing Party shall notify the exporting Party of any action it will take under paragraph 6(a)(ii) or (iii) or 6(b)(ii) or (iii), based on the information provided in the report.

8. On the written request of a Party, two or more Parties shall enter into consultations to resolve any technical or interpretive difficulties that may arise, or to discuss ways to improve customs cooperation, regarding the application of this Article. Unless the consulting Parties otherwise agree, consultations shall begin within 30 days after delivery of the request, and conclude within 90 days after delivery.

9. A Party may request technical or other assistance from any other Party in implementing this Article. The Party receiving such a request shall make every effort to respond favorably and promptly to it.

#### Article 3.25: Rules of Origin and Related Matters

##### Consultations on Rules of Origin

1. On request of a Party, the Parties shall, within 30 days after the request is delivered, consult on whether the rules of origin applicable to a particular textile or apparel good should be modified.

2. In the consultations referred to in paragraph 1, each Party shall consider all data that a Party presents demonstrating substantial production in its territory of the good. The Parties shall consider that there is substantial production if a Party demonstrates that its domestic producers are capable of supplying commercial quantities of the good in a timely manner.

3. The Parties shall endeavor to conclude the consultations within 90 days after delivery of the request. If the Parties reach an agreement to modify a rule of origin for a particular good, the agreement shall supersede that rule of origin when approved by the Parties in accordance with Article 19.1.3(b) (The Free Trade Commission).

##### Fabrics, Yarns, and Fibers Not Available in Commercial Quantities

4. (a) At the request of an interested entity, the United States shall, within 30 business days of receiving the request, add a fabric, fiber, or yarn in an unrestricted or restricted quantity to the list in Annex 3.25, if the United States determines, based on information supplied by interested entities, that the fabric, fiber, or yarn is not available in commercial quantities in a timely manner in the territory of any Party, or if no interested entity objects to the request.

(b) If there is insufficient information to make the determination in subparagraph (a), the United States may extend the period within which it must make that determination by no more than 14 business days, in order to meet with interested entities to substantiate the information.

(c) If the United States does not make the determination in subparagraph (a) within 15 business days of the expiration of the period within which it must make that

determination, as specified in subparagraph (a) or (b), the United States shall grant the request.

(d) The United States may, within six months after adding a restricted quantity of a fabric, fiber, or yarn to the list in Annex 3.25 pursuant to subparagraph (a), eliminate the restriction.

(e) If the United States determines before the date of entry into force of this Agreement that any fabrics or yarns not listed in Annex 3.25 are not available in commercial quantities in the United States pursuant to section 112(b)(5)(B) of the African Growth and Opportunity Act (19 U.S.C. § 3721(b)), section 204(b)(3)(B)(ii) of the Andean Trade Preference Act (19 U.S.C. § 3203(b)(3)(B)(ii)), or section 213(b)(2)(A)(v)(II) of the Caribbean Basin Economic Recovery Act (19 U.S.C. § 2703(b)(2)(A)(v)(II)), the United States shall add such fabrics or yarns in an unrestricted quantity to the list in Annex 3.25.

5. At the request of an interested entity made no earlier than six months after the United States has added a fabric, yarn, or fiber in an unrestricted quantity to Annex 3.25 pursuant to paragraph 4, the United States may, within 30 business days after it receives the request:

(a) delete the fabric, yarn, or fiber from the list in Annex 3.25; or

(b) introduce a restriction on the quantity of the fabric, yarn, or fiber added to Annex 3.25, if the United States determines, based on the information supplied by interested entities, that the fabric, yarn, or fiber is available in commercial quantities in a timely manner in the territory of any Party. Such deletion or restriction shall not take effect until six months after the United States publishes its determination.

6. Promptly after the date of entry into force of this Agreement, the United States shall publish the procedures it will follow in considering requests under paragraphs 4 and 5.  
De Minimis

7. A textile or apparel good that is not an originating good because certain fibers or yarns used in the production of the component of the good that determines the tariff classification of the good do not undergo an applicable change in tariff classification set out in Annex 4.1 (Specific Rules of Origin), shall nonetheless be considered to be an originating good if the total weight of all such fibers or yarns in that component is not more than ten percent of the total weight of that component. (for greater certainty, when the good is a fiber, yarn, or fabric, the “component of the good that determines the tariff classification of the good” is all of the fibers in the yarn, fabric, or group of fibers).

8. Notwithstanding paragraph 7, a good containing elastomeric yarns (for greater certainty, the term “elastomeric yarns” does not include latex) in the component of the good that determines the tariff classification of the good shall originate only if such yarns are wholly formed in the territory of a Party (For purposes of this paragraph, “wholly formed” means that all the production processes and finishing operations, starting with the extrusion of filaments, strips, film, or sheet, and including slitting a film or sheet into strip, or the spinning of all fibers into yarn, or both, and ending with a finished yarn or plied yarn, took place in the territory of a Party).

Treatment of Sets

9. Notwithstanding the specific rules of origin in Annex 4.1 (Specific Rules of Origin), textile or apparel goods classifiable as goods put up in sets for retail sale as provided for in General Rule of Interpretation 3 of the Harmonized System, shall not be regarded as originating goods unless each of the products in the set is an originating good or the

total value of the non- originating goods in the set does not exceed ten percent of the adjusted value of the set.

#### Treatment of Nylon Filament Yarn

10. A textile or apparel good that is not an originating good because certain yarns used in the production of the component of the good that determines the tariff classification of the good do not undergo an applicable change in tariff classification set out in Annex 4.1 (Specific Rules of Origin), shall nonetheless be considered to be an originating good if the yarns are those described in section 204(b)(3)(B)(vi)(IV) of the Andean Trade Preference Act (19 U.S.C. § 3203(b)(3)(B)(vi)(IV)).

#### Article 3.26: Most-Favored-Nation Rates of Duty on Certain Goods

For a textile or apparel good provided for in chapters 61 through 63 of the Harmonized System that is not an originating good, the United States shall apply its MFN rate of duty only on the value of the assembled good minus the value of fabrics formed in the United States, components knit-to-shape in the United States, and any other materials of U.S. origin used in the production of such a good, provided that the good is sewn or otherwise assembled in the territory of another Party or Parties with thread wholly formed in the United States, from fabrics wholly formed in the United States and cut in one or more Parties, or from components knit-to-shape in the United States, or both (for purposes of this paragraph, “wholly formed,” when used in reference to fabrics, means that all the production processes and finishing operations, starting with the weaving, knitting, needling, tufting, felting, entangling, or other process, and ending with a fabric ready for cutting or assembly without further processing, took place in the United States. The term “wholly formed,” when used in reference to thread, means that all the production processes, starting with the extrusion of filaments, strips, film, or sheet, and including slitting a film or sheet into strip, or the spinning of all fibers into thread, or both, and ending with thread, took place in the United States).

#### Article 3.27: Preferential Tariff Treatment for Wool Apparel Goods Assembled in Costa Rica

Annex 3.27 sets out provisions applicable to certain apparel goods of Costa Rica.

#### Article 3.28: Preferential Tariff Treatment for Non-Originating Apparel Goods of Nicaragua

Annex 3.28 sets out provisions applicable to certain apparel goods of Nicaragua.

#### Article 3.29: Definitions

For purposes of this Section:

claim of origin means a claim that a textile or apparel good is an originating good or a good of a Party;

exporting Party means the Party from whose territory a textile or apparel good is exported;

importing Party means the Party into whose territory a textile or apparel good is imported;

interested entity means a Party, a potential or actual purchaser of a textile or apparel good, or a potential or actual supplier of a textile or apparel good;

textile or apparel good means a good listed in the Annex to the Agreement on Textiles and Clothing, except for those goods listed in Annex 3.29;

textile safeguard measure means a measure applied under Article 3.23.1; and transition period means the five-year period beginning on the date of entry into force of this Agreement.

#### Section H: Institutional Provisions

##### Article 3.30: Committee on Trade in Goods

1. The Parties hereby establish a Committee on Trade in Goods, comprising representatives of each Party.
2. The Committee shall meet on the request of a Party or the Commission to consider any matter arising under this Chapter, Chapter Four (Rules of Origin and Origin Procedures), or Chapter Five (Customs Administration and Trade Facilitation).
3. The Committee's functions shall include:
  - (a) promoting trade in goods between the Parties, including through consultations on accelerating tariff elimination under this Agreement and other issues as appropriate;
  - (b) addressing barriers to trade in goods between the Parties, especially those related to the application of non-tariff measures, and, if appropriate, referring such matters to the Commission for its consideration; and
  - (c) providing to the Committee on Trade Capacity Building advice and recommendations on technical assistance needs regarding matters relating to this Chapter, Chapter Four (Rules of Origin and Origin Procedures), or Chapter Five (Customs Administration and Trade Facilitation).

#### Section I: Definitions

##### Article 3.31: Definitions

For purposes of this Chapter:

AD Agreement means the WTO Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994;

advertising films and recordings means recorded visual media or audio materials, consisting essentially of images and/or sound, showing the nature or operation of goods or services offered for sale or lease by a person established or resident in the territory of a Party, provided that such materials are of a kind suitable for exhibition to prospective customers, but not for broadcast to the general public;

Agreement on Textiles and Clothing means the WTO Agreement on Textiles and Clothing;

agricultural goods means those goods referred to in Article 2 of the WTO Agreement on Agriculture;

commercial samples of negligible value means commercial samples having a value, individually or in the aggregate as shipped, of not more than one U.S. dollar, or the equivalent amount in the currency of another Party, or so marked, torn, perforated, or otherwise treated that they are unsuitable for sale or for use except as commercial samples;

consular transactions means requirements that goods of a Party intended for export to the territory of another Party must first be submitted to the supervision of the consul of the importing Party in the territory of the exporting Party for the purpose of obtaining consular invoices or consular visas for commercial invoices, certificates of origin, manifests, shippers' export declarations, or any other customs documentation required on or in connection with importation;

consumed means

(a) actually consumed; or

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

duty-free means free of customs duty;

export subsidies shall have the meaning assigned to that term in Article 1(e) of the WTO Agreement on Agriculture, including any amendment of that article;

goods intended for display or demonstration includes their component parts, ancillary apparatus, and accessories;

goods temporarily admitted for sports purposes means sports requisites for use in sports contests, demonstrations, or training in the territory of the Party into whose territory such goods are admitted;

import licensing means an administrative procedure requiring the submission of an application or other documentation (other than that generally required for customs clearance purposes) to the relevant administrative body as a prior condition for importation into the territory of the importing Party;

Import Licensing Agreement means the WTO Agreement on Import Licensing Procedures;

performance requirement means a requirement that:

(a) a given level or percentage of goods or services be exported;

(b) domestic goods or services of the Party granting a waiver of customs duties or import license be substituted for imported goods;

(c) a person benefiting from a waiver of customs duties or an import license purchase other goods or services in the territory of the Party granting the waiver of customs duties or the import license, or accord a preference to domestically produced goods;

(d) a person benefiting from a waiver of customs duties or an import license produce goods or supply services, in the territory of the Party granting the waiver of customs duties or the import license, with a given level or percentage of domestic content; or

(e) relates in any way the volume or value of imports to the volume or value of exports or to the amount of foreign exchange inflows, but does not include a requirement that:

(f) an imported good be subsequently exported;

(g) an imported good be used as a material in the production of another good that is subsequently exported;

(h) an imported good be substituted by an identical or similar good used as a material in the production of another good that is subsequently exported; or

(i) an imported good be substituted by an identical or similar good that is subsequently exported;

printed advertising materials means those goods classified in Chapter 49 of the Harmonized System, including brochures, pamphlets, leaflets, trade catalogues, yearbooks published by trade associations, tourist promotional materials, and posters, that are used to promote, publicize, or advertise a good or service, are essentially intended to advertise a good or service, and are supplied free of charge; and

SCM Agreement means the WTO Agreement on Subsidies and Countervailing Measures.

## Annex 3.2

### National Treatment and Import and Export Restrictions

#### Section A: Measures of Costa Rica

Articles 3.2 and 3.8 shall not apply to:

- (a) controls on the import of crude oil, its fuel, derivatives, asphalt, and gasoline pursuant to Law No. 7356 of September 6, 1993;
- (b) controls on the export of wood in logs and boards from forests pursuant to Law No. 7575 of April 16, 1996;
- (c) controls on the export of hydrocarbons pursuant to Law No. 7399 of May 3, 1994;
- (d) controls on the export of coffee pursuant to Law No. 2762 of June 21, 1961;
- (e) controls on the import and export of ethanol and crude rums pursuant to Law No. 8 of October 31, 1885;
- (f) controls to establish a minimum export price for bananas, pursuant to Law No. 7472 of January 19, 1995; and
- (g) actions authorized by the Dispute Settlement Body of the WTO.

#### Section B: Measures of the Dominican Republic

Articles 3.2 and 3.8 shall not apply to:

- (a) controls on the importation of motor vehicles and motorcycles older than five years, and vehicles greater or equal to five tons older than 15 years, pursuant to Law No. 147 of December 27, 2000, and Law No. 12-01 of January 17, 2001; (the controls identified in this subparagraph do not apply to remanufactured goods).
- (b) controls on the importation of used household appliances, pursuant to Law No. 147 of December 27, 2000; (the controls identified in this subparagraph do not apply to remanufactured goods)
- (c) controls on the importation of used clothes, pursuant to Law No. 458 of January 3, 1973;
- (d) controls on the importation of motor vehicles not suitable for operation, pursuant to Decree No. 671-02 of August 27, 2002; (the controls identified in this subparagraph do not apply to remanufactured goods) and
- (e) actions by the Dominican Republic authorized by the Dispute Settlement Body of the WTO.

#### Section C: Measures of El Salvador

Articles 3.2 and 3.8 shall not apply to:

- (a) controls on the importation of arms and ammunition, parts, and accessories included in HS Chapter 93, pursuant to Decree No. 655 of July 26, 1999 and its amendment pursuant to Decree No. 1035 of November 13, 2002;
- (b) controls on the importation of motor vehicles older than eight years, and on buses and trucks older than 15 years, pursuant to Article 1 of Decree No. 357 of April 6, 2001; (the controls identified in this subparagraph do not apply to remanufactured goods)
- (c) controls on the importation of sacks and bags made out of jute and other similar textile fibers in subheading 6305.10 pursuant to Article 1 of Decree No. 1097 of July 10, 1953. El Salvador shall eliminate the controls identified in this subparagraph ten years after the date of entry into force of this Agreement; and
- (d) actions authorized by the Dispute Settlement Body of the WTO.

Section D: Measures of Guatemala

Articles 3.2 and 3.8 shall not apply to:

- (a) controls on the exportation of timber in round logs or worked logs and sawn timber measuring more than 11 centimeters in thickness, pursuant to the Ley de Bosques Legislative Decree No. 101-96 of October 31, 1996;
- (b) controls on the exportation of coffee pursuant to the Ley del Café, Legislative Decree No. 19-69 of April 22, 1969;
- (c) controls on the importation of weapons pursuant to the Ley de Armas y Municiones, Legislative Decree No. 39-89 of June 29, 1989; and
- (d) actions authorized by the Dispute Settlement Body of the WTO.

Section E: Measures of Honduras

Articles 3.2 and 3.8 shall not apply to:

- (a) controls on the exportation of wood from broadleaved forests pursuant to Decree No. 323-98 of December 29, 1998;
- (b) controls on the importation of arms and ammunitions pursuant to Article 292 of Decree No. 131 of January 11, 1982;
- (c) controls on the importation of motor vehicles older than seven years and buses older than ten years pursuant to Article 7 of Decree No. 194-2002 of May 15, 2002; (the controls identified in this subparagraph do not apply to remanufactured goods) and
- (d) actions authorized by the Dispute Settlement Body of the WTO.

Section F: Measures of Nicaragua

1. Articles 3.2 and 3.8 shall not apply to:

- (a) controls on the exportation of basic foodstuffs provided that these controls are used to temporarily alleviate a critical shortage of that particular food item. For the purposes of this subparagraph, “temporarily” means up to one year, or such longer period as the United States and Nicaragua may agree;
- (b) controls on the importation of motor vehicles older than seven years pursuant to Article 112 of Decree No. 453 of May 6, 2003; (the controls identified in this subparagraph do not apply to remanufactured goods) and
- (c) actions authorized by the Dispute Settlement Body of the WTO.

2. For purposes of paragraph 1, “basic foodstuffs” include the following:

Beans  
Brown sugar  
Chicken meat  
Coffee  
Corn  
Corn flour  
Corn tortillas  
Powdered milk  
Rice  
Salt  
Vegetable oil

3. Notwithstanding Articles 3.2 and 3.8, for the first ten years after the date of entry into force of this Agreement, Nicaragua may maintain its existing prohibitions or restrictions on the importation of the used goods set out below:

Tariff Classification Description

Subheading 4012.10 Used retreaded tires (the controls identified in this subparagraph do not apply to remanufactured goods)

Subheading 4012.20 Used pneumatic tires (the controls identified in this subparagraph do not apply to remanufactured goods)

Heading 63.09 Used clothing

Heading 63.10 Rags, scrap twine, cordage, rope, and cable, and worn out or unusable articles of twine, cordage, rope, or cables, of textile materials

(Note: Descriptions are provided for reference purposes only. To the extent of a conflict between the tariff classification and the description, the tariff classification governs.)

Section G: Measures of the United States

Articles 3.2 and 3.8 shall not apply to:

- (a) controls on the export of logs of all species;
- (b) (i) measures under existing provisions of the Merchant Marine Act of 1920, 46 App. U.S.C. § 883; the Passenger Vessel Act, 46 App. U.S.C. §§ 289, 292, and 316; and 46 U.S.C. § 12108, to the extent that such measures were mandatory legislation at the time of the accession of the United States to the General Agreement on Tariffs and Trade 1947 (GATT 1947) and have not been amended so as to decrease their conformity with Part II of the GATT 1947;
- (ii) the continuation or prompt renewal of a non-conforming provision of any statute referred to in clause (i); and
- (iii) the amendment to a non-conforming provision of any statute referred to in clause (i) to the extent that the amendment does not decrease the conformity of the provision with Articles 3.2 and 3.8;
- (c) actions authorized by the Dispute Settlement Body of the WTO; and
- (d) actions authorized by the Agreement on Textiles and Clothing.

Annex 3.3

Tariff Elimination

1. Except as otherwise provided in a Party's Schedule to this Annex, the following staging categories apply to the elimination of customs duties by each Party pursuant to Article 3.3.2:

(a) duties on goods provided for in the items in staging category A in a Party's Schedule shall be eliminated entirely and such goods shall be duty-free:

(i) for textile or apparel goods:

(A) as of January 1, 2004, with respect to those goods to which Article 3.20.1 applies;

or

(B) with respect to any other such goods, on the date this Agreement enters into force; and

(ii) for all other goods, on the date this Agreement enters into force;

(b) duties on goods provided for in the items in staging category B in a Party's Schedule shall be removed in five equal annual stages beginning on the date this Agreement enters into force, and such goods shall be duty-free, effective January 1 of year five;

(c) duties on goods provided for in the items in staging category C in a Party's Schedule shall be removed in ten equal annual stages beginning on the date this Agreement enters into force, and such goods shall be duty-free, effective January 1 of year ten;

(d) duties on goods provided for in the items in staging category D in a Party's Schedule shall be removed in 15 equal annual stages beginning on the date this Agreement enters into force, and such goods shall be duty-free, effective January 1 of year 15;

(e) duties on goods provided for in the items in staging category E in a Party's Schedule shall remain at base rates for years one through six. Duties on these goods shall be reduced by 8.25 percent of the base rate on January 1 of year seven, and by an additional 8.25 percent of the base rate each year thereafter through year ten.

Beginning on January 1 of year 11, duties shall be reduced by an additional 13.4 percent of the base rate annually through year 15, and such goods shall be duty-free effective January 1 of year 15;

(f) duties on goods provided for in the items in staging category F in a Party's Schedule shall remain at base rates for years one through ten. Beginning January 1 of year 11, duties shall be reduced in ten equal annual stages, and such goods shall be duty-free effective January 1 of year 20;

(g) goods provided for in the items in staging category G in a Party's Schedule shall continue to receive duty-free treatment; and

(h) goods provided for in the items in staging category H in a Party's Schedule shall continue to receive most-favored-nation treatment.

2. The base rate of customs duty and staging category for determining the interim rate of customs duty at each stage of reduction for an item are indicated for the item in each Party's Schedule.

3. For the purpose of the elimination of customs duties in accordance with Article 3.3, interim staged rates shall be rounded down, at least to the nearest tenth of a percentage point or, if the rate of duty is expressed in monetary units, at least to the nearest 0.001 of the official monetary unit of the Party.

4. If this Agreement enters into force for a Central American Party or the Dominican Republic as provided in Article 22.5.2 (Entry into Force), the Party shall apply the rates of duty set out in its Schedule as if the Agreement had entered into force for that Party on the date the Agreement entered into force as provided in Article 22.5.1 (Entry into Force).

5. For purposes of this Annex and a Party's Schedule, year one means the year the Agreement enters into force as provided in Article 22.5.1 (Entry into Force).

6. Notwithstanding paragraph 5, for purposes of the tariff treatment of textile or apparel goods to which Article 3.20.1 applies, year one shall be the year beginning January 1, 2004. Any Party that provides written notice under Article 3.20.2 shall apply the rates of duty set out in its Schedule for textile or apparel goods as if the Agreement had entered into force for that Party on January 1, 2004.

7. For purposes of this Annex and a Party's Schedule, beginning in year two, each annual stage of tariff reduction shall take effect on January 1 of the relevant year.

#### Annex 3.3.4

#### Implementation of Modifications Approved by the Parties to Accelerate the Elimination of Customs Duties

In the case of Costa Rica, agreements of the Parties under Article 3.3.4 will be equivalent to the instrument referred to in Article 121.4, third paragraph (protocolo de menor rango) of the Constitución Política de la República de Costa Rica.

Annex 3.3.6 (for greater certainty, an importer may elect to make a claim for

preferential tariff treatment either under this Annex or under a Party's Schedule to Annex 3.3, provided that the good meets the applicable rules of origin)

1. Except as otherwise provided in this Annex:

(a) each Central American Party shall provide duty-free treatment to any good imported directly from the territory of the Dominican Republic that meets the rules of origin for the good set out in Chapter Four (Rules of Origin and Origin Procedures); and

(b) the Dominican Republic shall provide duty-free treatment to any good imported directly from the territory of a Central American Party that meets the rules of origin for the good set out in Chapter Four (Rules of Origin and Origin Procedures).

2. Notwithstanding paragraph 1:

(a) each Central American Party may assess a duty of up to 15 percent ad valorem on any good classified under tariff items 1507.90.00, 1508.90.00, 1509.90.00, 1510.00.00, 1511.90.90 (except palm stearin), 1512.19.00, 1512.29.00, 1513.19.00, 1513.29.00, 1514.19.00, 1514.99.00, 1515.19.00, 1515.29.00, 1515.30.00, 1515.40.00, 1515.50.00, 1515.90.10, 1515.90.20, 1515.90.90, 1516.10.00, 1516.20.10, 1516.20.90, 1517.10.00, 1517.90.10, 1517.90.20, 1517.90.90, or 1518.00.00 that is imported directly from the territory of the Dominican Republic and that meets the rules of origin for the good set out in Chapter Four (Rules of Origin and Origin Procedures); and

(b) the Dominican Republic may assess a duty of up to 15 percent ad valorem on any good classified under tariff items 1507.90.00, 1508.90.00, 1509.90.00, 1510.00.00, 1511.90.00 (except palm stearin), 1512.19.00, 1512.29.00, 1513.19.00, 1513.29.10, 1513.29.20, 1514.91.00, 1514.99.00, 1515.19.00, 1515.29.00, 1515.30.00, 1515.40.00, 1515.50.00, 1515.90.90, 1516.10.00, 1516.20.00, 1517.10.00, 1517.90.00, 1518.00.10, or 1518.00.90 that is imported directly from the territory of a Central American Party and that meets the rules of origin for the good set out in Chapter Four (Rules of Origin and Origin Procedures).

3. Notwithstanding paragraph 1, for any good classified under heading 2710, except mineral solvents, 2712, 2713, except subheading 2713.20, or 2715 that meets the rules of origin for the good set out in Chapter Four (Rules of Origin and Origin Procedures):

(a) each Central American Party shall eliminate duties on any such good imported directly from the territory of the Dominican Republic as follows: Duties on such goods shall remain at base rates for years one through five. Beginning on January 1 of year six, duties shall be reduced by eight percent of the base rate annually through year ten. Beginning on January 1 of year 11, duties shall be reduced by an additional 12 percent of the base rate annually through year 14, and such goods shall be duty-free effective January 1 of year 15; and

(b) the Dominican Republic shall eliminate duties on any such good imported directly from the territory of a Central American Party as follows: Duties on such goods shall remain at base rates for years one through five. Beginning on January 1 of year six, duties shall be reduced by eight percent of the base rate annually through year ten. Beginning on January 1 of year 11, duties shall be reduced by an additional 12 percent of the base rate annually through year 14, and such goods shall be duty-free effective January 1 of year 15.

4. Paragraph 1 shall not apply to any good listed in Appendix 3.3.6.4 that meets the rules of origin for the good set out in Chapter Four (Rules of Origin and Origin

Procedures). (notwithstanding paragraph 4, a good classified under heading 2208, except tariff item 2208.90.10, that meets the rules of origin for the good set out in Chapter Four (Rules of Origin and Origin Procedures) that is imported directly from the territory of El Salvador into the territory of the Dominican Republic or from the territory of the Dominican Republic into the territory of El Salvador shall not be subject to duties)

5. An importing Party may deny the preferential tariff treatment provided for in paragraphs 1 through 3 of this Annex if the good is produced in a duty-free zone or under another special tax or customs regime in the territory of a Central American Party or the Dominican Republic, as the case may be, provided however that the importing Party shall provide to any such good tariff treatment that is no less favorable than the tariff treatment it applies to the good when produced in its own duty-free zones or other special tax or customs regimes and entered into its territory.

6. The Central American Parties and the Dominican Republic may agree to modify the rules of origin set out in Appendix 3.3.6 (Special Rules of Origin), provided that they notify the United States and provide an opportunity for consultations regarding the proposed modifications at least 60 days before concluding any such agreement.

7. For purposes of this Annex:

(a) any reference in Chapter Four (Rules of Origin and Origin Procedures) to:

(i) a “Party” shall be understood to mean a Central American Party or the Dominican Republic; and

(ii) “Annex 4.1” shall be understood to mean Appendix 3.3.6;

(b) each Central American Party shall provide that a good shall not be considered to be imported directly from the territory of the Dominican Republic if the good:

(i) undergoes subsequent production or any other operation outside the territory of the Dominican Republic, other than unloading, reloading, or any other operation necessary to preserve the good in good condition or to transport the good to its territory; or

(ii) does not remain under the control of customs authorities in the territory of the United States or a non-Party; and

(c) The Dominican Republic shall provide that a good shall not be considered to be imported directly from the territory of a Central American Party if the good:

(i) undergoes subsequent production or any other operation outside the territory of the Central American Party, other than unloading, reloading, or any other operation necessary to preserve the good in good condition or to transport the good to its territory; or

(ii) does not remain under the control of customs authorities in the territory of the United States or a non-Party.

#### Appendix 3.3.6.4

##### Exceptions from Preferential Tariff Treatment

HS No. Description

0207.11 Chicken

0207.12 Chicken

0207.13 Chicken

0207.14 Chicken

0402.10 Milk powder

0402.21 Milk powder

0402.29 Milk powder

0703.10 Onions

0703.20 Garlic  
0713.31 Beans  
0713.32 Beans  
0713.33 Beans  
0901.11 Coffee  
0901.12 Coffee  
0901.21 Coffee  
0901.22 Coffee  
1006.10 Rice  
1006.20 Rice  
1006.30 Rice  
1006.40 Rice  
1101.00 Wheat flour  
1701.11 Sugar  
1701.91 Sugar  
1701.99 Sugar  
2203 Beer  
2207 Alcohol  
2208 Alcohol  
2401.20 Tobacco  
2402.20 Tobacco (only goods containing rubio)  
2403.10 Tobacco

Note: The descriptions provided in this Appendix are for reference purposes only.

#### Annex 3.11

##### Export Taxes

Costa Rica may maintain its existing taxes on the export of the following goods:

- (a) bananas, pursuant to Law No. 5515 of April 19, 1974 and its amendment (Law No. 5538 of June 18, 1974), and Law No. 4895 of November 16, 1971 and its amendments (Law No. 7147 of April 30, 1990 and Law No. 7277 of December 17, 1991);
- (b) coffee, pursuant to Law No. 2762 of June 21, 1961 and its amendment (Law No. 7551 of September 22, 1995); and
- (c) meat, pursuant to Law No. 6247 of May 2, 1978 and Law No. 7837 of October 5, 1998.

#### Annex 3.15

##### Agricultural Safeguard Measures

##### General Notes

1. For each good listed in a Party's Schedule to this Annex for which the agricultural safeguard trigger level is set out in that Schedule as a percentage of the applicable tariff-rate quota (TRQ), the trigger level in any year shall be determined by multiplying the in-quota quantity for that good for that year, as set out in Appendix I or, if applicable, Appendix II or III to the Party's Schedule to Annex 3.3, by the applicable percentage. For each good listed in a Party's Schedule to this Annex for which the trigger level is set out as a fixed initial amount in the Party's Schedule, the trigger level set out in the Schedule shall be the trigger level in year one. The trigger level in any subsequent year shall be determined by adding to that amount the quantity derived by applying the applicable simple annual trigger growth rate to that amount. For purposes

of this Annex, the term “year one” shall have the meaning given to that term in Annex 3.3.

2. For purposes of this Annex, prime and choice beef shall mean prime and choice grades of beef as defined in the United States Standards for Grades of Carcass Beef, promulgated pursuant to the Agricultural Marketing Act of 1946 (7 U.S.C. §§ 1621-1627), as amended.

3. (a) Costa Rica and the Dominican Republic shall conclude negotiations on the agricultural safeguard trigger levels to be applied to originating goods classified under tariff items 0207.13.91 and 0207.14.91 and subheadings 0402.10, 0402.21, and 0402.29 that are imported directly into the territory of Costa Rica from the territory of the Dominican Republic no later than one year after the date on which this Agreement enters into force with respect to Costa Rica and the Dominican Republic and any agreed trigger levels shall form part of this Annex. (for greater certainty, Costa Rica shall apply note 7(b) of Costa Rica’s General Notes to Annex 3.3 to such goods)

(b) At the expiration of the one-year period, if Costa Rica and the Dominican Republic have not reached an agreement with respect to the agricultural safeguard trigger levels for goods classified under the tariff items and subheadings listed in subparagraph (a), Costa Rica may apply an agricultural safeguard trigger level for such goods in an amount equivalent to 130 percent of the in-quota quantity of the applicable tariff-rate quota set out in Appendix II of Costa Rica’s General Notes to Annex 3.3.

4. (a) Costa Rica and the Dominican Republic shall conclude negotiations on the agricultural safeguard trigger levels to be applied to originating goods classified under tariff items 0207.13.91 and 0207.14.91 and subheadings 0402.10, 0402.21, and 0402.29 that are imported directly into the territory of the Dominican Republic from the territory of Costa Rica no later than one year after the date on which this Agreement enters into force with respect to Costa Rica and the Dominican Republic and any agreed trigger levels shall form part of this Annex. (for greater certainty, the Dominican Republic shall apply note 7(b) of the Dominican Republic’s General Notes to Annex 3.3 to such goods)

(b) At the expiration of the one-year period, if Costa Rica and the Dominican Republic have not reached an agreement with respect to the agricultural safeguard trigger levels for goods classified under the tariff items and subheadings listed in subparagraph (a), the Dominican Republic may apply an agricultural safeguard trigger level for such goods in an amount equivalent to 130 percent of the in-quota quantity of the applicable tariff-rate quota set out in Appendix II of the Dominican Republic’s General Notes to Annex 3.3.

5. (a) The Dominican Republic and Nicaragua shall conclude negotiations on the agricultural safeguard trigger levels to be applied to originating goods classified under tariff items 0207.13.91 and 0207.14.91 that are imported directly into the territory of Nicaragua from the territory of the Dominican Republic no later than one year after the date on which this Agreement enters into force with respect to the Dominican Republic and Nicaragua and any agreed trigger levels shall form part of this Annex. (for greater certainty, Nicaragua shall apply note 7(b) of Nicaragua’s General Notes to Annex 3.3 to such goods)

(b) At the expiration of the one-year period, if the Dominican Republic and Nicaragua have not reached an agreement with respect to the agricultural safeguard trigger levels for goods classified under the tariff items listed in subparagraph (a), Nicaragua may apply an agricultural safeguard trigger level for such goods in an amount equivalent to

130 percent of the in-quota quantity of the applicable tariff-rate quota set out in Appendix II of Nicaragua's General Notes to Annex 3.3.

6. (a) The Dominican Republic and Nicaragua shall conclude negotiations on the agricultural safeguard trigger levels to be applied to originating goods classified under tariff items 0207.13.91 and 0207.14.91 that are imported directly into the territory of the Dominican Republic from the territory of Nicaragua no later than one year after the date on which this Agreement enters into force with respect to the Dominican Republic and Nicaragua and any agreed trigger levels shall form part of this Annex. (for greater certainty, the Dominican Republic shall apply note 11(b) of the Dominican Republic's General Notes to Annex 3.3 to such goods)

(b) At the expiration of the one-year period, if the Dominican Republic and Nicaragua have not reached an agreement with respect to the agricultural safeguard trigger levels for goods classified under the tariff items listed in subparagraph (a), the Dominican Republic may apply an agricultural safeguard trigger level for such goods in an amount equivalent to 130 percent of the in-quota quantity of the applicable tariff-rate quota set out in Appendix III of the Dominican Republic's General Notes to Annex 3.3.

7. For purposes of this Annex:

Central America or Dominican Republic good shall mean a good that satisfies the requirements of Chapter Four (Rules of Origin and Origin Procedures), except that operations performed in or material obtained from the United States shall be considered as if the operations were performed in a non-Party and the material was obtained from a non-Party; and

United States good shall mean a good that satisfies the requirements of Chapter Four (Rules of Origin and Origin Procedures), except a good produced entirely in and exclusively of materials obtained from the territory of a Central American Party, the Dominican Republic, or a non-Party.

#### Schedule of Costa Rica

##### Subject Goods and Trigger Levels

1. For purposes of paragraphs 1 and 2 of Article 3.15, United States goods that may be subject to an agricultural safeguard measure and the trigger level for each such good are set out below:

Good Tariff Classification Trigger Level Annual Trigger Growth Rate

Beef 02011000, 02012000, 02013000, 02021000, 02022000, 02023000 150 MT  
10%

Pork 02031100, 02031200, 02031900, 02032100, 02032200, 02032900 140% of  
TRQ

Chicken Leg Quarters 02071399, 02071499 130% of TRQ

Liquid Dairy 04011000, 04012000, 04013000 50 MT 10%

Milk Powder 04021000, 04022111, 04022112, 04022121, 04022122, 04022900  
130% of TRQ

Butter and Dairy Spreads 04051000, 04052000 130% of TRQ

Cheese 04061000, 04062090, 04063000, 04069010, 04069020, 04069090 130%  
of TRQ

Ice Cream 21050000 130% of TRQ

Others Dairy Products 04029990, 22029090 130% of TRQ

Tomatoes 07020000 50 MT 10%

Carrots 07061000 50 MT 10%

Sweet Peppers 07096010 50 MT 10%  
Potatoes 07101000 50 MT 10%  
Beans 07133200, 07133310, 07133390, 071339901,200 MT 10%  
White Corn 10059030 9,000 MT 10%  
Rough Rice 10061090 110% of TRQ  
Milled Rice 10062000, 10063010, 10063090, 10064000110% of TRQ  
Vegetable Oil 15079000, 15121900, 15122900, 15152900, 15162090, 15171000,  
15179010, 151790901,178 MT 5%  
High Fructose Corn Syrup 17023020, 17024000, 17026000, 1702909050 MT 10%  
Additional Import Duty

2. For purposes of paragraph 3 of Article 3.15, the additional import duty shall be:

(a) For sweet peppers as listed in this Schedule:

- (i) in years one through four, less than or equal to 100 percent of the difference between the appropriate MFN rate of duty as determined under Article 3.15.1 and the applicable tariff rate in the Schedule of Costa Rica to Annex 3.3;
- (ii) in years five through eight, less than or equal to 75 percent of the difference between the appropriate MFN rate of duty as determined under Article 3.15.1 and the applicable tariff rate in the Schedule of Costa Rica to Annex 3.3; and
- (iii) in years nine through 11, less than or equal to 50 percent of the difference between the appropriate MFN rate of duty as determined under Article 3.15.1 and the applicable tariff rate in the Schedule of Costa Rica to Annex 3.3.

(b) For vegetable oil and pork as listed in this Schedule:

- (i) in years one through nine, less than or equal to 100 percent of the difference between the appropriate MFN rate of duty as determined under Article 3.15.1 and the applicable tariff rate in the Schedule of Costa Rica to Annex 3.3;
- (ii) in years ten through 12, less than or equal to 75 percent of the difference between the appropriate MFN rate of duty as determined under Article 3.15.1 and the applicable tariff rate in the Schedule of Costa Rica to Annex 3.3; and
- (iii) in years 13 and 14, less than or equal to 50 percent of the difference between the appropriate MFN rate of duty as determined under Article 3.15.1 and the applicable tariff rate in the Schedule of Costa Rica to Annex 3.3.

(c) For beef other than prime and choice beef as listed in this Schedule:

- (i) in years one through eight, less than or equal to 100 percent of the difference between the appropriate MFN rate of duty as determined under Article 3.15.1 and the applicable tariff rate in the Schedule of Costa Rica to Annex 3.3;
- (ii) in years nine through 11, less than or equal to 75 percent of the difference between the appropriate MFN rate of duty as determined under Article 3.15.1 and the applicable tariff rate in the Schedule of Costa Rica to Annex 3.3; and
- (iii) in years 12 through 14, less than or equal to 50 percent of the difference between the appropriate MFN rate of duty as determined under Article 3.15.1 and the applicable tariff rate in the Schedule of Costa Rica to Annex 3.3.

(d) For chicken leg quarters as listed in this Schedule:

- (i) in years one through 13, less than or equal to 100 percent of the difference between the appropriate MFN rate of duty as determined under Article 3.15.1 and the applicable tariff rate in the Schedule of Costa Rica to Annex 3.3;
- (ii) in years 14 and 15, less than or equal to 75 percent of the difference between the appropriate MFN rate of duty as determined under Article 3.15.1 and the applicable tariff rate in the Schedule of Costa Rica to Annex 3.3; and

(iii) in year 16, less than or equal to 50 percent of the difference between the appropriate MFN rate of duty as determined under Article 3.15.1 and the applicable tariff rate in the Schedule of Costa Rica to Annex 3.3.

(e) For rice as listed in this Schedule:

(i) in years one through 13, less than or equal to 100 percent of the difference between the appropriate MFN rate of duty as determined under Article 3.15.1 and the applicable tariff rate in the Schedule of Costa Rica to Annex 3.3;

(ii) in years 14 through 16, less than or equal to 75 percent of the difference between the appropriate MFN rate of duty as determined under Article 3.15.1 and the applicable tariff rate in the Schedule of Costa Rica to Annex 3.3; and

(iii) in years 17 through 19, less than or equal to 50 percent of the difference between the appropriate MFN rate of duty as determined under Article 3.15.1 and the applicable tariff rate in the Schedule of Costa Rica to Annex 3.3.

(f) For liquid dairy, cheese, butter, milk powder, ice cream, and other dairy goods as listed in this Schedule:

(i) in years one through 14, less than or equal to 100 percent of the difference between the appropriate MFN rate of duty as determined under Article 3.15.1 and the applicable tariff rate in the Schedule of Costa Rica to Annex 3.3;

(ii) in years 15 through 17, less than or equal to 75 percent of the difference between the appropriate MFN rate of duty as determined under Article 3.15.1 and the applicable tariff rate in the Schedule of Costa Rica to Annex 3.3; and

(iii) in years 18 and 19, less than or equal to 50 percent of the difference between the appropriate MFN rate of duty as determined under Article 3.15.1 and the applicable tariff rate in the Schedule of Costa Rica to Annex 3.3.

(g) For goods listed in this Schedule and not specified in subparagraphs (a) through (f):

(i) in years one through five, less than or equal to 100 percent of the difference between the appropriate MFN rate of duty as determined under Article 3.15.1 and the applicable tariff rate in the Schedule of Costa Rica to Annex 3.3;

(ii) in years six through ten, less than or equal to 75 percent of the difference between the appropriate MFN rate of duty as determined under Article 3.15.1 and the applicable tariff rate in the Schedule of Costa Rica to Annex 3.3; and

(iii) in years 11 through 14, less than or equal to 50 percent of the difference between the appropriate MFN rate as determined under Article 3.15.1 and the applicable tariff rate in the Schedule of Costa Rica to Annex 3.3.

## Schedule of the Dominican Republic

### Subject Goods and Trigger Levels

1. For purposes of paragraphs 1 and 2 of Article 3.15, United States goods that may be subject to an agricultural safeguard measure and the trigger level for each such good are set out below:

Good Tariff Classification Trigger Level Annual Trigger Growth Rate

Pork Cuts 02031100, 02031200, 02031900, 02032100, 02032200, 02032910, 02032990 130% of TRQ

Chicken Leg Quarters 02071492 130% of TRQ

Turkey 02072612, 02072710, 02072792, 02072793 130% of TRQ

Milk Powder 04021000, 04021090, 04022110, 04022190, 04022910, 04022990  
130% of TRQ

Mozzarella Cheese 04061010 130% of TRQ  
Cheddar Cheese 04069020 130% of TRQ  
Other Cheeses 04061090, 04062000, 04063000, 04064000, 04069010, 04069030,  
04069090 130% of TRQ  
Beans 07133100, 07133200, 07133300 130% of TRQ  
Fresh Potatoes 07019000 300 MT 10%  
Onions 07031000 750 MT 10%  
Garlic 07032000 50 MT 10%  
Rough & Broken Rice 10061000, 10064000 700 MT 10%  
Brown Rice 10062000 130% of TRQ  
Milled Rice 10063000 130% of TRQ  
Glucose 17023021 130% of TRQ  
Vegetable Oil 15079000, 15122900, 15152900, 151710003,200 MT 10%  
High Fructose Corn Syrup 17025000, 17026010, 17026021, 1702602950 MT 10%

#### Additional Import Duty

2. For purposes of paragraph 3 of Article 3.15, the additional import duty shall be:

(a) For cheddar cheese, beans, onions, garlic, high fructose corn syrup, and vegetable oil as listed in this Schedule:

(i) in years one through five, less than or equal to 100 percent of the difference between the appropriate MFN rate as determined under Article 3.15.1 and the applicable tariff rate in the Schedule of the Dominican Republic to Annex 3.3;

(ii) in years six through ten, less than or equal to 75 percent of the difference between the appropriate MFN rate as determined under Article 3.15.1 and the applicable tariff rate in the Schedule of the Dominican Republic to Annex 3.3; and

(iii) in years 11 through 14, less than or equal to 50 percent of the difference between the appropriate MFN rate as determined under Article 3.15.1 and the applicable tariff rate in the Schedule of the Dominican Republic to Annex 3.3.

(b) For turkey meat, fresh potatoes, and glucose as listed in this Schedule:

(i) for years one through four, less than or equal to 100 percent of the difference between the appropriate MFN rate as determined under Article 3.15.1 and the applicable tariff rate in the Schedule of the Dominican Republic to Annex 3.3;

(ii) for years five through eight, less than or equal to 75 percent of the difference between the appropriate MFN rate as determined under Article 3.15.1 and the applicable tariff rate in the Schedule of the Dominican Republic to Annex 3.3; and

(iii) for years nine through 11, less than or equal to 50 percent of the difference between the appropriate MFN rate as determined under Article 3.15.1 and the applicable tariff rate in the Schedule of the Dominican Republic to Annex 3.3.

(c) For pork cuts as listed in this Schedule:

(i) for years one through nine, less than or equal to 100 percent of the difference between the appropriate MFN rate as determined under Article 3.15.1 and the applicable tariff rate in the Schedule of the Dominican Republic to Annex 3.3;

(ii) for years ten through 12, less than or equal to 75 percent of the difference between the appropriate MFN rate as determined under Article 3.15.1 and the applicable tariff rate in the Schedule of the Dominican Republic to Annex 3.3; and

(iii) for years 13 and 14, less than or equal to 50 percent of the difference between the appropriate MFN rate as determined under Article 3.15.1 and the applicable tariff rate in the Schedule of the Dominican Republic to Annex 3.3.

(d) For chicken leg quarters, mozzarella cheese, milk powder, and rice as listed in this Schedule:

(i) for years one through 14, less than or equal to 100 percent of the difference between the appropriate MFN rate as determined under Article 3.15.1 and the applicable tariff rate in the Schedule of the Dominican Republic to Annex 3.3;

(ii) for years 15 through 17, less than or equal to 75 percent of the difference between the appropriate MFN rate as determined under Article 3.15.1 and the applicable tariff rate in the Schedule of the Dominican Republic to Annex 3.3; and

(iii) for years 18 and 19, less than or equal to 50 percent of the difference between the appropriate MFN rate as determined under Article 3.15.1 and the applicable tariff rate in the Schedule of the Dominican Republic to Annex 3.3.

(e) For other cheese as listed in this Schedule:

(i) for years one through four, less than or equal to 100 percent of the difference between the appropriate MFN rate as determined under Article 3.15.1 and the applicable tariff rate in the Schedule of the Dominican Republic to Annex 3.3;

(ii) for years five through seven, less than or equal to 75 percent of the difference between the appropriate MFN rate as determined under Article 3.15.1 and the applicable tariff rate in the Schedule of the Dominican Republic to Annex 3.3; and

(ii) for years eight and nine, less than or equal to 50 percent of the difference between the appropriate MFN rate as determined under Article 3.15.1 and the applicable tariff rate in the Schedule of the Dominican Republic to Annex 3.3.

#### Schedule of El Salvador

##### Subject Goods and Trigger Levels

1. For purposes of paragraphs 1 and 2 of Article 3.15, United States goods that may be subject to an agricultural safeguard measure and the trigger level for each such good are set out below:

Good	Tariff Classification	Trigger Level	Annual Trigger Growth Rate
------	-----------------------	---------------	----------------------------

Chicken Leg Quarters	02071399, 02071499, 16023200	130% of TRQ	
----------------------	------------------------------	-------------	--

Liquid Dairy	04011000, 04012000, 04013000	130% of TRQ	
--------------	------------------------------	-------------	--

Milk Powder	04021000, 04022111, 04022112, 04022121, 04022122, 04022900	130% of TRQ	
-------------	--	-------------	--

Buttermilk, Curdled Cream and Yogurt	04031000, 04039010, 04039090	130% of TRQ	
--------------------------------------	------------------------------	-------------	--

Butter	04051000, 04052000, 04059090	130% of TRQ	
--------	------------------------------	-------------	--

Cheese	04061000, 04062090, 04063000, 04069010, 04069020, 04069090	130% of TRQ	
--------	--	-------------	--

Ice Cream	21050000	130% of TRQ	
-----------	----------	-------------	--

Other Dairy Products	21069020	130% of TRQ	
----------------------	----------	-------------	--

Pork	02031100, 02031200, 02031900, 02032100, 02032200, 02032900	130% of TRQ	
------	--	-------------	--

Rough Rice	10061090	110% of TRQ	
------------	----------	-------------	--

Milled Rice	10062000, 10063010, 10063090, 10064000	110% of TRQ	
-------------	--	-------------	--

Parboiled Rice	1006	110% of TRQ	
----------------	------	-------------	--

Beans	07133200, 07133390, 07133310	60 MT 10%	
-------	------------------------------	-----------	--

Sorghum	10070090	110% of TRQ	
---------	----------	-------------	--

Vegetable Oil	15079000, 15122900, 15152900, 15162090, 15121900	8,000 MT 5%	
---------------	--	-------------	--

Canned Meat	16010010, 16010030, 16010080, 16010090, 16024990	400 MT	
-------------	--	--------	--

10%

High Fructose Corn Syrup 17023020, 17024000, 17025000, 17026000 75 MT 10%

#### Additional Import Duty

2. For purposes of paragraph 3 of Article 3.15, the additional import duty shall be:

(a) For liquid dairy, milk powder, butter, cheese, ice cream, other dairy products, buttermilk, curdled cream and yogurt goods as listed in this Schedule:

(i) in years one through 14, less than or equal to 100 percent of the difference between the appropriate MFN rate of duty as determined under Article 3.15.1 and the applicable tariff rate in the Schedule of El Salvador to Annex 3.3;

(ii) in years 15 through 17, less than or equal to 75 percent of the difference between the appropriate MFN rate of duty as determined under Article 3.15.1 and the applicable tariff rate in the Schedule of El Salvador to Annex 3.3; and

(iii) in years 18 and 19, less than or equal to 50 percent of the difference between the appropriate MFN rate as determined under Article 3.15.1 and the applicable tariff rate in the Schedule of El Salvador to Annex 3.3.

(b) For rough rice, milled rice, parboiled rice and chicken leg quarters as listed in this Schedule:

(i) in years one through 13, less than or equal to 100 percent of the difference between the appropriate MFN rate of duty as determined under Article 3.15.1 and the applicable tariff rate in the Schedule of El Salvador to Annex 3.3;

(ii) in years 14 and 15, less than or equal to 75 percent of the difference between the appropriate MFN rate of duty as determined under Article 3.15.1 and the applicable tariff rate in the Schedule of El Salvador to Annex 3.3; and

(iii) in years 16 and 17, less than or equal to 50 percent of the difference between the appropriate MFN rate of duty as determined under Article 3.15.1 and the applicable tariff rate in the Schedule of El Salvador to Annex 3.3;

(c) For pork as listed in this Schedule:

(i) in years one through nine, less than or equal to 100 percent of the difference between the appropriate MFN rate of duty as determined under Article 3.15.1 and the applicable tariff rate in the Schedule of El Salvador to Annex 3.3;

(ii) in years ten through 12, less than or equal to 75 percent of the difference between the appropriate MFN rate of duty as determined under Article 3.15.1 and the applicable tariff rate in the Schedule of El Salvador to Annex 3.3; and

(iii) in years 13 and 14, less than or equal to 50 percent of the difference between the appropriate MFN rate of duty as determined under Article 3.15.1 and the applicable tariff rate in the Schedule of El Salvador to Annex 3.3.

(d) For vegetable oil and canned meat as listed in this Schedule that are subject to duty elimination under staging category N:

(i) in years one through four, less than or equal to 100 percent of the difference between the appropriate MFN rate of duty as determined under Article 3.15.1 and the applicable tariff rate in the Schedule of El Salvador to Annex 3.3;

(ii) in years five through eight, less than or equal to 75 percent of the difference between the appropriate MFN rate of duty as determined under Article 3.15.1 and the applicable tariff rate in the Schedule of El Salvador to Annex 3.3; and

(iii) in years nine through 11, less than or equal to 50 percent of the difference between the appropriate MFN rate of duty as determined under Article 3.15.1 and the applicable tariff rate in the Schedule of El Salvador to Annex 3.3.

(e) For goods listed in this Schedule and not specified in subparagraphs (a) through (d):  
(i) in years one through five, less than or equal to 100 percent of the difference between the appropriate MFN rate of duty as determined under Article 3.15.1 and the applicable tariff rate in the Schedule of El Salvador to Annex 3.3;  
(ii) in years six through ten, less than or equal to 75 percent of the difference between the appropriate MFN rate of duty as determined under Article 3.15.1 and the applicable tariff rate in the Schedule of El Salvador to Annex 3.3; and  
(iii) in years 11 through 14, less than or equal to 50 percent of the difference between the appropriate MFN rate as determined under Article 3.15.1 and the applicable tariff rate in the Schedule of El Salvador to Annex 3.3.

#### Schedule of Guatemala

##### Subject Goods and Trigger Levels

1. For purposes of paragraphs 1 and 2 of Article 3.15, United States goods that may be subject to an agricultural safeguard measure and the trigger level for each such good are set out below:

Good	Tariff Classification	Trigger Level	Annual Trigger Growth Rate
Chicken Leg Quarters	02071399, 02071499, 16023200	130% of TRQ	
Liquid Dairy	04011000, 04012000	50 MT	10%
Cheese	04061000, 04062090, 04063000, 04069010, 04069020, 04069090	130% of TRQ	
Milk Powder	04021000, 04022111, 04022112, 04022121, 04022122, 04022900, 04039010, 04039090	130% of TRQ	
Butter	04051000, 0405200, 04059090, 04013000	130% of TRQ	
Ice Cream	21050000	130% of TRQ	
Other Dairy Products	22029090	130% of TRQ	
Pork	02031100, 02031200, 02031900, 02032100, 02032200, 02032900	130% of TRQ	
Rough Rice	10061090	110% of TRQ	
Milled Rice	10062000, 10063010, 10063090, 10064000	110% of TRQ	
Whole Beans	07133310	50 MT	5%
Vegetable Oil	15162090, 15162010, 15152900, 15122900, 15121900, 15079000	2,600 MT	5%
Pimientos	07096010	25MT	10%
Fresh Tomatoes	07020000	150MT	10%
High Fructose Corn Syrup	17026000	50MT	10%
Fresh Potatoes	07019000	350MT	10%
Onions	07031012	64 MT	10%

##### Additional Import Duty

2. For purposes of paragraph 3 of Article 3.15, the additional import duty shall be:

(a) For liquid dairy, cheese, milk powder, butter and ice cream goods as listed in this Schedule:

(i) in years one through 14, less than or equal to 100 percent of the difference between the appropriate MFN rate of duty as determined under Article 3.15.1 and the applicable tariff rate in the Schedule of Guatemala to Annex 3.3;

(ii) in years 15 through 17, less than or equal to 75 percent of the difference between the appropriate MFN rate of duty as determined under Article 3.15.1 and the applicable

tariff rate in the Schedule of Guatemala to Annex 3.3; and

(iii) in years 18 and 19, less than or equal to 50 percent of the difference between the appropriate MFN rate of duty as determined under Article 3.15.1 and the applicable tariff rate in the Schedule of Guatemala to Annex 3.3.

(b) For chicken leg quarters, rough rice, and milled rice as listed in this Schedule:

(i) in years one through 13, less than or equal to 100 percent of the difference between the appropriate MFN rate of duty as determined under Article 3.15.1 and the applicable tariff rate in the Schedule of Guatemala to Annex 3.3;

(ii) in years 14 and 15, less than or equal to 75 percent of the difference between the appropriate MFN rate of duty as determined under Article 3.15.1 and the applicable tariff rate in the Schedule of Guatemala to Annex 3.3; and

(iii) in years 16 and 17, less than or equal to 50 percent of the difference between the appropriate MFN rate of duty as determined under Article 3.15.1 and the applicable tariff rate in the Schedule of Guatemala to Annex 3.3.

(c) For pork, fresh potatoes, high fructose corn syrup and vegetable oil as listed in this Schedule that are subject to duty elimination under staging category D:

(i) in years one through five, less than or equal to 100 percent of the difference between the appropriate MFN rate of duty as determined under Article 3.15.1 and the applicable tariff rate in the Schedule of Guatemala to Annex 3.3;

(ii) in years six through ten, less than or equal to 75 percent of the difference between the appropriate MFN rate of duty as determined under Article 3.15.1 and the applicable tariff rate in the Schedule of Guatemala to Annex 3.3; and

(iii) in years 11 through 14, less than or equal to 50 percent of the difference between the appropriate MFN rate of duty as determined under Article 3.15.1 and the applicable tariff rate in the Schedule of Guatemala to Annex 3.3.

(d) For whole beans as listed in this Schedule:

(i) in years one through nine, less than or equal to 100 percent of the difference between the appropriate MFN rate of duty as determined under Article 3.15.1 and the applicable tariff rate in the Schedule of Guatemala to Annex 3.3;

(ii) for years ten through 12, less than or equal to 75 percent of the difference between the appropriate MFN rate of duty as determined under Article 3.15.1 and the applicable tariff rate in the Schedule of Guatemala to Annex 3.3; and

(iii) for years 13 and 14, less than or equal to 50 percent of the difference between the appropriate MFN rate of duty as determined under Article 3.15.1 and the applicable tariff rate in the Schedule of Guatemala to Annex 3.3.

(e) For pimientos, onions, tomatoes, vegetable oil, and other dairy goods as listed in this Schedule that are subject to duty elimination under staging category C:

(i) in years one through four, less than or equal to 100 percent of the difference between the appropriate MFN rate of duty as determined under Article 3.15.1 and the applicable tariff rate in the Schedule of Guatemala to Annex 3.3;

(ii) in years five through seven, less than or equal to 75 percent of the difference between the appropriate MFN rate of duty as determined under Article 3.15.1 and the applicable tariff rate in the Schedule of Guatemala to Annex 3.3; and

(iii) in years eight and nine, less than or equal to 50 percent of the difference between the appropriate MFN rate of duty as determined under Article 3.15.1 and the applicable tariff rate in the Schedule of Guatemala to Annex 3.3.

Schedule of Honduras

### Subject Goods and Trigger Levels

1. For purposes of paragraphs 1 and 2 of Article 3.15, United States goods that may be subject to an agricultural safeguard measure and the trigger level for each such good are set out below:

Good Tariff Classification Trigger Level Annual Trigger Growth Rate

Pork 02031100, 02031200, 02031900, 02032100, 02032200, 02032900 130% of TRQ

Chicken Leg Quarters 02071399, 02071499, 16023200 130% of TRQ

Liquid Dairy 04011000, 04012000, 04013000 50 MT 10%

Milk Powder 04021000, 04022111, 04022112, 04022121, 04022122, 04022900  
130% of TRQ

Butter 04051000 04052000, 04059090 130% of TRQ

Cheese 04061000, 04062090, 04063000, 04069010, 04069020, 04069090 130%  
of TRQ

Ice Cream 21050000 130% of TRQ

Other Dairy Products 22029090 130% of TRQ

Rough rice 10061090 110% of TRQ

Milled rice 10061020, 10063010, 10063090, 10064010, 10064090 110% of TRQ

Onions 07031011, 07031012 480 MT 10%

Wheat Flour 11010000 210 MT 10%

Vegetable Oil 15079000, 15121900, 15122900, 15152900, 15162090, 15171000,  
15179010, 15179090 3,500 MT 5%

Processed Meat 16010090 140 MT 10%

High Fructose Corn Syrup 17023020, 17024000, 17026000 214 MT 10%

### Additional Import Duty

2. For purposes of paragraph 3 of Article 3.15, the additional import duty shall be:

(a) For pork as listed in this Schedule:

(i) in years one through nine, less than or equal to 100 percent of the difference between the appropriate MFN rate of duty as determined under Article 3.15.1 and the applicable tariff rate in the Schedule of Honduras to Annex 3.3;

(ii) in years ten through 12, less than or equal to 75 percent of the difference between the appropriate MFN rate of duty as determined under Article 3.15.1 and the applicable tariff rate in the Schedule of Honduras to Annex 3.3; and

(iii) in years 13 and 14, less than or equal to 50 percent of the difference between the appropriate MFN rate of duty as determined under Article 3.15.1 and the applicable tariff rate in the Schedule of Honduras to Annex 3.3.

(b) For chicken leg quarters, rough rice, and milled rice as listed in this Schedule:

(i) in years one through 13, less than or equal to 100 percent of the difference between the appropriate MFN rate of duty as determined under Article 3.15.1 and the applicable tariff rate in the Schedule of Honduras to Annex 3.3;

(ii) in years 14 and 15, less than or equal to 75 percent of the difference between the appropriate MFN rate of duty as determined under Article 3.15.1 and the applicable tariff rate in the Schedule of Honduras to Annex 3.3; and

(iii) in years 16 and 17, less than or equal to 50 percent of the difference between the appropriate MFN rate of duty as determined under Article 3.15.1 and the applicable tariff rate in the Schedule of Honduras to Annex 3.3.

(c) For liquid dairy, milk powder, butter, cheese, other dairy goods, and ice cream as

listed in this Schedule:

(i) in years one through 14, less than or equal to 100 percent of the difference between the appropriate MFN rate of duty as determined under Article 3.15.1 and the applicable tariff rate in the Schedule of Honduras to Annex 3.3;

(ii) in years 15 through 17, less than or equal to 75 percent of the difference between the appropriate MFN rate of duty as determined under Article 3.15.1 and the applicable tariff rate in the Schedule of Honduras to Annex 3.3; and

(iii) in years 18 and 19, less than or equal to 50 percent of the difference between the appropriate MFN rate of duty as determined under Article 3.15.1 and the applicable tariff rate in the Schedule of Honduras to Annex 3.3.

(d) For onions, wheat flour, vegetable oil, processed meat, and high fructose corn syrup goods as listed in this Schedule:

(i) in years one through five, less than or equal to 100 percent of the difference between the appropriate MFN rate of duty as determined under Article 3.15.1 and the applicable tariff rate in the Schedule of Honduras to Annex 3.3;

(ii) in years six through ten, less than or equal to 75 percent of the difference between the appropriate MFN rate of duty as determined under Article 3.15.1 and the applicable tariff rate in the Schedule of Honduras to Annex 3.3; and

(iii) in years 11 through 14, less than or equal to 50 percent of the difference between the appropriate MFN rate of duty as determined under Article 3.15.1 and the applicable tariff rate in the Schedule of Honduras to Annex 3.3.

#### Schedule of Nicaragua

##### Subject Goods and Trigger Levels

1. For purposes of paragraphs 1 and 2 of Article 3.15, United States goods that may be subject to an agricultural safeguard measure and the trigger level for each such good are set out below:

Good Tariff Classification Trigger Level Annual Trigger Growth Rate

Beef 02011000, 02012000, 02013000, 02021000, 02022000, 02023000 300 MT 10%

Chicken Leg Quarters 02071399, 02071499, 16023200 130% of TRQ

Liquid Dairy 0401100011, 0401100019, 0401100020, 0401200011, 0401200019, 0401200020, 0401300011, 0401300019, 0401300020 50 MT 10%

Milk Powder 04021000, 04022111, 04022112, 04022121, 04022122, 04022900 130% of TRQ

Butter 04051000, 04052000 130% of TRQ

Cheese 04061000, 04062090, 04063000, 04064000, 04069010, 04069020, 04069090 130% of TRQ

Ice Cream 21050000 130% of TRQ

Other Dairy Products 1901909091, 1901909099, 22029090 130% of TRQ

Onions 07031011, 07031012 450 MT 10%

Beans 07133200 700 MT 10%

Yellow corn 10059020 115% of TRQ

Rough rice 10061090 110% of TRQ

Milled rice 10062000, 10063010, 10063090, 10064000 110% of TRQ

Sorghum 10070090 1,000 MT 10%

High Fructose Corn Syrup 17023020, 17024000, 17025000, 17026000 75 MT 10%

## Additional Import Duty

2. For purposes of paragraph 3 of Article 3.15, the additional import duty shall be:

(a) For beef other than prime and choice beef as listed in this Schedule:

- (i) in years one through seven, less than or equal to 100 percent of the difference between the appropriate MFN rate of duty as determined under Article 3.15.1 and the applicable tariff rate in the Schedule of Nicaragua to Annex 3.3;
- (ii) in years eight through 11, less than or equal to 75 percent of the difference between the appropriate MFN rate of duty as determined under Article 3.15.1 and the applicable tariff rate in the Schedule of Nicaragua to Annex 3.3; and
- (iii) in years 12 through 14, less than or equal to 50 percent of the difference between the appropriate MFN rate of duty as determined under Article 3.15.1 and the applicable tariff rate in the Schedule of Nicaragua to Annex 3.3.

(b) For chicken leg quarters, rough rice, and milled rice as listed in this Schedule:

- (i) in years one through 13, less than or equal to 100 percent of the difference between the appropriate MFN rate of duty as determined under Article 3.15.1 and the applicable tariff rate in the Schedule of Nicaragua to Annex 3.3;
- (ii) in years 14 and 15, less than or equal to 75 percent of the difference between the appropriate MFN rate of duty as determined under Article 3.15.1 and the applicable tariff rate in the Schedule of Nicaragua to Annex 3.3; and
- (iii) in years 16 and 17, less than or equal to 50 percent of the difference between the appropriate MFN rate of duty as determined under Article 3.15.1 and the applicable tariff rate in the Schedule of Nicaragua to Annex 3.3.

(c) For liquid dairy, milk powder, butter, cheese, other dairy goods, and ice cream as listed in this Schedule:

- (i) in years one through 14, less than or equal to 100 percent of the difference between the appropriate MFN rate of duty as determined under Article 3.15.1 and the applicable tariff rate in the Schedule of Nicaragua to Annex 3.3;
- (ii) in years 15 through 17, less than or equal to 75 percent of the difference between the appropriate MFN rate of duty as determined under Article 3.15.1 and the applicable tariff rate in the Schedule of Nicaragua to Annex 3.3; and
- (iii) in years 18 and 19, less than or equal to 50 percent of the difference between the appropriate MFN rate of duty as determined under Article 3.15.1 and the applicable tariff rate in the Schedule of Nicaragua to Annex 3.3.

(d) For onions, beans, and high fructose corn syrup goods as listed in this Schedule:

- (i) in years one through five, less than or equal to 100 percent of the difference between the appropriate MFN rate of duty as determined under Article 3.15.1 and the applicable tariff rate in the Schedule of Nicaragua to Annex 3.3;
- (ii) in years six through ten, less than or equal to 75 percent of the difference between the appropriate MFN rate of duty as determined under Article 3.15.1 and the applicable tariff rate in the Schedule of Nicaragua to Annex 3.3; and
- (iii) in years 11 through 14, less than or equal to 50 percent of the difference between the appropriate MFN rate of duty as determined under Article 3.15.1 and the applicable tariff rate in the Schedule of Nicaragua to Annex 3.3.

(e) For yellow corn and sorghum as listed in this Schedule:

- (i) in years one through nine, less than or equal to 100 percent of the difference between the appropriate MFN rate of duty as determined under Article 3.15.1 and the applicable tariff rate in the Schedule of Nicaragua to Annex 3.3;
- (ii) in years ten through 12, less than or equal to 75 percent of the difference between

the appropriate MFN rate of duty as determined under Article 3.15.1 and the applicable tariff rate in the Schedule of Nicaragua to Annex 3.3; and  
(iii) in years 13 and 14, less than or equal to 50 percent of the difference between the appropriate MFN rate of duty as determined under Article 3.15.1 and the applicable tariff rate in the Schedule of Nicaragua to Annex 3.3.

#### Schedule of the United States

##### Subject Goods and Trigger Levels

1. For purposes of paragraphs 1 and 2 of Article 3.15, Central America or Dominican Republic goods that may be subject to an agricultural safeguard measure and the trigger level for each such good are set out below: (for purposes of determining the country specific application of agricultural safeguard measures, the United States shall apply the non-preferential rules of origin that it applies in the normal course of trade)

##### Good Tariff Classification Trigger Level

Cheese 04061008, 04061018, 04061028, 04061038, 04061048, 04061058, 04061068, 04061078, 04061088, 04062028, 04062033, 04062039, 04062048, 04062053, 04062063, 04062067, 04062071, 04062075, 04062079, 04062083, 04062087, 04062091, 04063018, 04063028, 04063038, 04063048, 04063053, 04063063, 04063067, 04063071, 04063075, 04063079, 04063083, 04063087, 04063091, 04064070, 04069012, 04069018, 04069032, 04069037, 04069042, 04069048, 04069054, 04069068, 04069074, 04069078, 04069084, 04069088, 04069092, 04069094, 04069097 19019036 130% of TRQ

Butter 04013075, 04022190, 04039065, 04039078, 04051020, 04052030, 04059020, 21069026, 21069036 130% of TRQ

Ice Cream 21050020 130% of TRQ

Fluid Fresh and Sour Cream 04013025, 04039016 130% of TRQ

Other Dairy 04022950, 04029170, 04029190, 04029945, 04029955, 04029990, 04031050, 04039095, 04041015, 04049050, 04052070, 15179060, 17049058, 18062026, 18062028, 18062036, 18062038, 18062082, 18062083, 18062087, 18062089, 18063206, 18063208, 18063216, 18063218, 18063270, 18063280, 18069008, 18069010, 18069018, 18069020, 18069028, 18069030, 19011030, 19011040, 19011075, 19011085, 19012015, 19012050, 19019043, 19019047, 21050040, 21069009, 21069066, 21069087, 22029028 130% of TRQ

Peanut Butter 20081115 130% of TRQ

Peanuts 12021080, 12022080, 20081135, 20081160 130% of TRQ

##### Additional Import Duty

2. For purposes of paragraph 3 of Article 3.15, the additional import duty shall be:

(a) For cheese, butter, ice cream, fluid fresh and sour cream, and other dairy goods as listed in this Schedule:

(i) in years one through 14, less than or equal to 100 percent of the difference between the appropriate MFN rate of duty as determined under Article 3.15.1 and the applicable tariff rate in the Schedule of the United States to Annex 3.3;

(ii) in years 15 through 17, less than or equal to 75 percent of the difference between the appropriate MFN rate of duty as determined under Article 3.15.1 and the applicable tariff rate in the Schedule of the United States to Annex 3.3; and

(iii) in years 18 and 19, less than or equal to 50 percent of the difference between the appropriate MFN rate of duty as determined under Article 3.15.1 and the applicable

tariff rate in the Schedule of the United States to Annex 3.3.

(b) For peanuts and peanut butter goods as listed in this Schedule:

(i) in years one through five, less than or equal to 100 percent of the difference between the appropriate MFN rate of duty as determined under Article 3.15.1 and the applicable tariff rate in the Schedule of the United States to Annex 3.3;

(ii) in years six through ten, less than or equal to 75 percent of the difference between the appropriate MFN rate of duty as determined under Article 3.15.1 and the applicable tariff rate in the Schedule of the United States to Annex 3.3; and

(iii) in years 11 through 14, less than or equal to 50 percent of the difference between the appropriate MFN rate of duty as determined under Article 3.15.1 and the applicable tariff rate in the Schedule of the United States to Annex 3.3.

#### Annex 3.22

##### Elimination of Existing Quantitative Restrictions

###### 1. For Costa Rica:

Category 340/640: Cotton and man-made fiber shirts, for men and boys

Category 342/642: Cotton and man-made fiber skirts

Category 347/348: Cotton trousers, breeches, and shorts

Category 443: Wool suits, for men and boys

Category 447: Wool trousers, for men and boys

###### 2. For the Dominican Republic:

Category 338/638: Knit fabric, cotton, and man-made fiber shirts, for men and boys

Category 339/639: Knit fabric, cotton, and man-made fiber shirts, for women and girls

Category 340/640: Cotton and man-made fiber shirts, for men and boys

Category 342/642: Cotton and man-made fiber skirts

Category 347/348: Cotton trousers, breeches, and shorts

Category 351/651: Cotton and man-made fiber nightwear

Category 433: Wool suits, for men and boys

Category 442: Wool skirts

Category 443: Wool suits, for men and boys

Category 444: Wool suits, for women and girls

Category 448: Wool trousers, for women and girls

Category 633: Man-made fiber suits, for men and boys

Category 647/648: Man-made fiber trousers, breeches, and shorts

###### 3. For El Salvador:

Category 340/640: Cotton and man-made fiber shirts, for men and boys

###### 4. For Guatemala:

Category 340/640: Cotton and man-made fiber shirts, for men and boys

Category 347/348: Cotton trousers, breeches, and shorts

Category 351/651: Cotton and man-made fiber nightwear

Category 443: Wool suits, for men and boys

Category 448: Wool trousers, for women and girls

#### Annex 3.25

##### Short Supply List

1 Velveteen fabrics classified in subheading 5801.23.

2 Corduroy fabrics classified in subheading 5801.22, containing 85 percent or more by weight of cotton and containing more than 7.5 wales per centimeter.

- 3 Fabrics classified in subheading 5111.11 or 5111.19, if hand-woven, with a loom width of less than 76 centimeter, woven in the United Kingdom in accordance with the rules and regulations of the Harris Tweed Association, Ltd., and so certified by the Association.
- 4 Fabrics classified in subheading 5112.30, weighing not more than 340 grams per square meter, containing wool, not less than 20 percent by weight of fine animal hair and not less than 15 percent by weight of man-made staple fibers.
- 5 Batiste fabrics classified in subheading 5513.11 or 5513.21, of square construction, of single yarns exceeding 76 metric count, containing between 60 and 70 warp ends and filling picks per square centimeter, of a weight not exceeding 110 grams per square meter.
- 6 Fabrics classified in subheading 5208.21, 5208.22, 5208.29, 5208.31, 5208.32, 5208.39, 5208.41, 5208.42, 5208.49, 5208.51, 5208.52, or 5208.59, of average yarn number exceeding 135 metric.
- 7 Fabrics classified in subheading 5513.11 or 5513.21, not of square construction, containing more than 70 warp ends and filling picks per square centimeter, of average yarn number exceeding 70 metric.
- 8 Fabrics classified in subheading 5210.21 or 5210.31, not of square construction, containing more than 70 warp ends and filling picks per square centimeter, of average yarn number exceeding 70 metric.
- 9 Fabrics classified in subheading 5208.22 or 5208.32, not of square construction, containing more than 75 warp ends and filling picks per square centimeter, of average yarn number exceeding 65 metric.
- 10 Fabrics classified in subheading 5407.81, 5407.82, or 5407.83, weighing less than 170 grams per square meter, having a dobby weave created by a dobby attachment.
- 11 Fabrics classified in subheading 5208.42 or 5208.49, not of square construction, containing more than 85 warp ends and filling picks per square centimeter, of average yarn number exceeding 85 metric.
- 12 Fabrics classified in subheading 5208.51, of square construction, containing more than 75 warp ends and filling picks per square centimeter, made with single yarns, of average yarn number equal to or exceeding 95 metric.
- 13 Fabrics classified in subheading 5208.41, of square construction, with a gingham pattern, containing more than 85 warp ends and filling picks per square centimeter, made with single yarns, of average yarn number equal to or exceeding 95 metric, and characterized by a check effect produced by the variation in color of the yarns in the warp and filling.
- 14 Fabrics classified in subheading 5208.41, with the warp colored with vegetable dyes, and the filling yarns white or colored with vegetable dyes, of average yarn number exceeding 65 metric.
- 15 Circular knit fabric, wholly of cotton yarns, exceeding 100 metric number per single yarn, classified in tariff item 6006.21.aa, 6006.22.aa, 6006.23.aa, or 6006.24.aa.
- 16 100% polyester crushed pannevelour fabric of circular knit construction classified in tariff item 6001.92.aa.
- 17 Viscose rayon yarns classified in subheading 5403.31 or 5403.32.
- 18 Yarn of combed cashmere, combed cashmere blends, or combed camel hair classified in tariff item 5108.20.aa.
- 19 Two elastomeric fabrics used in waistbands, classified in tariff item 5903.90.bb: (1) a knitted outer-fusible material with a fold line that is knitted into the fabric. The

fabric is a 45 millimeter wide base substrate, knitted in narrow width, synthetic fiber based (made of 49% polyester/43% elastomeric filament/8% nylon with a weight of 4.4 ounces, a 110/110 stretch, and a dull yarn), stretch elastomeric material with an adhesive (thermoplastic resin) coating. The 45 millimeter width is divided as follows: 34 millimeter solid, followed by a 3 millimeter seam allowing it to fold over, followed by 8 millimeter of solid; (2) a knitted inner-fusible material with an adhesive (thermoplastic resin) coating that is applied after going through a finishing process to remove all shrinkage from the product. The fabric is a 40 millimeter synthetic fiber based, stretch elastomeric fusible consisting of 80% nylon type 6 and 20% elastomeric filament with a weight of 4.4 ounces, a 110/110 stretch, and a dull yarn.

20 Fabrics classified in subheading 5210.21 or 5210.31, not of square construction, containing more than 70 warp ends and filling picks per square centimeter, of average yarn number exceeding 135 metric.

21 Fabrics classified in subheading 5208.22 or 5208.32, not of square construction, containing more than 75 warp ends and filling picks per square centimeter, of average yarn number exceeding 135 metric.

22 Fabrics classified in subheading 5407.81, 5407.82, or 5407.83, weighing less than 170 grams per square meter, having a dobby weave created by a dobby attachment of average yarn number exceeding 135 metric.

23 Cuprammonium rayon filament yarn classified in subheading 5403.39.

24 Fabrics classified in subheading 5208.42 or 5208.49, not of square construction, containing more than 85 warp ends and filling picks per square centimeter, of average yarn number exceeding 85 metric, of average yarn number exceeding 135 metric if the fabric is Oxford construction.

25 Single ring-spun yarn of yarn numbers 51 and 85 metric, containing 50 percent or more, but less than 85 percent, by weight of 0.9 denier or finer micro modal fiber, mixed solely with U.S. origin extra long pima cotton, classified in subheading 5510.30.

26 Tow of viscose rayon classified in heading 55.02.

27 100 percent cotton woven flannel fabrics, single ring-spun yarns of different colors, of yarn numbers 21 through 36 metric, classified in tariff item 5208.43.aa, of 2 x 2 twill weave construction, weighing not more than 200 grams per square meter.

28 Fabrics classified in the following tariff items of average yarn number exceeding 93 metric: 5208.21.aa, 5208.22.aa, 5208.29.aa, 5208.31.aa, 5208.32.aa, 5208.39.aa, 5208.41.aa, 5208.42.aa, 5208.49.aa, 5208.51.aa, 5208.52.aa, 5208.59.aa, 5210.21.aa, 5210.29.aa, 5210.31.aa, 5210.39.aa, 5210.41.aa, 5210.49.aa, 5210.51.aa, or 5210.59.aa.

29 Certain yarns of carded cashmere or of carded camel hair, classified in tariff item 5108.10.aa, used to produce woven fabrics classified in subheading 5111.11 or 5111.19.

30 Acid-dyeable acrylic tow classified in subheading 5501.30, for production of yarn classified in subheading 5509.31.

31 Untextured flat yarns of nylon classified in tariff item 5402.41.aa. The yarns are described as: (1) of nylon, 7 denier/5 filament nylon 66 untextured (flat) semi-dull yarn; multifilament, untwisted or with a twist not exceeding 50 turns/meter; (2) of nylon, 10 denier/7 filament nylon 66 untextured (flat) semi-dull yarn; multifilament, untwisted or with a twist not exceeding 50 turns/meter; or (3) of nylon, 12 denier/5 filament nylon 66 untextured (flat) semi-dull yarn; multifilament, untwisted or with a twist not exceeding 50 turns/meter.

- 32 Woven fabric classified in tariff item 5515.13.aa, combed of polyester staple fibers mixed with wool, and containing less than 36% by weight of wool.
- 33 Knitted fabric of 85% spun silk/15% wool (210 grams per square meter), classified in tariff item 6006.90.aa.
- 34 Woven fabrics classified in subheading 5512.99, containing 100% by weight of synthetic staple fibers, not of square construction, of average yarn number exceeding 55 metric.
- 35 Woven fabrics classified in subheadings 5512.21 or 5512.29, of 100% acrylic fibers, of average yarn number exceeding 55 metric.
- 36 Rayon filament sewing thread, classified in subheading 5401.20.
- 37 Poplin, ring spun, woven fabric of 97% cotton, 3% Lycra, classified in tariff item 5208.32.bb.
- 38 Polyester/Nylon/Spandex Synthetic Tri-blend (74/22/4%) woven fabric, classified in tariff item 5512.99.aa.
- 39 Two-way stretch woven fabric of polyester/rayon/spandex (62/32/6%), classified in tariff item 5515.19.aa.
- 40 Two-way stretch woven fabric of polyester/rayon/spandex (71/23/6%), classified in tariff item 5515.19.aa.
- 41 Dyed rayon blend (70% rayon/30% polyester) herringbone twill fabric, classified in subheading 5516.92, weighing more than 200 grams per square meter.
- 42 Printed 100% rayon herringbone fabric, classified in subheading 5516.14, weighing more than 200 grams per square meter.
- 43 Leaver's Lace classified in subheading 5804.21 or 5804.29.

Note: This list shall remain in effect until the United States publishes a replacement list that makes changes to the list pursuant to Article 3.25.4 or 3.25.5. Any replacement list shall supersede this list and any prior replacement list, and the United States shall publish the replacement list at the same time that the United States makes a determination pursuant to Article 3.25.4, and six months after the United States makes a determination pursuant to Article 3.25.5. The United States shall transmit a copy of any replacement list to the other Parties at the time it publishes the list.

### Annex 3.27

#### Preferential Tariff Treatment for Wool Apparel Goods Assembled in Costa Rica

1. Subject to paragraph 4, the United States shall apply a rate of duty that is 50 percent of the MFN rate of duty to men's, boys', women's, and girls' tailored wool apparel goods in textile categories 433, 435 (suit-type jackets only), 442, 443, 444, 447, and 448, all within headings 6203 and 6204, if they meet all applicable conditions for preferential tariff treatment, (f or greater certainty, the applicable conditions for preferential tariff treatment include Chapter Rules 1, 3, and 4 for Chapter 62 of the specific rules of origin in Annex 4.1 (Specific Rules of Origin)) and are both cut and sewn or otherwise assembled in the territory of Costa Rica, regardless of the origin of the fabric used to make the goods.
2. For purposes of determining the quantity of square meter equivalents (SME) charged against the limits set out in paragraph 4, the conversion factors listed in Correlation: U.S. Textile and Apparel Category System with the Harmonized Tariff Schedule of the United States of America 2003, U.S. Department of Commerce, Office of Textiles and Apparel, or successor publication, and reproduced in paragraph 3, shall apply.
3. The treatment described in paragraph 1 shall apply to the following goods: (For

purposes of this paragraph: DZ means dozen; M&B means men's and boys'; NO means number; SMEF means SME factor; and W&G means women's and girls')

CAT	SMEF	Description	Unit of Measure
-----	------	-------------	-----------------

433	30.10	M&B SUIT-TYPE JACKETS	DZ
-----	-------	-----------------------	----

435	45.10	W&G SUIT-TYPE JACKETS (for category 435, preferential tariff treatment is available only for suit-type jackets classified in subheading 6204.31 and tariff items 6204.33.aa, 6204.39.aa, and 6204.39.dd)	DZ
-----	-------	--	----

442	15.00	W&G SKIRTS	DZ
-----	-------	------------	----

443	3.76	M&B SUITS	NO
-----	------	-----------	----

444	3.76	W&G SUITS	NO
-----	------	-----------	----

447	15.00	M&B SHORTS, TROUSERS, BREECHES	DZ
-----	-------	--------------------------------	----

448	15.00	W&G SHORTS, TROUSERS, BREECHES	DZ
-----	-------	--------------------------------	----

4. The treatment described in paragraph 1 shall be limited to goods imported into the territory of the United States up to a quantity of 500,000 SME in each of the first two years after the date of entry into force of this Agreement.

5. Costa Rica and the United States shall consult 18 months after the date of entry into force of this Agreement regarding the operation of this Annex and the availability of wool fabric in the region.

#### Annex 3.28

##### Preferential Tariff Treatment for Non-Originating Apparel Goods of Nicaragua

1. Subject to paragraph 4, the United States shall apply the applicable rate of duty set out in its Schedule to Annex 3.3 to the cotton and man-made fiber apparel goods listed in paragraph 3 and provided for in chapters 61 and 62 of the Harmonized System, if they meet the applicable conditions for preferential tariff treatment other than the condition that they be originating goods, and are both cut or knit to shape, and sewn or otherwise assembled, in the territory of Nicaragua.

2. For purposes of determining the quantity of square meter equivalents (SME) that is charged against the annual quantity, the conversion factors listed in Correlation: U.S. Textile and Apparel Category System with the Harmonized Tariff Schedule of the United States of America 2003, U.S. Department of Commerce, Office of Textiles and Apparel, or successor publication, and reproduced in paragraph 3, shall apply.

3. The treatment described in paragraph 1 shall apply to the following goods:

(For purposes of this paragraph:

DZ means dozen;

KG means kilogram;

DPR means dozen pairs;

M&B means men's and boys';

MMF means man-made fiber;

NO means number;

SMEF means SME factor; and

W&G means women's and girls'.)

CAT	SMEF	Description	Unit of Measure
-----	------	-------------	-----------------

237	19.20	PLAYSUITS, SUNSUITS, ETC	DZ
-----	-------	--------------------------	----

239	6.30	BABIES' GARMENTS & CLOTHING ACCESS	KG
-----	------	------------------------------------	----

330	1.40	COTTON HANDKERCHIEFS	DZ
-----	------	----------------------	----

331	2.90	COTTON GLOVES AND MITTENS	DPR
-----	------	---------------------------	-----

332	3.80	COTTON HOSIERY	DPR
-----	------	----------------	-----

333 30.30 M&B SUIT-TYPE COATS, COTTON DZ  
334 34.50 OTHER M&B COATS, COTTON DZ  
335 34.50 W&G COTTON COATS DZ  
336 37.90 COTTON DRESSES DZ  
338 6.00 M&B COTTON KNIT SHIRTS DZ  
339 6.00 W&G COTTON KNIT SHIRTS/BLOUSES DZ  
340 20.10 M&B COTTON SHIRTS, NOT KNIT DZ  
341 12.10 W&G COTTON SHIRTS/BLOUSES, NOT KNIT DZ  
342 14.90 COTTON SKIRTS DZ  
345 30.80 COTTON SWEATERS DZ  
347 14.90 M&B COTTON TROUSERS/BREECHES/SHORTS DZ  
348 14.90 W&G COTTON TROUSERS/BREECHES/SHORTS DZ  
349 4.00 BRASSIERES, OTHER BODY SUPPORT GARMENTS DZ  
350 42.60 COTTON DRESSING GOWNS, ROBES, ETC. DZ  
351 43.50 COTTON NIGHTWEAR/PAJAMAS DZ  
352 9.20 COTTON UNDERWEAR DZ  
353 34.50 M&B COTTON DOWNFILLED COATS DZ  
354 34.50 W&G COTTON DOWNFILLED COATS DZ  
359 8.50 OTHER COTTON APPAREL KG  
630 1.40 MMF HANDKERCHIEFS DZ  
631 2.90 MMF GLOVES AND MITTENS DPR  
632 3.80 MMF HOSIERY DPR  
633 30.30 M&B MMF SUIT-TYPE COATS DZ  
634 34.50 OTHER M&B MMF COATS DZ  
635 34.50 W&G MMF COATS DZ  
636 37.90 MMF DRESSES DZ  
638 15.00 M&B MMF KNIT SHIRTS DZ  
639 12.50 W&G MMF KNIT SHIRTS & BLOUSES DZ  
640 20.10 M&B NOT-KNIT MMF SHIRTS DZ  
641 12.10 W&G NOT-KNIT MMF SHIRTS & BLOUSES DZ  
642 14.90 MMF SKIRTS DZ  
643 3.76 M&B MMF SUITS NO  
644 3.76 W&G MMF SUITS NO  
645 30.80 M&B MMF SWEATERS DZ  
646 30.80 W&G MMF SWEATERS DZ  
647 14.90 M&B MMF TROUSERS/BREECHES/SHORTS DZ  
648 14.90 W&G MMF TROUSERS/BREECHES/SHORTS DZ  
649 4.00 MMF BRAS & OTHER BODY SUPPORT GARMENTS DZ  
650 42.60 MMF ROBES, DRESSING GOWNS, ETC. DZ  
651 43.50 MMF NIGHTWEAR & PAJAMAS DZ  
652 13.40 MMF UNDERWEAR DZ  
653 34.50 M&B MMF DOWNFILLED COATS DZ  
654 34.50 W&G MMF DOWNFILLED COATS DZ  
659 14.40 OTHER MMF APPAREL KG

4. The treatment described in paragraph 1 shall be limited as follows:

(a) in each of the first five years after the date of entry into force of this Agreement, to goods imported into the territory of the United States up to a quantity of 100,000,000 SME;

(b) in the sixth year, to goods imported into the territory of the United States up to a quantity of 80,000,000 SME;  
(c) in the seventh year, to goods imported into the territory of the United States up to a quantity of 60,000,000 SME;  
(d) in the eighth year, to goods imported into the territory of the United States up to a quantity of 40,000,000 SME; and  
(e) in the ninth year, to goods imported into the territory of the United States up to a quantity of 20,000,000 SME.  
Beginning the tenth year after the date of entry into force of this Agreement, this Annex shall cease to apply.

#### Annex 3.29

##### Textile or Apparel Goods Not Covered by Section G

###### HS No. Description

3005.90 Wadding, gauze, bandages, and the like

ex 3921.12

ex 3921.13

Ex 3921.90

Woven, knitted, or non-woven fabrics coated, covered, or laminated with plastics

Ex 6405.20 Footwear with soles and uppers of wool felt

Ex 6406.10 Footwear uppers of which 50% or more of the external surface area is textile material

Ex 6406.99 Leg warmers and gaiters of textile material

6501.00 Hat forms, hat bodies, and hoods of felt; plateaux and manchons of felt

6502.00 Hat shapes, plaited or made by assembling strips of any material

6503.00 Felt hats and other felt headgear

6504.00 Hats and other headgear, plaited or made by assembling strips of any material

6505.90 Hats and other headgear, knitted or made up from lace or other textile material

8708.21 Safety seat belts for motor vehicles

8804.00 Parachutes; their parts and accessories

9113.90 Watch straps, bands, and bracelets of textile materials

9502.91 Garments for dolls

Ex 9612.10 Woven ribbons of man-made fibers, other than those measuring less than 30 millimeters in width and permanently put up in cartridges

Note: Whether or not a textile or apparel good is covered by this Section shall be determined in accordance with the Harmonized System. The descriptions provided in this Annex are for reference purposes only.

#### Chapter Four

##### Rules of Origin and Origin Procedures

###### Section A: Rules of Origin

###### Article 4.1: Originating Goods

Except as otherwise provided in this Chapter, each Party shall provide that a good is originating where:

(a) it is a good wholly obtained or produced entirely in the territory of one or more of the Parties;

(b) it is produced entirely in the territory of one or more of the Parties and

(i) each of the non-originating materials used in the production of the good undergoes

an applicable change in tariff classification specified in Annex 4.1, or  
(ii) the good otherwise satisfies any applicable regional value content or other requirements specified in Annex 4.1, and the good satisfies all other applicable requirements of this Chapter; or  
(c) it is produced entirely in the territory of one or more of the Parties exclusively from originating materials.

#### Article 4.2: Regional Value Content

1. Where Annex 4.1 specifies a regional value content test to determine whether a good is originating, each Party shall provide that the importer, exporter, or producer may use a calculation of regional value content based on one or the other of the following methods:

(a) Method Based on Value of Non-Originating Materials (“Build-down Method”)

$$RVC = AV - VNM \times 100$$

AV

(b) Method Based on Value of Originating Materials (“Build-up Method”)

$$RVC = VOM \times 100$$

AV

where, RVC is the regional value content, expressed as a percentage;

AV is the adjusted value;

VNM is the value of non-originating materials that are acquired and used by the producer in the production of the good; VNM does not include the value of a material that is self-produced; and

VOM is the value of originating materials acquired or self-produced, and used by the producer in the production of the good.

2. Each Party shall provide that all costs considered for the calculation of regional value content shall be recorded and maintained in conformity with the Generally Accepted Accounting Principles applicable in the territory of the Party where the good is produced.

3. Where Annex 4.1 specifies a regional value content test to determine if an automotive good (paragraph 3 applies solely to goods classified under the following headings and subheadings: 8407.31 through 8407.34 (engines), 8408.20 (diesel engines for vehicles), 84.09 (parts of engines), 87.01 through 87.05 (motor vehicles), 87.06 (chassis), 87.07 (bodies), and 87.08 (motor vehicle parts)) is originating, each Party shall provide that the importer, exporter, or producer may use a calculation of the regional value content of that good as provided in paragraph 1 or based on the following method:

Method for Automotive Products (“Net Cost Method”)

$$RVC = NC - VNM \times 100$$

NC

where, RVC is the regional value content, expressed as a percentage;

NC is the net cost of the good; and

VNM is the value of non-originating materials acquired and used by the producer in the production of the good; VNM does not include the value of a material that is self-produced.

4. Each Party shall provide that, for purposes of the regional value content method in paragraph 3, the importer, exporter, or producer may use a calculation averaged over the producer’s fiscal year, using any one of the following categories, on the basis of all motor vehicles in the category or only those motor vehicles in the category that are

exported to the territory of one or more of the other Parties:

- (a) the same model line of motor vehicles in the same class of vehicles produced in the same plant in the territory of a Party;
- (b) the same class of motor vehicles produced in the same plant in the territory of a Party; or
- (c) the same model line of motor vehicles produced in the territory of a Party.

5. Each Party shall provide that, for purposes of calculating regional value content under paragraph 3 for automotive materials (paragraph 5 applies solely to automotive materials classified under the following headings and subheadings: 8407.31 through 8407.34 (engines), 8408.20 (diesel engines for vehicles), 84.09 (parts of engines), 87.06 (chassis), 87.07 (bodies), and 87.08 (motor vehicle parts)) produced in the same plant, an importer, exporter, or producer may use a calculation:

- (a) averaged:
  - (i) over the fiscal year of the motor vehicle producer to whom the good is sold;
  - (ii) over any quarter or month; or
  - (iii) over its fiscal year, provided that the good was produced during the fiscal year, quarter, or month forming the basis for the calculation;
- (b) in which the average in subparagraph (a) is calculated separately for such goods sold to one or more motor vehicle producers; or
- (c) in which the average in subparagraph (a) or (b) is calculated separately for those goods that are exported to the territory of one or more of the Parties.

#### Article 4.3: Value of Materials

Each Party shall provide that, for purposes of Articles 4.2 and 4.6, the value of a material shall be:

- (a) for a material imported by the producer of the good, the adjusted value of the material;
- (b) for a material acquired in the territory where the good is produced, the value, determined in accordance with Articles 1 through 8, Article 15, and the corresponding interpretative notes of the Customs Valuation Agreement in the same manner as for imported goods, with such reasonable modifications as may be required due to the absence of an importation; or
- (c) for a material that is self-produced,
  - (i) all the expenses incurred in the production of the material, including general expenses, and
  - (ii) an amount for profit equivalent to the profit added in the normal course of trade.

#### Article 4.4: Further Adjustments to the Value of Materials

1. Each Party shall provide that, for originating materials, the following expenses, where not included under Article 4.3, may be added to the value of the material:

- (a) the costs of freight, insurance, packing, and all other costs incurred in transporting the material within a Party's territory or between the territories of two or more Parties to the location of the producer;
- (b) duties, taxes, and customs brokerage fees on the material paid in the territory of one or more of the Parties, other than duties and taxes that are waived, refunded, refundable, or otherwise recoverable, including credit against duty or tax paid or payable; and
- (c) the cost of waste and spoilage resulting from the use of the material in the

production of the good, less the value of renewable scrap or by-product.

2. Each Party shall provide that, for non-originating materials, the following expenses, where included under Article 4.3, may be deducted from the value of the material:

(a) the costs of freight, insurance, packing, and all other costs incurred in transporting the material within a Party's territory or between the territories of two or more Parties to the location of the producer;

(b) duties, taxes and customs brokerage fees on the material paid in the territory of one or more of the Parties, other than duties and taxes that are waived, refunded, refundable, or otherwise recoverable, including credit against duty or tax paid or payable;

(c) the cost of waste and spoilage resulting from the use of the material in the production of the good, less the value of renewable scrap or by-product; and

(d) the cost of originating materials used in the production of the non-originating material in the territory of a Party.

#### Article 4.5: Accumulation

1. Each Party shall provide that originating goods or materials of one or more of the Parties, incorporated into a good in the territory of another Party, shall be considered to originate in the territory of that other Party.

2. Each Party shall provide that a good is originating where the good is produced in the territory of one or more of the Parties by one or more producers, provided that the good satisfies the requirements in Article 4.1 and all other applicable requirements in this Chapter.

#### Article 4.6: De Minimis

1. Except as provided in Annex 4.6, each Party shall provide that a good that does not undergo a change in tariff classification pursuant to Annex 4.1 is nonetheless originating if the value of all non-originating materials used in the production of the good and that do not undergo the applicable change in tariff classification does not exceed ten percent of the adjusted value of the good, provided that the value of such non-originating materials shall be included in the value of non-originating materials for any applicable regional value content requirement and that the good meets all other applicable requirements in this Chapter.

2. With respect to a textile or apparel good, Article 3.25.7 (Rules of Origin and Related Matters) applies in place of paragraph 1.

#### Article 4.7: Fungible Goods and Materials

1. Each Party shall provide that an importer may claim that a fungible good or material is originating where the importer, exporter, or producer has:

(a) physically segregated each fungible good or material; or

(b) used any inventory management method, such as averaging, last-in-first-out (LIFO) or first-in-first-out (FIFO), recognized in the Generally Accepted Accounting Principles of the Party in which the production is performed or otherwise accepted by the Party in which the production is performed.

2. Each Party shall provide that the inventory management method selected under paragraph 1 for a particular fungible good or material shall continue to be used for that good or material throughout the fiscal year of the person that selected the inventory management method.

#### Article 4.8: Accessories, Spare Parts, and Tools

1. Each Party shall provide that a good's standard accessories, spare parts, or tools delivered with the good shall be treated as originating goods if the good is an originating good and shall be disregarded in determining whether all the non-originating materials used in the production of the good undergo the applicable change in tariff classification, provided that:

(a) the accessories, spare parts, or tools are classified with and not invoiced separately from the good, regardless of whether they appear specified or separately identified in the invoice itself; and

(b) the quantities and value of the accessories, spare parts, or tools are customary for the good.

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

#### Article 4.9: Packaging Materials and Containers for Retail Sale

Each Party shall provide that packaging materials and containers in which a good is packaged for retail sale shall, if classified with the good, be disregarded in determining whether all the non-originating materials used in the production of the good undergo the applicable change in tariff classification set out in Annex 4.1 and, if the good is subject to a regional value content requirement, the value of such packaging materials and containers shall be taken into account as originating or non-originating materials, as the case may be, in calculating the regional value content of the good.

#### Article 4.10: Packing Materials and Containers for Shipment

Each Party shall provide that packing materials and containers for shipment shall be disregarded in determining whether a good is originating.

#### Article 4.11: Indirect Materials Used in Production

Each Party shall provide that an indirect material shall be considered to be an originating material without regard to where it is produced.

#### Article 4.12: Transit and Transshipment

Each Party shall provide that a good shall not be considered to be an originating good if the good:

(a) undergoes subsequent production or any other operation outside the territories of the Parties, other than unloading, reloading, or any other operation necessary to preserve the good in good condition or to transport the good to the territory of a Party; or

(b) does not remain under the control of customs authorities in the territory of a non-Party.

#### Article 4.13: Sets of Goods

1. Each Party shall provide that if goods are classified as a set as a result of the application of rule 3 of the General Rules of Interpretation of the Harmonized System, the set is originating only if each good in the set is originating and both the set and the goods meet all other applicable requirements in this Chapter.

2. Notwithstanding paragraph 1, a set of goods is originating if the value of all the non-

originating goods in the set does not exceed 15 percent of the adjusted value of the set.

3. With respect to a textile or apparel good, Article 3.25.9 (Rules of Origin and Related Matters) applies in place of paragraphs 1 and 2.

#### Article 4.14: Consultation and Modifications

1. The Parties shall consult regularly to ensure that this Chapter is administered effectively, uniformly, and consistently with the spirit and objectives of this Agreement, and shall cooperate in the administration of this Chapter.

2. A Party that considers that a specific rule of origin set out in Annex 4.1 requires modification to take into account developments in production processes, lack of supply of originating materials, or other relevant factors may submit a proposed modification along with supporting rationale and any studies to the Commission for consideration.

3. On submission by a Party of a proposed modification under paragraph 2, the Commission may refer the matter to an ad hoc working group within 60 days or on such other date as the Commission may decide. The working group shall meet to consider the proposed modification within 60 days of the date of referral or on such other date as the Commission may decide.

4. Within such period as the Commission may direct, the working group shall provide a report to the Commission, setting out its conclusions and recommendations, if any.

5. On receipt of the report, the Commission may take appropriate action under Article 19.1.3(b) (The Free Trade Commission).

6. With respect to a textile or apparel good, paragraphs 1 through 3 of Article 3.25 (Rules of Origin and Related Matters) apply in place of paragraphs 2 through 5.

#### Section B: Origin Procedures

##### Article 4.15: Obligations Relating to Importations

1. Each Party shall grant any claim for preferential tariff treatment made in accordance with this Chapter, unless the Party issues a written determination that the claim is invalid as a matter of law or fact.

2. A Party may deny preferential tariff treatment to a good if the importer fails to comply with any requirement in this Chapter.

3. No Party may subject an importer to any penalty for making an invalid claim for preferential tariff treatment if the importer:

(a) did not engage in negligence, gross negligence, or fraud in making the claim and pays any customs duty owing; or

(b) on becoming aware that such a claim is not valid, promptly and voluntarily corrects the claim and pays any customs duty owing.

4. Each Party may require that an importer who claims preferential tariff treatment for a good imported into its territory:

(a) declare in the importation document that the good is originating;

(b) have in its possession at the time the declaration referred to in subparagraph (a) is made a written or electronic certification as described in Article 4.16, if the certification forms the basis for the claim;

(c) provide a copy of the certification, on request, to the importing Party's customs authority, if the certification forms the basis for the claim;

(d) when the importer has reason to believe that the declaration in subparagraph (a) is

based on inaccurate information, correct the importation document and pay any customs duty owing;

(e) when a certification by a producer or exporter forms the basis for the claim, either provide or have in place, at the importer's option, an arrangement to have the producer or exporter provide, on request of the importing Party's customs authority, all information relied on by such producer or exporter in making such certification; and

(f) demonstrate, on request of the importing Party's customs authority, that the good is originating under Article 4.1, including that the good satisfies the requirements of Article 4.12.

5. Each Party shall provide that, where a good was originating when it was imported into its territory, but the importer of the good did not make a claim for preferential tariff treatment at the time of importation, that importer may, no later than one year after the date of importation, make a claim for preferential tariff treatment and apply for a refund of any excess duties paid as the result of the good not having been accorded preferential tariff treatment on presentation to its customs authority of:

(a) a written declaration, stating that the good was originating at the time of importation;

(b) on request of its customs authority, a copy of a written or electronic certification if a certification forms the basis for the claim, or other information demonstrating that the good was originating; and

(c) such other documentation relating to the importation of the good as its customs authority may require.

6. Each Party may provide that the importer is responsible for complying with the requirements of paragraph 4, notwithstanding that the importer may have based its claim for preferential tariff treatment on a certification or information that an exporter or producer provided.

7. Nothing in this Article shall prevent a Party from taking action under Article 3.24.6 (Customs Cooperation).

#### Article 4.16: Claims of Origin

1. Each Party shall provide that an importer may make a claim for preferential tariff treatment based on either:

(a) a written or electronic (each Central American Party and the Dominican Republic shall authorize importers to provide electronic certifications beginning no later than three years after the date of entry into force of this Agreement) certification by the importer, exporter, or producer; or

(b) the importer's knowledge that the good is an originating good, including reasonable reliance on information in the importer's possession that the good is an originating good (each Central American Party and the Dominican Republic shall implement subparagraph (b) no later than three years after the date of entry into force of this Agreement).

2. Each Party shall provide that a certification need not be made in a prescribed format, provided that the certification is in written or electronic form, including but not limited to the following elements:

(a) the name of the certifying person, including as necessary contact or other identifying information;

(b) tariff classification under the Harmonized System and a description of the good;

(c) information demonstrating that the good is originating;

(d) date of the certification; and

(e) in the case of blanket certification issued as set out in paragraph 4(b), the period that the certification covers.

3. Each Party shall provide that a certification by the producer or exporter of the good may be completed on the basis of:

(a) the producer's or exporter's knowledge that the good is originating; or

(b) in the case of an exporter, reasonable reliance on the producer's written or electronic certification that the good is originating. No Party may require an exporter or producer to provide a written or electronic certification to another person.

4. Each Party shall provide that a certification may apply to:

(a) a single shipment of a good into the territory of a Party; or

(b) multiple shipments of identical goods within any period specified in the written or electronic certification, not exceeding 12 months from the date of the certification.

5. Each Party shall provide that a certification shall be valid for four years after the date it was issued.

6. Each Party shall allow an importer to submit a certification in the language of the importing Party or the exporting Party. In the latter case, the customs authority of the importing Party may require the importer to submit a translation of the certification in the language of the importing Party.

#### Article 4.17: Exceptions

No Party may require a certification or information demonstrating that the good is originating where:

(a) the customs value of the importation does not exceed 1,500 U.S. dollars or the equivalent amount in the currency of the importing Party, or such higher amount as may be established by the importing Party, unless the importing Party considers the importation to be part of a series of importations carried out or planned for the purpose of evading compliance with the certification requirements; or

(b) it is a good for which the importing Party does not require the importer to present a certification or information demonstrating origin.

#### Article 4.18: Obligations Relating to Exportations

1. Each Party shall provide that:

(a) an exporter or a producer in its territory that has provided a written or electronic certification in accordance with Article 4.16 shall, on request, provide a copy to the appropriate authority of the Party;

(b) a false certification by an exporter or a producer in its territory that a good to be exported to the territory of another Party is originating shall be subject to penalties equivalent to those that would apply to an importer in its territory that makes a false statement or representation in connection with an importation, with appropriate modifications; and

(c) when an exporter or a producer in its territory has provided a certification and has reason to believe that the certification contains or is based on incorrect information, the exporter or producer shall promptly notify in writing every person to whom the exporter or producer provided the certification of any change that could affect the accuracy or validity of the certification.

2. No Party may impose penalties on an exporter or a producer for providing an incorrect certification if the exporter or producer voluntarily notifies in writing all persons to whom it has provided the certification that it was incorrect.

#### Article 4.19: Record Keeping Requirements

1. Each Party shall provide that an exporter or a producer in its territory that provides a certification in accordance with Article 4.16 shall maintain, for a minimum of five years from the date the certification was issued, all records and documents necessary to demonstrate that a good for which the producer or exporter provided a certification was an originating good, including records and documents concerning:

- (a) the purchase of, cost of, value of, and payment for, the exported good;
- (b) the purchase of, cost of, value of, and payment for, all materials, including indirect materials, used in the production of the exported good; and
- (c) the production of the good in the form in which it was exported.

2. Each Party shall provide that an importer claiming preferential tariff treatment for a good imported into the Party's territory shall maintain, for a minimum of five years from the date of importation of the good, all records and documents necessary to demonstrate the good qualified for the preferential tariff treatment.

#### Article 4.20: Verification

1. For purposes of determining whether a good imported into its territory from the territory of another Party is an originating good, each Party shall ensure that its customs authority or other competent authority may conduct a verification by means of:

- (a) written requests for information from the importer, exporter, or producer;
- (b) written questionnaires to the importer, exporter, or producer;
- (c) visits to the premises of an exporter or producer in the territory of the other Party, to review the records referred to in Article 4.19 or observe the facilities used in the production of the good, in accordance with the framework that the Parties develop pursuant to Article 4.21.2;
- (d) for a textile or apparel good, the procedures set out in Article 3.24 (Customs Cooperation); or
- (e) such other procedures to which the importing and exporting Parties may agree.

2. A Party may deny preferential tariff treatment to an imported good where:

- (a) the exporter, producer, or importer fails to respond to a written request for information or questionnaire within a reasonable period, as established in the importing Party's law;
- (b) after receipt of a written notification for a verification visit to which the importing and exporting Parties have agreed, the exporter or producer does not provide its written consent within a reasonable period, as established by the importing Party's law; or
- (c) the Party finds a pattern of conduct indicating that an importer, exporter, or producer has provided false or unsupported declarations that a good imported into its territory is an originating good.

3. Except as provided in Article 3.24.6(d) (Customs Cooperation), a Party conducting a verification shall provide the importer a determination, in writing, of whether the good is originating. The Party's determination shall include factual findings and the legal basis for the determination.

4. If an importing Party makes a determination under paragraph 3 that a good is not originating, the Party shall not apply that determination to an importation made before the date of the determination where:

- (a) the customs authority of the exporting Party issued an advance ruling regarding the tariff classification or valuation of one or more materials used in the good under Article

5.10 (Advance Rulings);

(b) the importing Party's determination is based on a tariff classification or valuation for such materials that is different than that provided for in the advance ruling referred to in subparagraph (a); and

(c) the customs authority issued the advance ruling before the importing Party's determination.

5. Where an importing Party determines through verification that an importer, exporter, or producer has engaged in a pattern of conduct in providing false or unsupported statements, declarations, or certifications that a good imported into its territory is originating the Party may suspend preferential tariff treatment to identical goods covered by subsequent statements, declarations, or certifications by that importer, exporter, or producer until the importing Party determines that the importer, exporter, or producer is in compliance with this Chapter.

#### Article 4.21: Common Guidelines

1. The Parties shall agree on and publish common guidelines for the interpretation, application, and administration of this Chapter and the relevant provisions of Chapter Three (National Treatment and Market Access for Goods) and shall endeavor to do so by the date of entry into force of this Agreement. The Parties may agree to modify the common guidelines.

2. The Parties shall endeavor to develop a framework for conducting verifications pursuant to Article 4.20.1(c).

#### Article 4.22: Definitions

For purposes of this Chapter:

adjusted value means the value determined in accordance with Articles 1 through 8, Article 15, and the corresponding interpretative notes of the Customs Valuation Agreement, adjusted, if necessary, to exclude any costs, charges, or expenses incurred for transportation, insurance, and related services incident to the international shipment of the merchandise from the country of exportation to the place of importation;

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

(a) motor vehicles provided for in subheading 8701.20, motor vehicles for the transport of 16 or more persons provided for in subheading 8702.10 or 8702.90, and motor vehicles of subheading 8704.10, 8704.22, 8704.23, 8704.32, or 8704.90, or heading 87.05 or 87.06;

(b) motor vehicles provided for in subheading 8701.10 or subheadings 8701.30 through 8701.90;

(c) motor vehicles for the transport of 15 or fewer persons provided for in subheading 8702.10 or 8702.90, and motor vehicles of subheading 8704.21 or 8704.31; or

(d) motor vehicles provided for in subheadings 8703.21 through 8703.90;

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

Generally Accepted Accounting Principles means recognized consensus or substantial authoritative support given in the territory of a Party with respect to the recording of revenues, expenses, costs, assets, and liabilities, the disclosure of information, and the preparation of financial statements. Generally Accepted Accounting Principles may encompass broad guidelines for general application, as well as detailed standards, practices, and procedures;

good means any merchandise, product, article, or material;  
goods wholly obtained or produced entirely in the territory of one or more of the Parties means:

- (a) plants and plant products harvested or gathered in the territory of one or more of the Parties;
- (b) live animals born and raised in the territory of one or more of the Parties;
- (c) goods obtained in the territory of one or more of the Parties from live animals;
- (d) goods obtained from hunting, trapping, fishing, or aquaculture conducted in the territory of one or more of the Parties;
- (e) minerals and other natural resources not included in subparagraphs (a) through (d) extracted or taken from the territory of one or more of the Parties;
- (f) fish, shellfish, and other marine life taken from the sea, seabed, or subsoil outside the territory of one or more of the Parties by vessels registered or recorded with a Party and flying its flag;
- (g) goods produced on board factory ships from the goods referred to in subparagraph (f), provided such factory ships are registered or recorded with that Party and fly its flag;
- (h) goods taken by a Party or a person of a Party from the seabed or subsoil outside territorial waters, provided that a Party has rights to exploit such seabed or subsoil;
- (i) goods taken from outer space, provided they are obtained by a Party or a person of a Party and not processed in the territory of a non-Party;
- (j) waste and scrap derived from
  - (i) manufacturing or processing operations in the territory of one or more of the Parties, or
  - (ii) used goods collected in the territory of one or more of the Parties, provided such goods are fit only for the recovery of raw materials;
- (k) recovered goods derived in the territory of one or more of the Parties from used goods, and utilized in the territory of one or more of the Parties in the production of remanufactured goods; and
- (l) goods produced in the territory of one or more of the Parties exclusively from goods referred to in subparagraphs (a) through (j), or from their derivatives, at any stage of production;

identical goods means “identical goods” as defined in the Customs Valuation Agreement;

indirect material means a good used in the production, testing, or inspection of a good, but not physically incorporated into the good, or a good used in the maintenance of buildings or the operation of equipment associated with the production of a good, including:

- (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, compounding materials, and other materials used in production or used to operate equipment and buildings;
  - (e) gloves, glasses, footwear, clothing, safety equipment, and supplies;
  - (f) equipment, devices, and supplies used for testing or inspecting the good;
  - (g) catalysts and solvents; and
  - (h) any other goods that are not incorporated into the good but whose use in the production of the good can reasonably be demonstrated to be a part of that production;
- material means a good that is used in the production of another good, including a part or

an ingredient;

material that is self-produced means an originating material that is produced by a producer of a good and used in the production of that good;

model line means a group of motor vehicles having the same platform or model name;

net cost means total cost minus sales promotion, marketing, and after-sales service costs, royalties, shipping and packing costs, and non-allowable interest costs that are included in the total cost;

net cost of the good means the net cost that can be reasonably allocated to the good under one of the following methods:

(a) by calculating the total cost incurred with respect to all goods produced by that producer, subtracting any sales promotion, marketing and after-sales service costs, royalties, shipping and packing costs, and non-allowable interest costs that are included in the total cost of all such goods, and then reasonably allocating the resulting net cost of those goods to the good;

(b) calculating the total cost incurred with respect to all goods produced by that producer, reasonably allocating the total cost to the good, and then subtracting any sales promotion, marketing and after-sales service costs, royalties, shipping and packing costs, and non-allowable interest costs that are included in the portion of the total cost allocated to the good; or

(c) reasonably allocating each cost that forms part of the total cost incurred with respect to the good so that the aggregate of these costs does not include any sales promotion, marketing, and after-sales service costs, royalties, shipping and packing costs, and non-allowable interest costs, provided that the allocation of all such costs is consistent with the provisions regarding the reasonable allocation of costs set out in Generally Accepted Accounting Principles;

non-allowable interest costs means interest costs incurred by a producer that exceed 700 basis points above the yield on debt obligations of comparable maturities issued by the central level of government of the Party in which the producer is located;

non-originating good or non-originating material means a good or material that is not originating under this Chapter;

packing materials and containers for shipment means the goods used to protect a good during its transportation and does not include the packaging materials and containers in which a good is packaged for retail sale;

producer means a person who engages in the production of a good in the territory of a Party;

production means growing, mining, harvesting, fishing, raising, trapping, hunting, manufacturing, processing, assembling, or disassembling a good;

reasonably allocate means to apportion in a manner appropriate under Generally Accepted Accounting Principles;

recovered goods means materials in the form of individual parts that are the result of:

(a) the disassembly of used goods into individual parts; and (b) cleaning, inspecting, testing, or other processes as necessary for improvement to sound working condition;

remanufactured goods means goods classified under Harmonized System chapter 84, 85, or 87 or heading 90.26, 90.31, or 90.32, except goods classified under heading 84.18 or 85.16, that:

(a) are entirely or partially comprised of recovered goods; and

(b) have a similar life expectancy and enjoy a factory warranty similar to such a new good;

total cost means all product costs, period costs, and other costs for a good incurred in the territory of one or more of the Parties;  
used means used or consumed in the production of goods; and  
value means the value of a good or material for purposes of calculating customs duties or for purposes of applying this Chapter.

#### Annex 4.6

##### Exceptions to Article 4.6

Article 4.6 shall not apply to:

- (a) a non-originating material classified under chapter 4 of the Harmonized System, or a non-originating dairy preparation containing over ten percent by weight of milk solids classified under subheading 1901.90 or 2106.90, that is used in the production of a good classified under chapter 4 of the Harmonized System;
- (b) a non-originating material classified under chapter 4 of the Harmonized System, or a non-originating dairy preparation containing over ten percent by weight of milk solids classified under subheading 1901.90, that is used in the production of the following goods: infant preparations containing over ten percent in weight of milk solids classified under subheading 1901.10; mixes and doughs, containing over 25 percent by weight of butterfat, not put up for retail sale, classified under subheading 1901.20; dairy preparations containing over ten percent by weight of milk solids, classified under subheading 1901.90 or 2106.90; heading 21.05; beverages containing milk classified under subheading 2202.90; or animal feeds containing over ten percent by weight of milk solids classified under subheading 2309.90;
- (c) a non-originating material classified under heading 08.05 or subheadings 2009.11 through 2009.30 that is used in the production of a good classified under subheadings 2009.11 through 2009.30, or in fruit or vegetable juice of any single fruit or vegetable, fortified with minerals or vitamins, concentrated or unconcentrated, classified under subheading 2106.90 or 2202.90;
- (d) a non-originating material classified under heading 09.01 or 21.01, that is used in the production of a good classified under heading 09.01 or 21.01;
- (e) a non-originating material classified under heading 10.06 that is used in the production of a good classified under heading 11.02 or 11.03 or subheading 1904.90;
- (f) a non-originating material classified under chapter 15 of the Harmonized System that is used in the production of a good classified under chapter 15 of the Harmonized System;
- (g) a non-originating material classified under heading 17.01 that is used in the production of a good classified under heading 17.01 through 17.03;
- (h) a non-originating material classified under chapter 17 of the Harmonized System that is used in the production of a good classified under subheading 1806.10; or
- (i) except as provided under subparagraph (a) through (h) and in the specific rules of origin under Annex 4.1, a non-originating material used in the production of a good classified under chapter 1 through 24 of the Harmonized System unless the non-originating material is classified under a different subheading than the good for which origin is being determined.

#### Chapter Five

##### Customs Administration and Trade Facilitation

##### Article 5.1: Publication

1. Each Party shall publish, including on the Internet, its customs laws, regulations, and general administrative procedures.
2. Each Party shall designate or maintain one or more inquiry points to address inquiries by interested persons concerning customs matters and shall make available on the Internet information concerning the procedures for making such inquiries.
3. To the extent possible, each Party shall publish in advance any regulations of general application governing customs matters that it proposes to adopt and provide interested persons the opportunity to comment prior to their adoption.

#### Article 5.2: Release of Goods

1. Each Party shall adopt or maintain simplified customs procedures for the efficient release of goods in order to facilitate trade between the Parties.
2. Pursuant to paragraph 1, each Party shall ensure that its customs authority or other competent authority shall adopt or maintain procedures that:
  - (a) provide for the release of goods within a period no greater than that required to ensure compliance with its customs laws and, to the extent possible, within 48 hours of arrival;
  - (b) allow goods to be released at the point of arrival, without temporary transfer to warehouses or other facilities; and
  - (c) allow importers to withdraw goods from customs before and without prejudice to the final determination by its customs authority of the applicable customs duties, taxes, and fees (A Party may require an importer to provide sufficient guarantee in the form of a surety, a deposit, or some other appropriate instrument, covering the ultimate payment of the customs duties, taxes, and fees in connection with the importation of the good).

#### Article 5.3: Automation

- Each Party's customs authority shall endeavor to use information technology that expedites procedures for the release of goods. When deciding on the information technology to be used for this purpose, each Party shall:
- (a) use, to the extent possible, international standards;
  - (b) make electronic systems accessible to the trading community;
  - (c) provide for electronic submission and processing of information and data before arrival of the shipment to allow for the release of goods on arrival;
  - (d) employ electronic or automated systems for risk analysis and targeting;
  - (e) work towards developing compatible electronic systems among the Parties' customs authorities, to facilitate government to government exchange of international trade data; and
  - (f) work towards developing a set of common data elements and processes in accordance with World Customs Organization (WCO) Customs Data Model and related WCO recommendations and guidelines.

#### Article 5.4: Risk Management

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

#### Article 5.5: Cooperation

1. With a view to facilitating the effective operation of this Agreement, each Party shall endeavor to provide the other Parties with advance notice of any significant modification of administrative policy or other similar development related to its laws or regulations governing importations that is likely to substantially affect the operation of this Agreement.

2. The Parties shall cooperate in achieving compliance with their respective laws and regulations pertaining to:

(a) the implementation and operation of the provisions of this Agreement governing importations or exportations, including claims of origin and origin procedures;

(b) the implementation and operation of the Customs Valuation Agreement;

(c) restrictions or prohibitions on imports or exports; and

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

3. Where a Party has a reasonable suspicion of unlawful activity related to its laws or regulations governing importations, the Party may request another Party to provide specific confidential information normally collected in connection with the importation of goods.

4. For purposes of paragraph 3, “a reasonable suspicion of unlawful activity” means a suspicion based on relevant factual information obtained from public or private sources, comprising one or more of the following:

(a) historical evidence of non-compliance with laws or regulations governing importations by an importer or exporter;

(b) historical evidence of non-compliance with laws or regulations governing importations by a manufacturer, producer, or other person involved in the movement of goods from the territory of one Party to the territory of another Party;

(c) historical evidence that some or all of the persons involved in the movement from the territory of the other Party to the territory of another Party of goods within a specific product sector have not complied with a Party’s laws or regulations governing importations; or

(d) other information that the requesting Party and the Party from whom the information is requested agree is sufficient in the context of a particular request.

5. A Party’s request under paragraph 3 shall be in writing, shall specify the purpose for which the information is sought, and shall identify the requested information with sufficient specificity for the other Party to locate and provide the information.

6. The Party from whom the information is requested shall, in accordance with its law and any relevant international agreements to which it is a party, provide a written response containing such information.

7. Each Party shall endeavor to provide another Party with any other information that would assist that Party in determining whether imports from or exports to that Party are in compliance with the other Party’s laws or regulations governing importations, in particular those related to the prevention of smuggling and similar infractions.

8. For purposes of facilitating regional trade, each Party shall endeavor to provide the other Parties with technical advice and assistance for the purpose of improving risk assessment techniques, simplifying and expediting customs procedures, advancing the technical skill of personnel, and enhancing the use of technologies that can lead to improved compliance with regard to laws or regulations governing importations.

9. Building on the mechanisms established in this Article, the Parties shall strive to explore additional avenues of cooperation to enhance each Party’s ability to enforce its laws and regulations governing importations, including by concluding a mutual assistance

agreement between their respective customs authorities within six months after this Agreement is signed. The Parties shall examine whether to establish other channels of communication to facilitate the secure and rapid exchange of information and to improve coordination on importation issues.

#### Article 5.6: Confidentiality

1. Where a Party providing information to another Party in accordance with this Chapter designates the information as confidential, the other Party shall maintain the confidentiality of the information. The Party providing the information may require written assurances from the other Party that the information will be held in confidence, will be used only for the purposes specified in the other Party's request for information, and will not be disclosed without the Party's specific permission.
2. A Party may decline to provide information requested by another Party where that Party has failed to act in conformity with assurances provided under paragraph 1.
3. Each Party shall adopt or maintain procedures in which confidential information, including information the disclosure of which could prejudice the competitive position of the person providing the information, submitted in accordance with the administration of the Party's customs laws, shall be protected from unauthorized disclosure.

#### Article 5.7: Express Shipments

Each Party shall adopt or maintain expedited customs procedures for express shipments while maintaining appropriate customs control and selection. These procedures shall:

- (a) provide a separate, expedited customs procedure for express shipments;
- (b) provide for the submission and processing of information necessary for the release of an express shipment before the express shipment arrives;
- (c) allow submission of a single manifest covering all goods contained in a shipment transported by an express shipment service, through, if possible, electronic means;
- (d) to the extent possible, provide for clearance of certain goods with a minimum of documentation; and
- (e) under normal circumstances, provide for clearance of express shipments within six hours after submission of the necessary customs documents, provided the shipment has arrived.

#### Article 5.8: Review and Appeal

Each Party shall ensure that with respect to its determinations on customs matters, importers in its territory have access to:

- (a) a level of administrative review independent of the employee or office that issued the determination; and
- (b) judicial review of the determination.

#### Article 5.9: Penalties

Each Party shall adopt or maintain measures that allow for the imposition of civil or administrative penalties and, where appropriate, criminal sanctions for violations of its customs laws and regulations, including those governing tariff classification, customs valuation, country of origin, and claims for preferential treatment under this Agreement.

#### Article 5.10: Advance Rulings

1. Each Party, through its customs authority or other competent authority shall issue,

before a good is imported into its territory, a written advance ruling at the written request of an importer in its territory, or an exporter or producer (for greater certainty, an importer, exporter, or producer may submit a request for an advance ruling through a duly authorized representative) in the territory of another Party with regard to:

- (a) tariff classification;
- (b) the application of customs valuation criteria for a particular case, in accordance with the application of the provisions set out in the Customs Valuation Agreement;
- (c) the application of duty drawback, deferral, or other relief from customs duties;
- (d) whether a good is originating in accordance with Chapter Four (Rules of Origin and Origin Procedures);
- (e) whether a good re-entered into the territory of a Party after being exported to the territory of another Party for repair or alteration is eligible for duty free treatment in accordance with Article 3.6 (Goods Re-entered after Repair or Alteration);
- (f) country of origin marking;
- (g) the application of quotas; and
- (h) such other matters as the Parties may agree.

2. Each Party shall provide that its customs authority or other competent authority shall issue an advance ruling within 150 days after a request, provided that the requester has submitted all information that the Party requires, including, if the authority requests, a sample of the good for which the requester is seeking an advance ruling. In issuing an advance ruling, the authority shall take into account facts and circumstances the requester has provided.

3. Each Party shall provide that advance rulings shall be in force from their date of issuance, or another date specified in the ruling, provided that the facts or circumstances on which the ruling is based remain unchanged.

4. The issuing Party may modify or revoke an advance ruling after the Party notifies the requester. The issuing Party may modify or revoke a ruling retroactively only if the ruling was based on inaccurate or false information.

5. Subject to any confidentiality requirements in its law, each Party shall make its advance rulings publicly available.

6. If a requester provides false information or omits relevant facts or circumstances relating to the advance ruling, or does not act in accordance with the ruling's terms and conditions, the importing Party may apply appropriate measures, including civil, criminal, and administrative actions, monetary penalties, or other sanctions.

#### Article 5.11: Implementation

For each Central American Party and the Dominican Republic:

- (a) Articles 5.2.2(b) and (c) and 5.7 shall apply one year after the date of entry into force of this Agreement;
- (b) Articles 5.1.1, 5.1.2, 5.4, and 5.10 shall apply two years after the date of entry into force of this Agreement; and
- (c) Article 5.3 shall apply three years after the date of entry into force of this Agreement.

#### Article 5.12: Capacity Building

The Parties recognize the importance of trade capacity building activities in facilitating the implementation of this Chapter. Accordingly, the initial capacity building priorities of the working group on customs administration and trade facilitation under the Committee

on Trade Capacity Building should be related to implementation of this Chapter and any other priorities that the Committee designates.

## Chapter Six

### Sanitary and Phytosanitary Measures

#### Objectives

The objectives of this Chapter are to protect human, animal, or plant life or health in the Parties' territories, enhance the Parties' implementation of the SPS Agreement, provide a forum for addressing sanitary and phytosanitary matters, resolve trade issues, and thereby expand trade opportunities.

#### Article 6.1: Affirmation of the SPS Agreement

Further to Article 1.3 (Relation to Other Agreements), the Parties affirm their existing rights and obligations with respect to each other under the SPS Agreement.

#### Article 6.2: Scope and Coverage

1. This Chapter applies to all sanitary and phytosanitary measures of a Party that may, directly or indirectly, affect trade between the Parties.
2. No Party may have recourse to dispute settlement under this Agreement for any matter arising under this Chapter.

#### Article 6.3: Committee on Sanitary and Phytosanitary Matters

1. Not later than 30 days after the date of entry into force of this Agreement, the Parties shall establish a Committee on Sanitary and Phytosanitary Matters, comprising representatives of each Party who have responsibility for sanitary and phytosanitary matters, as set out in Annex 6.3.
2. The Parties shall establish the Committee through an exchange of letters identifying the primary representative of each Party to the Committee and establishing the Committee's terms of reference.
3. The objectives of the Committee shall be to help each Party implement the SPS Agreement, assist each Party to protect human, animal, or plant life or health, enhance consultation and cooperation between the Parties on sanitary and phytosanitary matters, and facilitate trade between the Parties.
4. The Committee shall seek to promote communication and otherwise enhance present or future relationships between the Parties' agencies and ministries with responsibility for sanitary and phytosanitary matters.
5. To the extent possible, the Committee shall seek to facilitate a Party's response to a written request for information from another Party with minimal delay. The Committee shall endeavor to ensure that at the earliest opportunity the responding Party communicates to the requesting Party the steps involved in responding to the request.
6. The Committee shall provide a forum for:
  - (a) enhancing mutual understanding of each Party's sanitary and phytosanitary measures and the regulatory processes that relate to those measures;
  - (b) consulting on matters related to the development or application of sanitary and phytosanitary measures that affect, or may affect, trade between the Parties;
  - (c) addressing bilateral or plurilateral sanitary and phytosanitary matters with a view to facilitating trade between the Parties;
  - (d) consulting on issues, positions, and agendas for meetings of the WTO SPS

Committee, the various Codex committees (including the Codex Alimentarius Commission), the International Plant Protection Convention, the International Office of Epizootics, and other international and regional fora on food safety and human, animal, and plant health;

(e) making recommendations on technical cooperation programs on sanitary and phytosanitary matters to the Committee on Trade Capacity Building;

(f) improving the Parties' understanding of specific issues relating to the implementation of the SPS Agreement; and

(g) reviewing progress in addressing sanitary and phytosanitary matters that may arise between the Parties' agencies and ministries with responsibility for such matters.

7. Each Party shall ensure that appropriate representatives with responsibility for the development, implementation, and enforcement of sanitary and phytosanitary measures from its relevant trade and regulatory agencies or ministries participate in meetings of the Committee.

8. The Committee shall meet at least once a year unless the Parties otherwise agree.

9. The Committee shall perform its work in accordance with its terms of reference. The Committee may revise its terms of reference and may establish procedures to guide its operation.

10. The Committee may establish ad hoc working groups in accordance with its terms of reference.

11. All decisions of the Committee shall be taken by consensus, unless the Committee otherwise decides.

### Annex 6.3

#### Committee on Sanitary and Phytosanitary Matters

The Committee on Sanitary and Phytosanitary Matters shall comprise representatives of the following agencies and ministries:

(a) in the case of Costa Rica, the Dirección de Aplicación de Acuerdos Comerciales Internacionales del Ministerio de Comercio Exterior, the Dirección de Salud Animal y el Servicio de Protección Fitosanitaria del Estado del Ministerio de Agricultura y Ganadería, and the Ministerio de Salud;

(b) in the case of the Dominican Republic, the Dirección de Sanidad Vegetal de la Secretaría de Estado de Agricultura, the Dirección de Sanidad Animal de la Dirección General de Ganadería, the Departamento de Control de Riesgo de Alimentos y Bebidas de la Secretaría de Estado de Salud Pública y Asistencia Social, the Dirección de Comercio Exterior y Administración de Tratados Comerciales Internacionales de la Secretaría de Estado de Industria y Comercio, the Dirección General de Normas y Sistemas de Calidad de la Secretaría de Estado de Industria y Comercio, the Secretaría de Estado de Medio Ambiente y Recursos Naturales, and the Secretaría de Estado de Relaciones Exteriores;

(c) in the case of El Salvador, the Ministerio de Economía, the Ministerio de Agricultura y Ganadería, and the Ministerio de Salud Pública y Asistencia Social;

(d) in the case of Guatemala, the Unidad de Normas y Regulaciones del Ministerio de Agricultura Ganadería y Alimentación, the Departamento de Regulación y Control de Alimentos del Ministerio de Salud Pública y Asistencia Social, and the Ministerio de Economía;

(e) in the case of Honduras, the Dirección General de Integración Económica y Política Comercial de la Secretaría de Estado en los Despachos de Industria y Comercio and the Dirección General del Servicio Nacional de Sanidad Agropecuaria de la Secretaría de

Estado en los Despachos de Agricultura y Ganadería;

(f) in the case of Nicaragua, the Ministerio de Fomento, Industria y Comercio, the Ministerio Agropecuario y Forestal, and the Ministerio de Salud; and

(g) in the case of the United States, the Office of the United States Trade Representative, the Department of State, the Department of Commerce, the Food Safety and Inspection Service of the United States Department of Agriculture (USDA), the Foreign Agricultural Service of the USDA, the Animal and Plant Health Inspection Service of the USDA, the Environmental Protection Agency, and the Food and Drug Administration of the Department of Health and Human Services, or their successors.

## Chapter Seven

### Technical Barriers to Trade

#### Objectives

The objectives of this Chapter are to increase and facilitate trade through the improvement of the implementation of the TBT Agreement, the elimination of unnecessary technical barriers to trade, and the enhancement of bilateral cooperation.

#### Article 7.1: Affirmation of the TBT Agreement

Further to Article 1.3 (Relation to Other Agreements), the Parties affirm their existing rights and obligations with respect to each other under the TBT Agreement.

#### Article 7.2: Scope and Coverage

1. This Chapter applies to all standards, technical regulations, and conformity assessment procedures of central government bodies that may, directly or indirectly, affect trade in goods between the Parties (for greater certainty, the Parties understand that any reference in this Chapter to a standard, technical regulation, or conformity assessment procedure includes those related to metrology).
2. Notwithstanding paragraph 1, this Chapter does not apply to:
  - (a) technical specifications prepared by governmental bodies for production or consumption requirements of such bodies; and
  - (b) sanitary and phytosanitary measures.

#### Article 7.3: International Standards

In determining whether an international standard, guide, or recommendation within the meaning of Articles 2 and 5, and Annex 3 of the TBT Agreement exists, each Party shall apply the principles set out in Decisions and Recommendations adopted by the Committee since 1 January 1995, G/TBT/1/Rev.8, 23 May 2002, Section IX (Decision of the Committee on Principles for the Development of International Standards, Guides and Recommendations with relation to Articles 2, 5 and Annex 3 of the Agreement) issued by the WTO Committee on Technical Barriers to Trade.

#### Article 7.4: Trade Facilitation

1. The Parties shall intensify their joint work in the field of standards, technical regulations, and conformity assessment procedures with a view to facilitating trade between the Parties. In particular, the Parties shall seek to identify trade facilitating initiatives regarding standards, technical regulations, and conformity assessment procedures that are appropriate for particular issues or sectors. Such initiatives may include cooperation on regulatory issues, such as convergence, alignment with international standards, reliance on a supplier's declaration of conformity, and use of accreditation to qualify conformity assessment bodies.
2. On request of another Party, a Party shall give favorable consideration to any sector specific proposal the Party makes for further cooperation under this Chapter.

#### Article 7.5: Conformity Assessment

1. The Parties recognize that a broad range of mechanisms exists to facilitate the acceptance in a Party's territory of the results of conformity assessment procedures conducted in another Party's territory. For example:
  - (a) the importing Party may rely on a supplier's declaration of conformity;

- (b) conformity assessment bodies located in the territory of two or more Parties may enter into voluntary arrangements to accept the results of each other's assessment procedures;
- (c) a Party may agree with another Party to accept the results of conformity assessment procedures that bodies located in the other Party's territory conduct with respect to specific technical regulations;
- (d) a Party may adopt accreditation procedures for qualifying conformity assessment bodies located in the territory of another Party;
- (e) a Party may designate conformity assessment bodies located in the territory of another Party; and
- (f) a Party may recognize the results of conformity assessment procedures conducted in the territory of another Party.

The Parties shall intensify their exchange of information on these and other similar mechanisms.

2. Where a Party does not accept the results of a conformity assessment procedure conducted in the territory of another Party, it shall, on request of that other Party, explain its reasons.

3. Each Party shall accredit, approve, license, or otherwise recognize conformity assessment bodies in the territories of the other Parties on terms no less favorable than those it accords to conformity assessment bodies in its territory. Where a Party accredits, approves, licenses, or otherwise recognizes a body assessing conformity with a specific technical regulation or standard in its territory and refuses to accredit, approve, license, or otherwise recognize a body assessing conformity with that technical regulation or standard in the territory of another Party, it shall, on request of that other Party, explain the reasons for its decision.

4. Where a Party declines a request from another Party to engage in negotiations or conclude an agreement on facilitating recognition in its territory of the results of conformity assessment procedures conducted by bodies in the other Party's territory, it shall, on request of that other Party, explain the reasons for its decision.

#### Article 7.6: Technical Regulations

1. Where a Party provides that foreign technical regulations may be accepted as equivalent to a specific technical regulation of its own, and the Party does not accept a technical regulation of another Party as equivalent to that technical regulation, it shall, at the request of that other Party, explain the reasons for its decision.

2. Where a Party does not provide that foreign technical regulations may be accepted as equivalent to its own, it may, at the request of another Party, explain its reasons for not accepting that other Party's technical regulations as equivalent.

#### Article 7.7: Transparency

1. Each Party shall allow persons of the other Parties to participate in the development of its standards, technical regulations, and conformity assessment procedures. Each Party shall permit persons of the other Parties to participate in the development of such measures on terms no less favorable than those accorded to its own persons and to persons of any other Party.

2. Each Party shall recommend that non-governmental standardizing bodies in its territory observe paragraph 1.

3. In order to enhance the opportunity for persons to provide meaningful comments on

proposed technical regulations and conformity assessment procedures, a Party publishing a notice under Article 2.9 or 5.6 of the TBT Agreement shall:

(a) include in the notice a statement describing the objective of the proposed technical regulation or conformity assessment procedure and the rationale for the approach the Party is proposing; and

(b) transmit the proposal electronically to the other Parties through the inquiry points each Party has established under Article 10 of the TBT Agreement at the same time as it notifies WTO Members of the proposal pursuant to the TBT Agreement.

Each Party should allow at least 60 days after it transmits a proposal under subparagraph (b) for persons and other Parties to make comments in writing on the proposal.

4. Each Party shall publish or otherwise make available to the public, in print or electronically, its responses to significant comments it receives from persons or other Parties under paragraph 3 no later than the date it publishes the final technical regulation or conformity assessment procedure.

5. Where a Party makes a notification under Article 2.10 or 5.7 of the TBT Agreement, it shall at the same time transmit the notification electronically to the other Parties through the inquiry points referenced in paragraph 3(b).

6. Each Party shall, on request of another Party, provide information regarding the objective of, and rationale for, a standard, technical regulation, or conformity assessment procedure that the Party has adopted or is proposing to adopt.

7. Where a Party detains at a port of entry a good originating in the territory of another Party due to a perceived failure to comply with a technical regulation, it shall immediately notify the importer of the reasons for the detention.

8. Each Party shall implement this Article as soon as is practicable and in no event later than five years from the date of entry into force of this Agreement.

#### Article 7.8: Committee on Technical Barriers to Trade

1. The Parties hereby establish the Committee on Technical Barriers to Trade, comprising representatives of each Party, as set out in Annex 7.8.

2. The Committee's functions shall include:

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

(b) promptly addressing any issue that a Party raises related to the development, adoption, application, or enforcement of standards, technical regulations, or conformity assessment procedures;

(c) enhancing cooperation in the development and improvement of standards, technical regulations, and conformity assessment procedures and, as appropriate, designing and proposing mechanisms for technical assistance of the type described in Article 11 of the TBT Agreement, in coordination with the Committee on Trade Capacity Building, as appropriate;

(d) where appropriate, facilitating sectoral cooperation between governmental and non-governmental conformity assessment bodies in the territories of two or more Parties;

(e) exchanging information on developments in non-governmental, regional, and multilateral fora engaged in activities related to standards, technical regulations, and conformity assessment procedures;

(f) at a Party's request, consulting on any matter arising under this Chapter;

(g) reviewing this Chapter in light of any developments under the TBT Agreement, and developing recommendations for amendments to this Chapter in light of those

developments;

(h) taking any other steps the Parties consider will assist them in implementing the TBT Agreement and in facilitating trade; and

(i) as it considers appropriate, reporting to the Commission on the implementation of this Chapter.

3. Where two or more Parties have had recourse to consultations under paragraph 2(f) such consultations shall, on the agreement of those Parties, constitute consultations under Article 20.4 (Consultations).

4. The Committee shall meet at least once a year unless the Parties otherwise agree.

5. All decisions of the Committee shall be taken by consensus unless, the Committee otherwise decides.

#### Article 7.9: Information Exchange

Any information or explanation that is provided on request of a Party pursuant to the provisions of this Chapter shall be provided in print or electronically within a reasonable time. A Party shall endeavor to respond to each such request within 60 days.

#### Article 7.10: Definitions

For purposes of this Chapter:

central government body, conformity assessment procedures, standard, and technical regulation shall have the meanings assigned to those terms in Annex 1 of the TBT Agreement; and

TBT Agreement means the WTO Agreement on Technical Barriers to Trade.

#### Annex 7.8

##### Committee on Technical Barriers to Trade

The Committee on Technical Barriers to Trade shall be coordinated by:

(a) in the case of Costa Rica, the Dirección de Aplicación de Acuerdos Comerciales Internacionales del Ministerio de Comercio Exterior with the collaboration of the Ministerio de Economía, Industria y Comercio and the Ministerio de Salud;

(b) in the case of the Dominican Republic, the Dirección de Comercio Exterior y Administración de Tratados Comerciales Internacionales de la Secretaría de Estado de Industria y Comercio;

(c) in the case of El Salvador, the Ministerio de Economía through the Dirección de Administración de Tratados Comerciales;

(d) in the case of Guatemala, the Ministerio de Economía;

(e) in the case of Honduras, the Dirección General de Integración Económica y Política Comercial de la Secretaría de Estado en los Despachos de Industria y Comercio and the Secretaría de Estado en el Despacho de Salud;

(f) in the case of Nicaragua, the Ministerio de Fomento, Industria y Comercio; and

(g) in the case of the United States, the Office of the United States Trade Representative, or their successors.

## Chapter Eight

### Trade Remedies

#### Section A: Safeguards

##### Article 8.1: Imposition of a Safeguard Measure

1. A Party may apply a measure described in paragraph 2, during the transition period only, if as a result of the reduction or elimination of a duty pursuant to this Agreement, an originating good is being imported into the Party's territory in such increased quantities, in absolute terms or relative to domestic production, and under such conditions as to constitute a substantial cause of serious injury, or threat thereof, to a domestic industry producing a like or directly competitive good.
2. If the conditions in paragraph 1 are met, a Party may to the extent necessary to prevent or remedy serious injury, or threat thereof, and facilitate adjustment:
  - (a) suspend the further reduction of any rate of duty provided for under this Agreement on the good; or
  - (b) increase the rate of duty on the good to a level not to exceed the lesser of
    - (i) the most-favored-nation (MFN) applied rate of duty in effect at the time the measure is applied, and
    - (ii) the MFN applied rate of duty in effect on the day immediately preceding the date of entry into force of this Agreement (the Parties understand that neither tariff rate quotas nor quantitative restrictions would be a permissible form of safeguard measure).
3. (a) Except as provided in subparagraph (b), a Party shall apply a safeguard measure to imports of an originating good that are subject to a determination under paragraph 1 irrespective of their source.
  - (b) A Party may exclude imports of an originating good of another Party from application of a safeguard measure if the Party accorded duty-free treatment to imports of the good from such other Party, pursuant to an agreement between those Parties, for the three-year period preceding the date of entry into force of this Agreement.
4. No Party may apply a safeguard measure against an originating good of another Party as long as the exporting Party's share of imports of the originating good in the importing Party does not exceed three percent, provided that Parties with less than three percent import share collectively account for not more than nine percent of total imports of such originating good.

##### Article 8.2: Standards for a Safeguard Measure

1. A Party may apply a safeguard measure, including any extension thereof, for no longer than four years. Regardless of its duration, such measure shall terminate at the end of the transition period.
2. Subject to paragraph 1, a Party may extend the period of a safeguard measure if the competent investigating authority determines, in conformity with the procedures set out in Article 8.3, that the measure continues to be necessary to prevent or remedy serious injury and to facilitate adjustment and that there is evidence that the domestic industry is adjusting.
3. In order to facilitate adjustment in a situation where the expected duration of a safeguard measure is over one year, the Party applying the measure shall progressively liberalize it at regular intervals during the period of application.
4. A Party may not apply a safeguard measure more than once on the same good.
5. On the termination of a safeguard measure, the rate of duty shall be no higher than the rate that, according to the Party's Schedule to Annex 3.3 (Tariff Elimination), would

have been in effect one year after the imposition of the measure. Beginning on January 1 of the year following the termination of the measure, the Party that has applied the measure shall:

- (a) apply the rate of duty set out in the Party's Schedule to Annex 3.3 (Tariff Elimination) as if the safeguard measure had never been applied; or
- (b) eliminate the tariff in equal annual stages ending on the date set out in the Party's Schedule to Annex 3.3 (Tariff Elimination) for the elimination of the tariff.

#### Article 8.3: Administration of Safeguard Proceedings

1. Each Party shall ensure the consistent, impartial, and reasonable administration of its laws, regulations, decisions, and rulings governing safeguard proceedings under this Chapter.
2. Each Party shall entrust determinations of serious injury, or threat thereof, in safeguard proceedings under this Chapter to a competent investigating authority, subject to review by judicial or administrative tribunals, to the extent provided by domestic law. Negative injury determinations shall not be subject to modification, except by such review. The competent investigating authority empowered under domestic law to conduct such proceedings should be provided with the necessary resources to enable it to fulfill its duties.
3. Each Party shall adopt or maintain equitable, timely, transparent, and effective procedures for safeguard proceedings under this Chapter, in accordance with the requirements set out in Annex 8.3.

#### Article 8.4: Notification and Consultation

1. A Party shall promptly notify the other Parties, in writing, on
  - (a) initiating a safeguard proceeding under this Chapter;
  - (b) making a finding of serious injury, or threat thereof, caused by increased imports under Article 8.1; and
  - (b) taking a decision to apply or extend a safeguard measure.
2. A Party shall provide to the other Parties a copy of the public version of the report of its competent investigating authority required under Annex 8.3.
3. On request of a Party whose good is subject to a safeguard proceeding under this Chapter, the Party conducting that proceeding shall enter into consultations with the requesting Party to review a notification under paragraph 1 or any public notice or report that the competent investigating authority has issued in connection with the proceeding.

#### Article 8.5: Compensation

1. A Party applying a safeguard measure shall, after consultations with each Party against whose good the measure is applied, provide to such Party or Parties mutually agreed trade liberalizing compensation in the form of concessions having substantially equivalent trade effects or equivalent to the value of the additional duties expected to result from the measure. The Party shall provide an opportunity for such consultations no later than 30 days after the application of the safeguard measure.
2. If the consultations under paragraph 1 do not result in an agreement on trade liberalizing compensation within 30 days, any Party against whose good the measure is applied may suspend the application of substantially equivalent concessions to the trade of the Party applying the safeguard measure.
3. A Party shall notify the Party applying the safeguard measure in writing at least 30

days before suspending concessions under paragraph 2.

4. The obligation to provide compensation under paragraph 1 and the right to suspend concessions under paragraph 2 shall terminate on the later of: (a) the termination of the safeguard measure, or (b) the date on which the rate of duty returns to the rate of duty set out in the Party's Schedule to Annex 3.3 (Tariff Elimination).

#### Article 8.6: Global Actions

1. Each Party retains its rights and obligations under Article XIX of the GATT 1994 and the Safeguards Agreement.

2. This Agreement does not confer any additional rights or obligations on the Parties with regard to actions taken pursuant to Article XIX of the GATT 1994 and the Safeguards Agreement, except that a Party taking such an action may exclude imports of an originating good of another Party if such imports are not a substantial cause of serious injury or threat thereof.

3. No Party may apply, with respect to the same good, at the same time:

(a) a safeguard measure; and

(b) a measure under Article XIX of the GATT 1994 and the Safeguards Agreement.

#### Article 8.7: Definitions

For purposes of this Section:

competent investigating authority means the "competent investigating authority" of a Party as defined in Annex 8.7;

domestic industry means, with respect to an imported good, the producers as a whole of the like or directly competitive good or those producers whose collective production of the like or directly competitive good constitutes a major proportion of the total domestic production of such good;

safeguard measure means a measure described in Article 8.1.2;

serious injury means a significant overall impairment in the position of a domestic industry;

substantial cause means a cause which is important and not less than any other cause;

threat of serious injury means serious injury that, on the basis of facts and not merely on allegation, conjecture, or remote possibility, is clearly imminent; and

transition period means the ten-year period beginning on the date of entry into force of this Agreement, except that for any good for which the Schedule to Annex 3.3 (Tariff Elimination) of the Party applying the measure provides for the Party to eliminate its tariffs on the good over a period of more than ten years, transition period means the tariff elimination period for the good set out in that Schedule.

#### Section B: Antidumping and Countervailing Duties

##### Article 8.8: Antidumping and Countervailing Duties

1. The United States shall continue to treat each other Party as a "beneficiary country" for purposes of 19 U.S.C. §§ 1677(7)(G)(ii)(III) and 1677(7)(H) and any successor provisions. No Party may have recourse to dispute settlement under this Agreement for any matter arising under this paragraph.

2. Except for paragraph 1, no provision of this Agreement, including the provisions of Chapter Twenty (Dispute Settlement), shall be construed as imposing any rights or obligations on the Parties with respect to antidumping or countervailing duty measures.

3. Each Party retains its rights and obligations under the WTO Agreement with regard to

the application of antidumping and countervailing duties.

### Annex 8.3

#### Administration of Safeguard Proceedings

##### Institution of a Proceeding

1. A safeguard proceeding under this Chapter may be instituted by a petition or complaint by entities specified in domestic law. The entity filing the petition or complaint shall demonstrate that it is representative of the domestic industry producing a good like or directly competitive with the imported good.

2. A Party may direct its competent investigating authority to institute a proceeding or the authority may institute a proceeding on its own motion.

##### Contents of a Petition or Complaint

3. Where the basis for an investigation is a petition or complaint filed by an entity representative of a domestic industry, the petitioning entity shall, in its petition or complaint, provide the following information to the extent that such information is publicly available from governmental or other sources, or best estimates and the basis therefor if such information is not available:

(a) product description: the name and description of the imported good concerned, the tariff subheading under which that good is classified, its current tariff treatment and the name and description of the like or directly competitive domestic good concerned;

(b) representativeness:

(i) the names and addresses of the entities filing the petition or complaint, and the locations of the establishments in which they produce the domestic good;

(ii) the percentage of domestic production of the like or directly competitive good that such entities account for and the basis for claiming that they are representative of an industry; and

(iii) the names and locations of all other domestic establishments in which the like or directly competitive good is produced;

(c) import data: import data for each of the five most recent full years that form the basis of the claim that the good concerned is being imported in increased quantities, either in absolute terms or relative to domestic production as appropriate;

(d) domestic production data: data on total domestic production of the like or directly competitive good for each of the five most recent full years;

(e) data showing injury: quantitative and objective data indicating the nature and extent of injury to the concerned industry, such as data showing changes in the level of sales, prices, production, productivity, capacity utilization, market share, profits and losses, and employment; and

(f) cause of injury: an enumeration and description of the alleged causes of the injury, or threat thereof, and a summary of the basis for the assertion that increased imports, either actual or relative to domestic production, of the imported good are causing or threatening to cause serious injury, supported by pertinent data.

4. Petitions or complaints, except to the extent that they contain confidential business information, shall promptly be made available for public inspection on being filed.

##### Notice Requirement

5. On instituting a safeguard proceeding under this Chapter, the competent investigating authority shall publish notice of the institution of the proceeding in the official journal of the Party. The notice shall identify the petitioner or other requester, the imported good that is the subject of the proceeding and its tariff subheading, the nature and timing of

the determination to be made, dates of deadlines for filing briefs, statements, and other documents, the place at which the petition and any other documents filed in the course of the proceeding may be inspected, and the name, address, and telephone number of the office to be contacted for more information.

6. With respect to a safeguard proceeding instituted on the basis of a petition or complaint filed by an entity asserting that it is representative of the domestic industry, the competent investigating authority shall not publish the notice required by paragraph 5 without first assessing carefully whether the petition or complaint meets the requirements of paragraph 3, including representativeness.

#### Public Hearing

7. In the course of each proceeding, the competent investigating authority shall:

(a) hold a public hearing, after providing reasonable notice, including notice of the time and place of the hearing, to allow all interested parties, and any association whose purpose is to represent the interests of consumers in the territory of the Party instituting the proceeding, to appear in person or by counsel, to present evidence and to be heard on the questions of serious injury, or threat thereof, and the appropriate remedy; and

(b) provide an opportunity to all interested parties and any such association appearing at the hearing to cross-question interested parties making presentations at that hearing.

#### Confidential Information

8. The competent investigating authority shall adopt or maintain procedures for the treatment of confidential information, protected under domestic law, that is provided in the course of a proceeding, including a requirement that interested parties and consumer associations providing such information furnish non-confidential written summaries thereof, or where they indicate that the information cannot be summarized, the reasons why a summary cannot be provided.

#### Evidence of Injury and Causation

9. In conducting its proceeding the competent investigating authority shall gather, to the best of its ability, all relevant information appropriate to the determination it must make. It shall evaluate all relevant factors of an objective and quantifiable nature having a bearing on the situation of that industry, including the rate and amount of the increase in imports of the good concerned, in absolute terms or relative to domestic production as appropriate, the share of the domestic market taken by increased imports, and changes in the level of sales, production, productivity, capacity utilization, profits and losses, and employment. In making its determination, the competent investigating authority may also consider other economic factors, such as changes in prices and inventories, and the ability of firms in the industry to generate capital.

10. The competent investigating authority shall not make an affirmative injury determination unless its investigation demonstrates, on the basis of objective evidence, the existence of a clear causal link between increased imports of the good concerned and serious injury, or threat thereof. Where factors other than increased imports are causing injury to the domestic industry at the same time, such injury shall not be attributed to increased imports.

#### Deliberation and Report

11. The competent investigating authority, before making an affirmative determination in a safeguard proceeding under this Chapter, shall allow sufficient time to gather and consider the relevant information, hold a public hearing, and provide an opportunity for all interested parties and consumer associations to prepare and submit their views.

12. The competent investigating authority shall publish promptly a report, including a summary thereof in the official journal of the Party, setting out its findings and reasoned conclusions on all pertinent issues of law and fact. The report shall describe the imported good and its tariff item number, the standard applied and the finding made. The statement of reasons shall set out the basis for the determination, including a description of:

- (a) the domestic industry seriously injured or threatened with serious injury;
- (b) information supporting a finding that imports are increasing, the domestic industry is seriously injured or threatened with serious injury, and increasing imports are causing or threatening serious injury; and
- (c) if provided for by domestic law, any finding or recommendation regarding the appropriate remedy and the basis therefor.

13. In its report, the competent investigating authority shall not disclose any confidential information provided pursuant to any undertaking concerning confidential information that may have been made in the course of the proceedings.

#### Annex 8.7

##### Country-Specific Definitions

For purposes of this Chapter:

competent investigating authority means:

- (a) in the case of Costa Rica, the Oficina de Prácticas de Comercio Desleal y de Medidas de Salvaguardia del Ministerio de Economía, Industria y Comercio in coordination with the Dirección de Aplicación de Acuerdos Comerciales Internacionales del Ministerio de Comercio Exterior;
- (b) in the case of the Dominican Republic, the Comisión Reguladora de Prácticas Desleales de Comercio y Medidas de Salvaguardas;
- (c) in the case of El Salvador, the Dirección de Administración de Tratados Comerciales del Ministerio de Economía;
- (d) in the case of Guatemala, the Ministerio de Economía;
- (e) in the case of Honduras, the Dirección General de Integración Económica y Política Comercial de la Secretaría de Estado en los Despachos de Industria y Comercio;
- (f) in the case of Nicaragua; the Dirección de Integración y Administración de Tratados del Ministerio de Fomento, Industria y Comercio; and
- (g) in the case of the United States, the U.S. International Trade Commission, or their successors.

## Chapter Nine

### Government Procurement

#### Article 9.1: Scope and Coverage

1. This Chapter applies to any measure, including any act or guideline of a Party, regarding covered procurement.
2. For purposes of this Chapter, covered procurement means a procurement of goods, services, or both:
  - (a) by any contractual means, including purchase, rental, or lease, with or without an option to buy, build-operate-transfer contracts, and public works concession contracts;
  - (b) listed and subject to the conditions specified in:
    - (i) Annex 9.1.2(b)(i), which shall apply between the United States and each other Party;
    - (ii) Annex 9.1.2(b)(ii), which shall apply between the Central American Parties; and
    - (iii) Annex 9.1.2(b)(iii), which shall apply between each Central American Party and the Dominican Republic;
  - (c) that is conducted by a procuring entity; and
  - (d) that is not excluded from coverage.
3. This Chapter does not apply to:
  - (a) non-contractual agreements or any form of assistance that a Party or a state enterprise provides, including grants, loans, equity infusions, fiscal incentives, subsidies, guarantees, cooperative agreements, government provision of goods and services to persons or to state, regional, or local governments, and purchases for the direct purpose of providing foreign assistance;
  - (b) purchases funded by loans or grants made to a Party, including an entity of a Party by a person, international entities, associations, or another Party or a non-Party, to the extent that the conditions of such assistance are inconsistent with this Chapter;
  - (c) acquisition of fiscal agency or depository services, liquidation, and management services for regulated financial institutions, and sale and distribution services for government debt;
  - (d) hiring of government employees and related employment measures;
  - (e) any good or service component of any contract that is awarded by a procuring entity that is not listed in Sections A through C of Annexes 9.1.2(b)(i), 9.1.2(b)(ii), and 9.1.2(b)(iii); and
  - (f) purchases made under exceptionally advantageous conditions that only arise in the very short term, such as unusual disposals by companies that normally are not suppliers, or disposals of assets of businesses in liquidation or receivership.
4. Each Party shall ensure that its procuring entities comply with this Chapter in conducting any covered procurement.
5. Where a procuring entity awards a contract in a procurement that is not covered by this Chapter, nothing in this Chapter shall be construed to cover any good or service component of that contract.
6. No procuring entity may prepare, design, or otherwise structure or divide any procurement in order to avoid the obligations of this Chapter.
7. Nothing in this Chapter shall prevent a Party from developing new procurement policies, procedures, or contractual means, provided they are not inconsistent with this Chapter.

#### Article 9.2: General Principles

1. With respect to any measure covered by this Chapter, each Party shall accord to the goods and services of another Party, and to the suppliers of another Party of such goods and services, treatment no less favorable than the most favorable treatment the Party or procuring entity accords to its own goods, services, and suppliers.
2. With respect to any measure covered by this Chapter, no Party may:
  - (a) treat a locally established supplier less favorably than another locally established supplier on the basis of degree of foreign affiliation or ownership; or
  - (b) discriminate against a locally established supplier on the basis that the goods or services offered by that supplier for a particular procurement are goods or services of another Party.
3. For purposes of paragraphs 1 and 2, determination of the origin of goods shall be made in a manner consistent with Chapter Four (Rules of Origin and Origin Procedures).
4. With respect to covered procurement, a procuring entity shall not seek, take account of, or impose offsets in any stage of a procurement.
5. Paragraphs 1 and 2 do not apply to measures respecting customs duties or other charges of any kind imposed on or in connection with importation, the method of levying such duties or charges, other import regulations, including restrictions and formalities, or measures affecting trade in services other than measures specifically governing procurement covered by this Chapter.

#### Article 9.3: Publication of Procurement Measures

Each Party shall promptly:

- (a) publish any law or regulation, and any modification thereof, relating to procurement;
- (b) make publicly available any procedure, judicial decision, or administrative ruling of general application, relating to procurement; and
- (c) on request of a Party, provide to that Party a copy of a procedure, judicial decision, or administrative ruling of general application, relating to procurement.

#### Article 9.4: Publication of Notice of Intended Procurement

1. Subject to Article 9.9.2, a procuring entity shall publish in advance a notice inviting interested suppliers to submit tenders for each covered procurement.
2. The information in each such notice shall include, at a minimum, an indication that the procurement is covered by this Chapter, a description of the intended procurement, any conditions that suppliers must fulfill to participate in the procurement, the name of the procuring entity, the address where all documents relating to the procurement may be obtained, if applicable, any sum payable for the tender documentation, the time limits and address for submission of tenders, and the time for delivery of the goods or services being procured.
3. Each Party shall encourage its procuring entities to publish information regarding their future procurement plans as early as possible in each Party's fiscal year.

#### Article 9.5: Time Limits for the Tendering Process

1. A procuring entity shall provide suppliers sufficient time to prepare and submit responsive tenders, taking into account the nature and complexity of the procurement. In no case shall a procuring entity provide less than 40 days from the date of publication of a notice of intended procurement to the final date for submission of tenders.
2. Notwithstanding paragraph 1, where there are no qualification requirements for suppliers, a procuring entity may establish a period for tendering that is less than 40

days, but in no case less than 10 days, in the following circumstances:

- (a) where the procuring entity published a separate notice containing a description of the procurement, the approximate time limits for the submission of tenders or, where appropriate, conditions for participation in a procurement, and the address from which documents relating to the procurement may be obtained, at least 40 days and not more than 12 months before the final date for the submission of tenders;
- (b) where an entity procures commercial goods and services that are sold or offered for sale to, and customarily purchased and used by, non-governmental buyers for non-governmental purposes; or
- (c) where an unforeseen state of urgency that is duly substantiated by the procuring entity renders impracticable the time provided in paragraph 1.

#### Article 9.6: Tender Documentation

1. A procuring entity shall provide to interested suppliers tender documentation that includes all information necessary to permit suppliers to prepare and submit responsive tenders. The documentation shall include all criteria that the procuring entity will consider in awarding the contract, including all cost factors, and the weights or, where appropriate, the relative values, that the entity will assign to these criteria in evaluating tenders.

2. A procuring entity may satisfy paragraph 1 by publishing the documentation by electronic means accessible to all interested suppliers. Where a procuring entity does not publish tender documentation by electronic means accessible to all interested suppliers, the entity shall, on request of any supplier, promptly make the documentation available in written form to the supplier.

3. Where a procuring entity, in the course of a procurement, modifies the criteria referred to in paragraph 1, (each Central American Party and the Dominican Republic may make such modifications before tenders are opened. The United States may make such modifications before awarding the contract) it shall transmit all such modifications in writing:

(a) to all suppliers that are participating in the procurement at the time the criteria are modified, if the identities of such suppliers are known, and in cases where the identities of suppliers participating are not known, in the same manner as the original information was transmitted; and

(b) in adequate time to allow the suppliers to modify and re-submit their tenders, as appropriate.

#### Article 9.7: Technical Specifications

1. A procuring entity shall not prepare, adopt, or apply any technical specification with the purpose or the effect of creating unnecessary obstacles to trade between the Parties.

2. A procuring entity shall prescribe any technical specifications, where appropriate:

(a) in terms of performance requirements rather than design or descriptive characteristics; and

(b) based on international standards, where applicable, otherwise on recognized national standards.

3. A procuring entity shall not prescribe technical specifications that require or refer to a particular trademark or trade name, patent, design or type, specific origin or producer or supplier, unless there is no other sufficiently precise or intelligible way of describing the

procurement requirements and provided that, in such cases, words such as “or equivalent” are included in the tender documentation.

4. A procuring entity shall not seek or accept, in a manner that would have the effect of precluding competition, advice that may be used in the preparation or adoption of any technical specification for a specific procurement from a person that may have a commercial interest in that procurement.

5. For greater certainty, this Article is not intended to preclude a procuring entity from preparing, adopting, or applying technical specifications to promote the conservation of natural resources.

#### Article 9.8: Requirements and Conditions for Participating in Procurement

1. Where a procuring entity requires suppliers to satisfy registration, qualification, or any other requirements or conditions for participation (“conditions for participation”) in order to participate in a procurement, the procuring entity shall publish a notice inviting suppliers to apply for registration or qualification, or to satisfy any other conditions for participation. The procuring entity shall publish the notice sufficiently in advance to provide interested suppliers sufficient time to prepare and submit applications and for the entity to evaluate and make its determinations based on such applications.

2. Each procuring entity shall:

(a) limit any conditions for participation in a procurement to those that are essential to ensure that the supplier has the legal, technical, and financial abilities to fulfill the requirements and technical specifications of the procurement;

(b) recognize as qualified all suppliers of another Party that have met the requisite conditions for participation; and

(c) base qualification determinations solely on the conditions for participation that have been specified in advance in notices or tender documentation.

3. Procuring entities may establish publicly available lists of suppliers qualified to participate in procurements. Where a procuring entity requires suppliers to qualify for such a list as a condition for participation in a procurement, and a supplier that has not yet qualified applies for inclusion in the list, the procuring entity shall promptly start the qualification procedures and shall allow the supplier to submit a tender, if it is determined to be a qualifying supplier, provided there is sufficient time to fulfill the conditions for participation within the time period established for tendering.

4. No procuring entity may make it a condition for participation in a procurement that a supplier has previously been awarded one or more contracts by a procuring entity or that the supplier has prior work experience in the territory of a Party. A procuring entity shall evaluate the financial and technical abilities of a supplier on the basis of that supplier’s business activity outside the territory of the Party of the procuring entity, as well as activity, if any, in the territory of the Party of the procuring entity.

5. A procuring entity shall promptly communicate to any supplier that has applied for qualification its decision on whether that supplier is qualified. Where a procuring entity rejects an application for qualification or ceases to recognize a supplier as qualified, that entity shall, on request of the supplier, promptly provide a written explanation of the reasons for its action.

6. Nothing in this Article shall preclude a procuring entity from prohibiting a supplier from participating in a procurement on grounds such as bankruptcy or false declarations.

#### Article 9.9: Tendering Procedures

1. Subject to paragraph 2, a procuring entity shall award contracts by means of open tendering procedures.
2. Provided that the tendering procedure is not used to avoid competition or to protect domestic suppliers, a procuring entity may award contracts by means other than an open tendering procedure in the following circumstances:
  - (a) in the absence of tenders that conform to the essential requirements in the tender documentation provided in a prior notice of intended procurement or invitation to participate, including any conditions for participation, provided that the requirements of the initial notice or invitation are not substantially modified;
  - (b) where, for works of art, or for reasons connected with the protection of exclusive intellectual property rights, such as patents or copyrights, or proprietary information, or where there is an absence of competition for technical reasons, the goods or services can be supplied only by a particular supplier and no reasonable alternative or substitute exists;
  - (c) for additional deliveries by the original supplier that are intended either as replacement parts, extensions, or continuing services for existing equipment, software, services, or installations, where a change of supplier would compel the entity to procure goods or services not meeting requirements of interchangeability with existing equipment, software, services, or installations;
  - (d) for goods purchased on a commodity market;
  - (e) where a procuring entity procures a prototype or a first good or service that is developed at its request in the course of, and for, a particular contract for research, experiment, study, or original development. When such contracts have been fulfilled, subsequent procurements of goods or services shall be subject to this Chapter;
  - (f) where additional construction services that were not included in the initial contract but that were within the objectives of the original tender documentation have, due to unforeseeable circumstances, become necessary to complete the construction services described therein. However, the total value of contracts awarded for additional construction services may not exceed 50 percent of the amount of the initial contract;
  - or
  - (g) in so far as is strictly necessary where, for reasons of urgency brought about by events unforeseeable by the procuring entity, the goods or services could not be obtained in time by means of an open tendering procedure and the use of an open tendering procedure would result in serious injury to the procuring entity, the entity's program responsibilities, or the Party.
3. A procuring entity shall maintain records or prepare written reports providing specific justification for any contract awarded under paragraph 2, in a manner consistent with Article 9.11.3.

#### Article 9.10: Awarding of Contracts

1. A procuring entity shall require that, in order to be considered for award, a tender must be submitted in writing and must, at the time it is submitted, conform to the essential requirements of the tender documentation that the procuring entity provided in advance to all participating suppliers, and be from a supplier that has complied with any conditions for participation that the procuring entity has communicated in advance to all participating suppliers.
2. Unless a procuring entity determines that it is not in the public interest to award a contract, the procuring entity shall award the contract to a supplier that the procuring

entity has determined to be fully capable of undertaking the contract and whose tender is determined to be the most advantageous in terms of the requirements and evaluation criteria set out in the tender documentation.

3. No procuring entity may cancel a procurement, or terminate or modify a contract it has awarded, in order to avoid the obligations of this Chapter.

#### Article 9.11: Information on Contract Awards

1. A procuring entity shall promptly inform participating suppliers of decisions on contract awards. A procuring entity shall, on request, provide a supplier whose tender was not selected for award the reasons for not selecting its tender and the relative advantages of the tender selected.

2. Promptly after awarding a contract in a covered procurement, a procuring entity shall publish a notice that includes at least the following information about the contract award:

(a) the name of the entity;

(b) a description of the goods or services included in the contract;

(c) the name of the supplier awarded the contract;

(d) the value of the contract award; and

(e) where the entity did not use an open tendering procedure, an indication of the circumstances justifying the procedure used.

3. A procuring entity shall maintain records and reports relating to tendering procedures and contract awards in procurements covered by this Chapter, including the records and reports provided for in Article 9.9.3, for at least three years after the date a contract is awarded.

#### Article 9.12: Non-Disclosure of Information

1. A Party, its procuring entities, and its review authorities shall not disclose confidential information the disclosure of which would prejudice legitimate commercial interests of a particular person or might prejudice fair competition between suppliers, without the formal authorization of the person that provided the information to the Party.

2. Nothing in this Chapter shall prevent a Party or its procuring entities from withholding the release of information where release might:

(a) impede law enforcement;

(b) prejudice fair competition between suppliers;

(c) prejudice the legitimate commercial interests of particular suppliers or entities, including the protection of intellectual property; or

(d) otherwise be contrary to the public interest.

#### Article 9.13: Ensuring Integrity in Procurement Practices

Further to Article 18.8 (Anti-Corruption Measures), each Party shall adopt or maintain procedures to declare ineligible for participation in the Party's procurements, either indefinitely or for a specified time, suppliers that the Party has determined to have engaged in fraudulent or other illegal actions in relation to procurement. On request of another Party, a Party shall identify the suppliers determined to be ineligible under these procedures, and, where appropriate, exchange information regarding those suppliers or the fraudulent or illegal action.

#### Article 9.14: Exceptions

1. Provided that such measures are not applied in a manner that would constitute a means of arbitrary or unjustifiable discrimination between Parties where the same conditions prevail or a disguised restriction on trade between the Parties, nothing in this Chapter shall be construed to prevent a Party from adopting or maintaining measures:
  - (a) necessary to protect public morals, order, or safety;
  - (b) necessary to protect human, animal, or plant life or health;
  - (c) necessary to protect intellectual property; or
  - (d) relating to goods or services of handicapped persons, of philanthropic institutions, or of prison labor.
2. The Parties understand that paragraph 1(b) includes environmental measures necessary to protect human, animal, or plant life or health.

#### Article 9.15: Domestic Review of Supplier Challenges

1. Each Party shall establish or designate at least one impartial administrative or judicial authority, which shall be independent from its procuring entities, to receive and review challenges that suppliers submit relating to the obligations of the Party and its entities under this Chapter and to make appropriate findings and recommendations. In the event that a body other than such an impartial authority initially reviews a supplier's challenge, the Party shall ensure that the supplier may appeal the initial decision to an impartial administrative or judicial authority that is independent from the procuring entity that is the subject of the challenge.
2. Each Party shall provide that an authority established or designated under paragraph 1 may take prompt interim measures, pending the resolution of a challenge, to preserve the opportunity to correct potential breaches of this Chapter, including the suspension of the award of a contract or the performance of a contract already awarded.
3. Each Party shall ensure that its review procedures are publicly available in writing, and are timely, transparent, effective, and consistent with the principle of due process.
4. Each Party shall ensure that all documents related to a challenge to a procurement are available to any impartial authority established or designated under paragraph 1.
5. A procuring entity shall respond in writing to a supplier's complaint.
6. Each Party shall ensure that an impartial authority it establishes or designates under paragraph 1 provides to suppliers the following:
  - (a) a sufficient period to prepare and submit written challenges, which in no case shall be less than 10 days from the time when the basis of the complaint became known or reasonably should have become known to the supplier;
  - (b) an opportunity to review relevant documents and to be heard by the authority in a timely manner;
  - (c) an opportunity to reply to the procuring entity's response to the supplier's complaint; and
  - (d) prompt delivery in writing of its findings and recommendations relating to the challenge, with an explanation of the grounds for each decision.
7. Each Party shall ensure that a supplier's submission of a challenge does not prejudice the supplier's participation in ongoing or future procurements.

#### Article 9.16: Modifications and Rectifications to Coverage

1. A Party may make technical rectifications of a purely formal nature to its coverage under this Chapter, or minor amendments to its Schedules to Sections A through C of Annexes 9.1.2(b)(i), 9.1.2(b)(ii), and 9.1.2(b)(iii), provided that it notifies the other

Parties in writing and no other Party objects in writing within 30 days after the notification. A Party that makes such a rectification or minor amendment shall not be required to provide compensatory adjustments to the other Parties.

2. A Party may modify its coverage under this Chapter provided that it:

(a) notifies the other Parties in writing and no other Party objects in writing within 30 days after the notification; and

(b) except as provided in paragraph 3, offers within 30 days after notifying the other Parties acceptable compensatory adjustments to the other Parties to maintain a level of coverage comparable to that existing before the modification.

3. A Party need not provide compensatory adjustments in those circumstances where the proposed modification covers one or more procuring entities on which the Parties agree that government control or influence has been effectively eliminated. Where the Parties do not agree that such government control or influence has been effectively eliminated, the objecting Party or Parties may request further information or consultations with a view to clarifying the nature of any government control or influence and reaching agreement on the procuring entity's continued coverage under this Chapter.

4. The Commission shall modify the relevant section of Annexes 9.1.2(b)(i), 9.1.2(b)(ii), and 9.1.2(b)(iii) to reflect any agreed modification, technical rectification, or minor amendment.

#### Article 9.17: Definitions

For purposes of this Chapter:

build-operate-transfer contract and public works concession contract mean any contractual arrangements, the primary purpose of which is to provide for the construction or rehabilitation of physical infrastructure, plants, buildings, facilities, or other government-owned works and under which, as consideration for a supplier's execution of a contract, a procuring entity grants to the supplier, for a specified period, temporary ownership, if the Party permits such ownership, or a right to control and operate, and demand payment for the use of, such works for the duration of the contract;

in writing or written means any worded or numbered expression that can be read, reproduced, and later communicated, and includes electronically transmitted and stored information;

offsets means conditions or undertakings imposed or considered by a procuring entity that encourage local development or improve a Party's balance of payments accounts by means of requirements of local content, licensing of technology, investment, counter trade, or similar requirements;

open tendering procedure means any type of procurement method of a Party, except direct purchasing methods as specified in Article 9.9.2, provided these methods are consistent with this Chapter;

procuring entity means an entity listed in Annexes 9.1.2(b)(i), 9.1.2(b)(ii), and 9.1.2(b)(iii);

publish means to disseminate information in an electronic or paper medium that is distributed widely and is readily accessible to the general public;

services includes construction services, unless otherwise specified;

supplier means a person that has provided, provides, or could provide goods or services to a procuring entity; and

technical specification means a specification that sets out the characteristics of goods to be procured or their related processes and production methods, or the characteristics of services to be procured or their related operating methods, including the applicable administrative provisions, and requirements relating to conformity assessment procedures that an entity prescribes. A technical specification may also include or deal exclusively with terminology, symbols, packaging, or marking or labeling requirements, as they apply to a good, process, service, or production or operating method.

#### Annex 9.1.2(b)(i)

##### Section A: Central Level of Government Entities

1. This Chapter applies to the entities of the central level of government listed in each Party's Schedule to this Section where the value of the procurement is estimated, in accordance with paragraph 1 of Section H, to equal or exceed:

(a) for procurement of goods and services:

(i) US\$58,550; or

(ii) in the case of the Central American Parties and the Dominican Republic, for the three-year period following the date of entry into force of this Agreement, US\$117,100; and

(b) for procurement of construction services:

(i) US\$6,725,000; or

(ii) in the case of the Central American Parties and the Dominican Republic, for the three-year period following the date of entry into force of this Agreement, US\$8,000,000.

The monetary thresholds set out in subparagraphs (a)(i) and (b)(i) shall be adjusted in accordance with Section H of this Annex.

2. Unless otherwise specified, this Chapter covers all agencies subordinate to the entities listed in each Party's Schedule in this Section.

##### Schedule of Costa Rica

1. Contraloría General de la República
2. Defensoría de los Habitantes de la República
3. Presidencia de la República
4. Ministerio de la Presidencia
5. Ministerio de Gobernación y Policía y Seguridad Pública<sup>1</sup>
6. Ministerio de Relaciones Exteriores y Culto
7. Ministerio de Hacienda<sup>2</sup>
8. Ministerio de Agricultura y Ganadería
9. Ministerio de Economía, Industria y Comercio
10. Ministerio de Obras Públicas y Transportes
11. Ministerio de Educación Pública<sup>3</sup>
12. Ministerio de Salud
13. Ministerio de Trabajo y Seguridad Social
14. Ministerio de Cultura, Juventud y Deportes
15. Ministerio de Justicia y Gracia
16. Ministerio de Vivienda y Asentamientos Humanos
17. Ministerio de Comercio Exterior
18. Ministerio de Planificación Nacional y Política Económica
19. Ministerio de Ciencia y Tecnología
20. Ministerio de Ambiente y Energía
21. Ministerio de Condición de la Mujer

## 22. Instituto Costarricense de Turismo

### Notes to Costa Rica Schedule

1. Ministerio de Gobernación y Policía y Seguridad Pública: This Chapter does not cover the procurement of goods classified under Section 2 (food products, beverages and tobacco; textiles, apparel and leather products) of the United Nations Central Product Classification 1.0 (CPC, version 1.0), for the Fuerza Pública.
2. Ministerio de Hacienda: This Chapter does not cover the issuance of tax stamps.
3. Ministerio de Educación Pública: This Chapter does not cover procurement made in furtherance of school feeding programs.

### Schedule of the Dominican Republic

1. Contraloría General de la República
2. Secretaría de Estado de Interior y Policía<sup>1, 2</sup>
3. Secretaría de Estado de las Fuerzas Armadas<sup>2, 3</sup>
4. Secretaría de Estado de Relaciones Exteriores<sup>4</sup>
5. Secretaría de Estado de Agricultura<sup>5</sup>
6. Secretaría de Estado de Finanzas<sup>6</sup>
7. Secretaría de Estado de Educación<sup>7</sup>
8. Secretaría de Estado de Salud Pública y Asistencia Social
9. Secretaría de Estado de Deportes, Educación Física y Recreación
10. Secretaría de Estado de Trabajo
11. Secretaría de Estado de Industria y Comercio
12. Secretaría de Estado de Turismo
13. Secretaría de Estado de la Mujer
14. Secretaría de Estado de la Juventud
15. Secretaría de Estado de Educación Superior, Ciencia y Tecnología
16. Secretaría de Estado de Obras Públicas y Comunicaciones
17. Secretaría de Estado de Medio Ambiente y Recursos Naturales
18. Secretaría de Estado de Cultura
19. La Presidencia de la República Dominicana
20. Secretariado Técnico de la Presidencia<sup>8</sup>
21. Secretaría de Estado de la Presidencia
22. Secretariado Administrativo de la Presidencia

### Notes to the Dominican Republic Schedule

1. Secretaría de Estado de Interior y Policía: This Chapter does not cover:
  - (a) procurement by the Dirección General de Migración; or
  - (b) procurement by the Policía Nacional of: (i) goods classified under Group 447 (weapons and ammunition and parts thereof) of the United Nations Central Product Classification 1.0 (CPC, version 1.0), or (ii) combat, assault and tactical vehicles.
2. Policía Nacional in the Secretaría de Estado de Interior y Policía and Secretaría de Estado de las Fuerzas Armadas: This Chapter does not cover procurement of goods classified under Section 2 (food products, beverages and tobacco; textiles, apparel and leather products) of the CPC.
3. Secretaría de Estado de las Fuerzas Armadas: This Chapter does not cover:
  - (a) procurement by the Departamento Nacional de Investigación, and the Instituto de Altos Estudios para la Defensa y Seguridad Nacional; or

(b) procurement of: (i) goods classified under Group 447 (weapons and ammunition and parts thereof) of the CPC; (ii) aircraft, airframe structural components, aircraft components, parts and accessories; (iii) landing and ground handling equipment; (iv) docks; (v) ships and ship components, parts and accessories; (vi) marine equipment; or (vii) combat, assault and tactical vehicles.

4. Secretaría de Estado de Relaciones Exteriores: This Chapter does not cover procurement by the Dirección General de Pasaportes for the production of passports.

5. Secretaría de Estado de Agricultura: This Chapter does not cover procurement made in furtherance of agricultural support programs.

6. Secretaría de Estado de Finanzas: This Chapter does not cover procurement by the Tesorería Nacional with regard to the issuance of tax stamps or postage stamps, or the production of checks and treasury bonds.

7. Secretaría de Estado de Educación: This Chapter does not cover procurement made in furtherance of school feeding programs (Desayuno Escolar) or programs to support the dissemination of education, the well-being of students, or the accessibility of education, including at the border with Haiti (Zona Fronteriza) and in other rural or impoverished areas.

8. Secretariado Técnico de la Presidencia: This Chapter does not cover procurement by the Comisión Nacional de Asuntos Nucleares.

#### Schedule of El Salvador

1. Ministerio de Defensa<sup>1</sup>
2. Ministerio de Hacienda
3. Ministerio de Relaciones Exteriores
4. Ministerio de Gobernación<sup>2</sup>
5. Ministerio de Educación<sup>1</sup>
6. Ministerio de Salud Pública y Asistencia Social<sup>1</sup>
7. Ministerio de Trabajo y Previsión Social
8. Ministerio de Economía
9. Ministerio del Medio Ambiente y Recursos Naturales
10. Ministerio de Obras Públicas
11. Ministerio de Agricultura y Ganadería

#### Notes to El Salvador Schedule

1. Ministerio de Defensa, Ministerio de Educación, and Ministerio de Salud Pública y Asistencia Social: This Chapter does not cover the procurement of goods classified under Section 2 (food products, beverages and tobacco; textiles, apparel and leather products) of the United Nations Central Product Classification 1.1 (CPC, version 1.1).

2. Ministerio de Gobernación: This Chapter does not cover the procurement of goods classified under Section 2 (food products, beverages and tobacco; textiles, apparel and leather products) of CPC, version 1.1, for the Policía Nacional Civil.

#### Schedule of Guatemala

1. Ministerio de Agricultura, Ganadería y Alimentación<sup>1</sup>
2. Ministerio de la Defensa Nacional<sup>2</sup>
3. Ministerio de Economía
4. Ministerio de Educación<sup>3</sup>
5. Ministerio de Cultura y Deportes

6. Ministerio de Trabajo y Previsión Social<sup>4</sup>
7. Ministerio de Finanzas Públicas
8. Ministerio de Salud Pública y Asistencia Social<sup>4</sup>
9. Ministerio de Relaciones Exteriores
10. Ministerio de Gobernación<sup>5</sup>
11. Ministerio de Comunicaciones, Infraestructura y Vivienda
12. Ministerio de Energía y Minas
13. Ministerio de Ambiente y Recursos Naturales
14. Secretaría General
15. Secretaría de Coordinación Ejecutiva
16. Secretaría de Planificación y Programación
17. Secretaría de Análisis Estratégico
18. Secretaría de la Paz
19. Secretaría de Asuntos Administrativos y de Seguridad
20. Secretaría de Asuntos Agrarios
21. Secretaría Presidencial de la Mujer
22. Secretaría de Bienestar Social
23. Secretaría de Comunicación Social
24. Secretaría Ejecutiva de la Comisión contra el Consumo, Adicción y Tráfico Ilícito de Drogas
25. Secretaría de Obras Sociales de la Esposa del Presidente
26. Comisión Presidencial de Derechos Humanos
27. Comisión Presidencial para la Reforma del Estado, la Descentralización y la Participación Ciudadana
28. Consejo Nacional de Ciencia y Tecnología
29. Coordinadora Nacional para la Reducción de Desastres
30. Junta Nacional del Servicio Civil
31. Oficina Nacional del Servicio Civil
32. Fondo de Desarrollo Indígena Guatemalteco
33. Fondo Nacional de Ciencia y Tecnología
34. Fondo Nacional para la Paz
35. Consejo Nacional de la Juventud

#### Notes to Guatemala Schedule

1. Ministerio de Agricultura, Ganadería y Alimentación: This Chapter does not cover the procurement of agricultural goods made in furtherance of agricultural support programs, or procurement made in furtherance of school feeding programs.
2. Ministerio de Defensa Nacional: This Chapter does not cover the procurement of the following goods and services: arms, munitions, equipment, construction materials, aircraft, vessels and other vehicles, fuel, lubricants, provisions, and the contracting for services or supply by or on behalf of the Ejército de Guatemala and its institutions.
3. Ministerio de Educación: This Chapter does not cover procurement made in furtherance of school feeding programs.
4. Ministerio de Trabajo y Previsión Social and Ministerio de Salud Pública y Asistencia Social: This Chapter does not cover the procurement of goods classified under Section 2 (food products, beverages and tobacco; textiles, apparel and leather products) of the CPC, version 1.0.
5. Ministerio de Gobernación: This Chapter does not cover the procurement of goods

classified under Section 2 (food products, beverages and tobacco; textiles, apparel and leather products) of the CPC, version 1.0, for the Policia Nacional Civil y Sistema Penitenciario.

#### Schedule of Honduras

1. Secretaría de Estado en los Despachos de Gobernación y Justicia
2. Secretaría de Estado en el Despacho de Educación<sup>1</sup>
3. Secretaría de Estado en el Despacho de Salud
4. Secretaría de Estado en el Despacho de Seguridad<sup>2</sup>
5. Secretaría de Estado en el Despacho Presidencial<sup>1</sup>
6. Secretaría de Estado en el Despacho de Relaciones Exteriores
7. Secretaría de Estado en el Despacho de Defensa Nacional<sup>3</sup>
8. Secretaría de Estado en el Despacho de Finanzas
9. Secretaría de Estado en los Despachos de Industria y Comercio
10. Secretaría de Estado en los Despachos de Obras Públicas, Transporte y Vivienda
11. Secretaría de Estado en los Despachos de Trabajo y Seguridad Social
12. Secretaría de Estado en los Despachos de Agricultura y Ganadería
13. Secretaría de Estado en los Despachos de Recursos Naturales y Ambiente
14. Secretaría de Estado en los Despachos de Cultura, Artes y Deportes
15. Secretaría de Estado en el Despacho de Turismo
16. Secretaría Técnica y de Cooperación Internacional

#### Notes to Honduras Schedule

1. Secretaría de Estado en el Despacho de Educación and Secretaría de Estado en el Despacho Presidencial: This Chapter does not cover procurement made in furtherance of school feeding programs.
2. Secretaría de Estado en el Despacho de Seguridad: This Chapter does not cover procurement of uniforms, shoes, food, or tobacco for the Policía Nacional.
3. Secretaría de Estado en el Despacho de Defensa Nacional: This Chapter does not cover the procurement of goods classified under Section 2 (food products, beverages and tobacco; textiles, apparel and leather products) of the CPC, version 1.0, for the Fuerzas Armadas de Honduras. This Chapter does not cover the procurement of the following goods, or the procurement of uniforms for the Fuerzas Armadas de Honduras and the Policía Nacional:
  1. Ammunition
  2. War airplanes
  3. Military rifles
  4. Pistol and guns of any kind, 41 caliber or more
  5. Honduran army regulation pistols
  6. Silencers for all kinds of firearms
  7. Firearms
  8. Accessories and ammunition
  9. Cartridges for firearms
  10. Equipment and other accessories essential for cartridge loading
  11. Gunpowder, explosives, primers and fuses
  12. Mask for protection against asphyxiating gases
  13. Air guns

#### Schedule of Nicaragua

1. Ministerio de Gobernación<sup>1</sup>
2. Ministerio de la Familia
3. Ministerio de Relaciones Exteriores
4. Ministerio Agropecuario y Forestal
5. Ministerio de Educación, Cultura y Deportes<sup>2</sup>
6. Ministerio de Fomento, Industria y Comercio
7. Ministerio de Salud
8. Ministerio del Trabajo
9. Ministerio de Hacienda y Crédito Público
10. Ministerio del Ambiente y de los Recursos Naturales
11. Procuraduría General de la República
12. Presidencia de la República
13. Vicepresidencia de la República
14. Ministerio de Defensa<sup>3</sup>
15. Ministerio de Transporte e Infraestructura<sup>4</sup>

#### Notes to Nicaragua Schedule

1. Ministerio de Gobernación: This Chapter does not cover procurement made by the Policía Nacional.
2. Ministerio de Educación, Cultura y Deportes: This Chapter does not cover procurement made in furtherance of school feeding programs.
3. Ministerio de Defensa: This Chapter will not cover procurement by the Ministerio de Defensa until the beginning of the fourth year after the date of entry into force of this Agreement. This Chapter does not cover procurement made by the Ejército de Nicaragua.
4. Ministerio de Transporte e Infraestructura: This Chapter will not cover procurement by the Ministerio de Transporte e Infraestructura until the beginning of the fourth year after the date of entry into force of this Agreement.

#### Schedule of the United States

1. Advisory Commission on Intergovernmental Relations
2. African Development Foundation
3. Alaska Natural Gas Transportation System
4. American Battle Monuments Commission
5. Appalachian Regional Commission
6. Commission on Civil Rights
7. Commission of Fine Arts
8. Commodity Futures Trading Commission
9. Consumer Product Safety Commission
10. Broadcasting Board of Governors
11. Corporation for National and Community Service
12. Delaware River Basin Commission
13. Department of Agriculture<sup>1</sup>
14. Department of Commerce<sup>2</sup>
15. Department of Defense<sup>3</sup>
16. Department of Education
17. Department of Energy<sup>4</sup>

18. Department of Health and Human Services
19. Department of Homeland Security<sup>5</sup>
20. Department of Housing and Urban Development
21. Department of the Interior, including the Bureau of Reclamation
22. Department of Justice
23. Department of Labor
24. Department of State
25. Department of Transportation<sup>6</sup>
26. Department of the Treasury
27. Department of Veterans Affairs
28. Environmental Protection Agency
29. Equal Employment Opportunity Commission
30. Executive Office of the President
31. Export-Import Bank of the United States
32. Farm Credit Administration
33. Federal Communications Commission
34. Federal Crop Insurance Corporation
35. Federal Deposit Insurance Corporation
36. Federal Election Commission
37. Federal Home Loan Mortgage Corporation
38. Federal Housing Finance Board
39. Federal Maritime Commission
40. Federal Mediation and Conciliation Service
41. Federal Mine Safety and Health Review Commission
42. Federal Prison Industries, Inc.
43. Federal Reserve System
44. Federal Retirement Thrift Investment Board
45. Federal Trade Commission
46. General Services Administration<sup>7</sup>
47. Government National Mortgage Association
48. Holocaust Memorial Council
49. Inter-American Foundation
50. Merit Systems Protection Board
51. National Aeronautics and Space Administration (NASA)
52. National Archives and Records Administration
53. National Capital Planning Commission
54. National Commission on Libraries and Information Science
55. National Council on Disability
56. National Credit Union Administration
57. National Foundation on the Arts and the Humanities
58. National Labor Relations Board
59. National Mediation Board
60. National Science Foundation
61. National Transportation Safety Board
62. Nuclear Regulatory Commission
63. Occupational Safety and Health Review Commission
64. Office of Government Ethics
65. Office of the Nuclear Waste Negotiator

66. Office of Personnel Management
67. Office of the Special Counsel
68. Office of Thrift Supervision
69. Overseas Private Investment Corporation
70. Pennsylvania Avenue Development Corporation
71. Peace Corps
72. Railroad Retirement Board
73. Securities and Exchange Commission
74. Selective Service System
75. Small Business Administration
76. Smithsonian Institution
77. Susquehanna River Basin Commission
78. United States Agency for International Development
79. United States International Trade Commission

#### Notes to United States Schedule

1. Department of Agriculture: This Chapter does not cover the procurement of agricultural goods made in furtherance of agricultural support programs or human feeding programs.
2. Department of Commerce: This Chapter does not cover shipbuilding activities of the U.S. National Oceanic and Atmospheric Administration (NOAA).
3. Department of Defense: This Chapter does not cover the procurement of the goods listed below. (For complete listing of U.S. Federal Supply Classification, see [www.scrantonrtg.com/secrc/fsc-codes/fsc.html](http://www.scrantonrtg.com/secrc/fsc-codes/fsc.html)):
  - (a) FSC 11 Nuclear Ordnance
  - FSC 18 Space Vehicles
  - FSC 19 Ships, Small Craft, Pontoons, and Floating Docks (the part of this classification defined as naval vessels or major components of the hull or superstructure thereof)
  - FSC 20 Ship and Marine Equipment (the part of this classification defined as naval vessels or major components of the hull or superstructure thereof)
  - FSC 2310 Passenger Motor Vehicles (only Buses)
  - FSC 2350 Combat, Assault & Tactical Vehicles, Tracked
  - FSC 51 Hand Tools
  - FSC 52 Measuring Tools
  - FSC 60 Fiber Optics Materials, Components, Assemblies, and Accessories
  - FSC 8140 Ammunition & Nuclear Ordnance Boxes, Packages & Special Containers
  - FSC 83 Textiles, Leather, Furs, Apparel, Shoes, Tents, and Flags (all elements other than pins, needles, sewing kits, flagstaffs, flagpoles and flagstaff trucks)
  - FSC 84 Clothing, Individual Equipment, and Insignia (all elements other than sub-class 8460 - luggage)
  - FSC 89 Subsistence (all elements other than sub-class 8975 - tobacco products)
  - (b) "Specialty metals," defined as steels melted in steel manufacturing facilities located in the United States or its possessions, where the maximum alloy content exceeds one or more of the following limits, must be used in products purchased by the Department of Defense: (1) manganese, 1.65 percent; silicon, 0.60 percent; or copper, 0.60 percent; or which contains more than 0.25 percent of any of the following elements: aluminum, chromium, cobalt, columbium, molybdenum, nickel, titanium, tungsten or vanadium; (2) metal alloys consisting of nickel, iron-nickel and cobalt base alloys

containing a total of other alloying metals (except iron) in excess of 10 per cent; (3) titanium and titanium alloys; or (4) zirconium base alloys; and  
(c) The goods in the following FSC categories are not generally covered by this Chapter due to application of Article 21.2 (Essential Security):

FSC 10 Weapons

FSC 12 Fire Control Equipment

FSC 13 Ammunitions and Explosives

FSC 14 Guided Missiles

FSC 15 Aircraft and Airframe Structural Components

FSC 16 Aircraft Components and Accessories

FSC 17 Aircraft Launching, Landing, and Ground Handling Equipment

FSC 19 Ships, Small Craft, Pontoons, and Floating Docks

FSC 20 Ship and Marine Equipment

FSC 28 Engines, Turbines, and Components

FSC 31 Bearings

FSC 58 Communications, Detection, and Coherent Radiation

FSC 59 Electrical and Electronic Equipment Components

FSC 95 Metal Bars, Sheets, and Shapes

4. Department of Energy: This Chapter does not cover national security procurements made in support of safeguarding nuclear materials or technology and entered into under the authority of the Atomic Energy Act, or oil purchases related to the Strategic Petroleum Reserve.

5. Department of Homeland Security:

(a) This Chapter does not cover procurement by the Transportation Security Administration.

(b) The national security considerations applicable to the Department of Defense are equally applicable to the U.S. Coast Guard.

6. Department of Transportation: This Chapter does not cover procurement by the Federal Aviation Administration.

7. General Services Administration: This Chapter does not cover the procurement of the goods in the following FSC categories:

FSC 51 Hand Tools

FSC 52 Measuring Tools

FSC 7340 Cutlery and Flatware

#### Section B: Sub-Central Level of Government Entities

1. This Chapter applies to the entities of the sub-central level of government listed in each Party's Schedule to this Section where the value of the procurement is estimated, in accordance with paragraph 1 of Section H, to equal or exceed:

(a) for procurement of goods and services:

(i) US\$477,000; or

(ii) in the case of the Central American Parties and the Dominican Republic, for the three-year period following the date of entry into force of this Agreement, US\$650,000; and

(b) for procurement of construction services:

(i) US\$6,725,000; or

(ii) in the case of the Central American Parties and the Dominican Republic, for the three-year period following the date of entry into force of this Agreement, US\$8,000,000.

The monetary thresholds set out in subparagraphs (a)(i) and (b)(i) shall be adjusted in

accordance with Section H of this Annex.

2. This Chapter only applies to the entities listed in each Party's Schedule in this Section.

#### Schedule of Costa Rica

1. Municipalidad de Abangares
2. Municipalidad de Acosta
3. Municipalidad de Aguirre
4. Municipalidad de Alajuela
5. Municipalidad de Alajuelita
6. Municipalidad de Alfaro Ruiz
7. Municipalidad de Alvarado
8. Municipalidad de Aserrí
9. Municipalidad de Atenas
10. Municipalidad de Bagaces
11. Municipalidad de Barba
12. Municipalidad de Belén
13. Municipalidad de Buenos Aires
14. Municipalidad de Cañas
15. Municipalidad de Carrillo
16. Municipalidad de Cartago
17. Municipalidad de Corredores
18. Municipalidad de Coto Brus
19. Municipalidad de Curridabat
20. Municipalidad de Desamparados
21. Municipalidad de Dota
22. Municipalidad de El Guarco
23. Municipalidad de Escazú
24. Municipalidad de Esparza
25. Municipalidad de Flores
26. Municipalidad de Garabito
27. Municipalidad de Goicoechea
28. Municipalidad de Golfito
29. Municipalidad de Grecia
30. Municipalidad de Guácimo
31. Municipalidad de Guatuso
32. Municipalidad de Heredia
33. Municipalidad de Hojancha
34. Municipalidad de Jiménez
35. Municipalidad de La Cruz
36. Municipalidad de La Unión
37. Municipalidad de León Cortés
38. Municipalidad de Liberia
39. Municipalidad de Limón
40. Municipalidad de Los Chiles
41. Municipalidad de Matina
42. Municipalidad de Montes de Oca
43. Municipalidad de Montes de Oro
44. Municipalidad de Mora

45. Municipalidad de Moravia
46. Municipalidad de Nandayure
47. Municipalidad de Naranjo
48. Municipalidad de Nicoya
49. Municipalidad de Oreamuno
50. Municipalidad de Orotina
51. Municipalidad de Osa
52. Municipalidad de Palmares
53. Municipalidad de Paraíso
54. Municipalidad de Parrita
55. Municipalidad de Pérez Zeledón
56. Municipalidad de Poás
57. Municipalidad de Pococí
58. Municipalidad de Puntarenas
59. Municipalidad de Puriscal
60. Municipalidad de San Carlos
61. Municipalidad de San Isidro
62. Municipalidad de San José
63. Municipalidad de San Mateo
64. Municipalidad de San Pablo
65. Municipalidad de San Rafael
66. Municipalidad de San Ramón
67. Municipalidad de Santa Ana
68. Municipalidad de Santa Bárbara
69. Municipalidad de Santa Cruz
70. Municipalidad de Santo Domingo
71. Municipalidad de Sarapiquí
72. Municipalidad de Siquirres
73. Municipalidad de Talamanca
74. Municipalidad de Tarrazú
75. Municipalidad de Tibás
76. Municipalidad de Tilarán
77. Municipalidad de Turrialba
78. Municipalidad de Turrúbares
79. Municipalidad de Upala
80. Municipalidad de Valverde Vega
81. Municipalidad de Vásquez de Coronado

#### Schedule of the Dominican Republic

1. Gobernación de la Provincia de Azua
2. Gobernación de la Provincia de Bahoruco
3. Gobernación de la Provincia de Barahona
4. Gobernación de la Provincia de Dajabón
5. Gobernación de la Provincia de Duarte
6. Gobernación de la Provincia de Elías Piña
7. Gobernación de la Provincia de El Seybo
8. Gobernación de la Provincia de Espaillat

9. Gobernación de la Provincia de Hato Mayor
10. Gobernación de la Provincia de Independencia
11. Gobernación de la Provincia de La Altagracia
12. Gobernación de la Provincia de La Romana
13. Gobernación de la Provincia de La Vega
14. Gobernación de la Provincia de María Trinidad Sánchez
15. Gobernación de la Provincia de Monseñor Nouel
16. Gobernación de la Provincia de Montecristi
17. Gobernación de la Provincia de Monte Plata
18. Gobernación de la Provincia de Ocoa
19. Gobernación de la Provincia de Pedernales
20. Gobernación de la Provincia de Peravia
21. Gobernación de la Provincia de Puerto Plata
22. Gobernación de la Provincia de Salcedo
23. Gobernación de la Provincia de Samaná
24. Gobernación de la Provincia de Sánchez Ramírez
25. Gobernación de la Provincia de San Cristóbal
26. Gobernación de la Provincia de San Juan
27. Gobernación de la Provincia de San Pedro de Macorís
28. Gobernación de la Provincia de Santiago
29. Gobernación de la Provincia de Santiago Rodríguez
30. Gobernación de la Provincia de Santo Domingo
31. Gobernación de la Provincia de Valverde

#### Schedule of El Salvador

1. Municipalidad de San Salvador
2. Municipalidad de Mejicanos
3. Municipalidad de Ilopango
4. Municipalidad de Santiago Texacuangos
5. Municipalidad de Santa Ana
6. Municipalidad de Sesori
7. Municipalidad de Nueva Guadalupe
8. Municipalidad de Santa Tecla
9. Municipalidad de Ciudad Arce
10. Municipalidad de Santa Elena
11. Municipalidad de San Agustín
12. Municipalidad de Estanzuelas
13. Municipalidad de Mercedes Umaña
14. Municipalidad de Alegría
15. Municipalidad de Nueva Granada
16. Municipalidad de Sonsonate
17. Municipalidad de Acajutla
18. Municipalidad de San Julián
19. Municipalidad de La Unión
20. Municipalidad de San Alejo
21. Municipalidad de Conchagua
22. Municipalidad de Bolívar
23. Municipalidad de San Rafael Obrajuelo

24. Municipalidad de Tejutla
25. Municipalidad de La Reina

#### Schedule of Guatemala

##### Municipalidades Departamento de Guatemala

1. Fraijanes
2. San Juan Sacatepéquez
3. San Pedro Sacatepéquez
4. San Raymundo
5. San Pedro Ayampuc
6. Chinautla
7. Santa Catarina Pinula
8. Guatemala
9. Mixco
10. Villa Nueva

This Chapter does not cover procurement of construction services by entities of Departamento de Guatemala.

##### Municipalidades Departamento de Quetzaltenango

11. Quetzaltenango
12. Coatepeque

##### Municipalidades Departamento de Escuintla

13. Chiquimulilla
14. Santa Lucía Cotzumalguapa
15. Escuintla
16. Puerto de San José

##### Municipalidades Departamento de Zacapa

17. Zacapa
18. Río Hondo
19. Teculután

##### Municipalidades Departamento de Chiquimula

20. Chiquimula

##### Municipalidades Departamento de El Quiché

21. Santa Cruz del Quiché

##### Municipalidades Departamento de El Petén

22. Flores
23. San Benito

##### Municipalidades Departamento de El Progreso

24. Guastatoya

##### Municipalidades Departamento de Izabal

25. Puerto Barrios

##### Municipalidades Departamento de Huehuetenango

26. Huehuetenango

##### Municipalidades Departamento de Jalapa

27. Jalapa

##### Municipalidades Departamento de Jutiapa

28. Jutiapa

##### Municipalidades Departamento de Alta Verapaz

29. Cobán

Municipalidades Departamento de Baja Verapaz  
30. Salamá

Schedule of Honduras

1. Municipalidad de La Ceiba, Atlántida
2. Municipalidad de El Porvenir, Atlántida
3. Municipalidad de Esparta, Atlántida
4. Municipalidad de Jutiapa, Atlántida
5. Municipalidad de La Masica, Atlántida
6. Municipalidad de San Francisco, Atlántida
7. Municipalidad de Tela, Atlántida
8. Municipalidad de Arizona, Atlántida
9. Municipalidad de Balfate, Colón
10. Municipalidad de Iriona, Colón
11. Municipalidad de Limón, Colón
12. Municipalidad de Sabá, Colón
13. Municipalidad de Santa Fe, Colón
14. Municipalidad de Santa Rosa de Aguán, Colón
15. Municipalidad de Sonaguera, Colón
16. Municipalidad de Tocoa, Colón
17. Municipalidad de Bonito Oriental, Colón
18. Municipalidad de Comayagua, Comayagua
19. Municipalidad de Ajuterique, Comayagua
20. Municipalidad de El Rosario, Comayagua
21. Municipalidad de Esquíás, Comayagua
22. Municipalidad de Humuya, Comayagua
23. Municipalidad de La Libertad, Comayagua
24. Municipalidad de Lamaní, Comayagua
25. Municipalidad de Lejamaní, Comayagua
26. Municipalidad de La Trinidad, Comayagua
27. Municipalidad de Meámbar, Comayagua
28. Municipalidad de Minas de Oro, Comayagua
29. Municipalidad de Ojos de Agua, Comayagua
30. Municipalidad de San Jerónimo, Comayagua
31. Municipalidad de San José de Comayagua, Comayagua
32. Municipalidad de San José del Potrero, Comayagua
33. Municipalidad de San Luis, Comayagua
34. Municipalidad de San Sebastián, Comayagua
35. Municipalidad de Siguetepeque, Comayagua
36. Municipalidad de Villa de San Antonio, Comayagua
37. Municipalidad de Las Lajas, Comayagua
38. Municipalidad de Taulabé, Comayagua
39. Municipalidad de Santa Rosa de Copán, Copán
40. Municipalidad de Cabañas, Copán
41. Municipalidad de Concepción, Copán
42. Municipalidad de Corquín, Copán
43. Municipalidad de Cucuyagua, Copán
44. Municipalidad de Dolores, Copán

45. Municipalidad de Dulce Nombre, Copán
46. Municipalidad de El Paraíso, Copán
47. Municipalidad de Florida, Copán
48. Municipalidad de La Jigua, Copán
49. Municipalidad de La Unión, Copán
50. Municipalidad de Nueva Arcadia (La Entrada), Copán
51. Municipalidad de San Agustín, Copán
52. Municipalidad de San Antonio de Copán, Copán
53. Municipalidad de San Jerónimo, Copán
54. Municipalidad de San José, Copán
55. Municipalidad de San Juan de Opoa, Copán
56. Municipalidad de San Nicolás, Copán
57. Municipalidad de San Pedro, Copán
58. Municipalidad de Santa Rita, Copán
59. Municipalidad de Trinidad, Copán
60. Municipalidad de Veracruz, Copán
61. Municipalidad de Choloma, Cortés
62. Municipalidad de Omoa, Cortés
63. Municipalidad de Pimienta, Cortés
64. Municipalidad de Potrerillos, Cortés
65. Municipalidad de Puerto Cortés, Cortés
66. Municipalidad de San Antonio de Cortés, Cortés
67. Municipalidad de San Francisco de Yojoa, Cortés
68. Municipalidad de San Manuel, Cortés
69. Municipalidad de Santa Cruz de Yojoa, Cortés
70. Municipalidad de Villanueva, Cortés
71. Municipalidad de La Lima, Cortés
72. Municipalidad de Choluteca, Choluteca
73. Municipalidad de Apacilagua, Choluteca
74. Municipalidad de Concepción de María, Choluteca
75. Municipalidad de Duyure, Choluteca
76. Municipalidad de El Corpus, Choluteca
77. Municipalidad de El Triunfo, Choluteca
78. Municipalidad de Marcovia, Choluteca
79. Municipalidad de Morolica, Choluteca
80. Municipalidad de Namasigue, Choluteca
81. Municipalidad de Orocuina, Choluteca
82. Municipalidad de Pespire, Choluteca
83. Municipalidad de San Antonio de Flores, Choluteca
84. Municipalidad de San Isidro, Choluteca
85. Municipalidad de San José, Choluteca
86. Municipalidad de San Marcos de Colón, Choluteca
87. Municipalidad de Santa Ana de Yusguare, Choluteca
88. Municipalidad de Alauca, El Paraíso
89. Municipalidad de Danlí, El Paraíso
90. Municipalidad de El Paraíso, El Paraíso
91. Municipalidad de Guinope, El Paraíso
92. Municipalidad de Jacalepa, El Paraíso

93. Municipalidad de Liure, El Paraíso
94. Municipalidad de Morocelí, El Paraíso
95. Municipalidad de Oropolí, El Paraíso
96. Municipalidad de Potrerillos, El Paraíso
97. Municipalidad de San Antonio de Flores, El Paraíso
98. Municipalidad de San Lucas, El Paraíso
99. Municipalidad de San Matías, El Paraíso
100. Municipalidad de Soledad, El Paraíso
101. Municipalidad de Teupasenti, El Paraíso
102. Municipalidad de Texíguat, El Paraíso
103. Municipalidad de Vado Ancho, El Paraíso
104. Municipalidad de Yauyupe, El Paraíso
105. Municipalidad de Trojes, El Paraíso
106. Municipalidad de Alubarén, Francisco Morazán
107. Municipalidad de Cedros, Francisco Morazán
108. Municipalidad de Curarén, Francisco Morazán
109. Municipalidad de El Porvenir, Francisco Morazán
110. Municipalidad de Guaimaca, Francisco Morazán
111. Municipalidad de La Libertad, Francisco Morazán
112. Municipalidad de La Venta, Francisco Morazán
113. Municipalidad de Lepaterique, Francisco Morazán
114. Municipalidad de Maraita, Francisco Morazán
115. Municipalidad de Marale, Francisco Morazán
116. Municipalidad de Nueva Armenia, Francisco Morazán
117. Municipalidad de Ojojona, Francisco Morazán
118. Municipalidad de Orica, Francisco Morazán
119. Municipalidad de Reitoca, Francisco Morazán
120. Municipalidad de Sabanagrande, Francisco Morazán
121. Municipalidad de San Antonio de Oriente, Francisco Morazán
122. Municipalidad de San Buenaventura, Francisco Morazán
123. Municipalidad de San Ignacio, Francisco Morazán
124. Municipalidad de San Juan de Flores, Francisco Morazán
125. Municipalidad de San Miguelito, Francisco Morazán
126. Municipalidad de Santa Ana, Francisco Morazán
127. Municipalidad de Santa Lucía, Francisco Morazán
128. Municipalidad de Talanga, Francisco Morazán
129. Municipalidad de Tatumbla, Francisco Morazán
130. Municipalidad de Valle de Angeles, Francisco Morazán
131. Municipalidad de Villa de San Francisco, Francisco Morazán
132. Municipalidad de Vallecillo, Francisco Morazán
133. Municipalidad de Puerto Lempira, Gracias a Dios
134. Municipalidad de Brus Laguna, Gracias a Dios
135. Municipalidad de Ahuas, Gracias a Dios
136. Municipalidad de Juan Francisco Bulnes, Gracias a Dios
137. Municipalidad de Villeda Morales, Gracias a Dios
138. Municipalidad de Wampusirpi, Gracias a Dios
139. Municipalidad de La Esperanza, Intibucá
140. Municipalidad de Camasca, Intibucá

141. Municipalidad de Colomoncagua, Intibucá
142. Municipalidad de Concepción, Intibucá

Schedule of Nicaragua

1. Municipalidad de Altagracia
2. Municipalidad de Belén
3. Municipalidad de Boaco
4. Municipalidad de Buenos Aires
5. Municipalidad de Cárdenas
6. Municipalidad de Catarina
7. Municipalidad de Ciudad Antigua
8. Municipalidad de Ciudad Darío
9. Municipalidad de Ciudad Sandino
10. Municipalidad de Dipilto
11. Municipalidad de Dolores
12. Municipalidad de El Jicaral
13. Municipalidad de El Júcaro
14. Municipalidad de El Rosario
15. Municipalidad de Esquipulas
16. Municipalidad de Jalapa
17. Municipalidad de Jinotega
18. Municipalidad de La Concepción
19. Municipalidad de La Concordia
20. Municipalidad de La Conquista
21. Municipalidad de La Paz de Carazo
22. Municipalidad de Macuelizo
23. Municipalidad de Matiguás
24. Municipalidad de Moyogalpa
25. Municipalidad de Mozonte
26. Municipalidad de Murra
27. Municipalidad de Muy Muy
28. Municipalidad de Nandasmo
29. Municipalidad de Nindirí
30. Municipalidad de Niquinohomo
31. Municipalidad de Ocotal
32. Municipalidad de Palacagüina
33. Municipalidad de Rancho Grande
34. Municipalidad de San Carlos
35. Municipalidad de San Dionisio
36. Municipalidad de San Fernando
37. Municipalidad de San Francisco del Norte
38. Municipalidad de San Isidro
39. Municipalidad de San Jorge
40. Municipalidad de San José de Cusmapa
41. Municipalidad de San José de los Remates
42. Municipalidad de San Lorenzo
43. Municipalidad de San Lucas
44. Municipalidad de San Ramón

45. Municipalidad de Santa Lucía
46. Municipalidad de Santa María
47. Municipalidad de Santa Rosa del Peñón
48. Municipalidad de Sébaco
49. Municipalidad de Telpaneca
50. Municipalidad de Terrabona
51. Municipalidad de Teustepe
52. Municipalidad de Ticuantepe
53. Municipalidad de Tisma
54. Municipalidad de Tola
55. Municipalidad de Totogalpa
56. Municipalidad de Tuma – La Dalia
57. Municipalidad de Wiwilí
58. Municipalidad de Yalagüina
59. Municipalidad de Camoapa
60. Municipalidad de Diriamba
61. Municipalidad de El Castillo
62. Municipalidad de El Crucero
63. Municipalidad de El Sauce
64. Municipalidad de El Viejo
65. Municipalidad de Jinotepe
66. Municipalidad de La Paz Centro
67. Municipalidad de Larreynaga
68. Municipalidad de León
69. Municipalidad de Managua
70. Municipalidad de Masatepe
71. Municipalidad de Masaya
72. Municipalidad de Matagalpa
73. Municipalidad de Mateare
74. Municipalidad de Nagarote
75. Municipalidad de Potosí
76. Municipalidad de Río Blanco
77. Municipalidad de San Francisco Libre
78. Municipalidad de San José de Achuapa
79. Municipalidad de San Juan de Oriente
80. Municipalidad de San Juan de Río Coco
81. Municipalidad de San Juan del Norte
82. Municipalidad de San Marcos
83. Municipalidad de San Rafael del Sur
84. Municipalidad de Santa Teresa
85. Municipalidad de Somoto
86. Municipalidad de Telica
87. Municipalidad de Tipitapa
88. Municipalidad de Villa Carlos Fonseca

#### Schedule of the United States

Unless otherwise specified, this Chapter covers procurement only by those entities listed in this schedule.

List A:

Costa Rica, the Dominican Republic, El Salvador, Guatemala, and Nicaragua shall have access to procurement by the following sub-central level of government entities:

Arkansas

Executive branch agencies, including universities

This Chapter does not cover procurement by the Office of Fish and Game or construction services.

Colorado

Executive branch agencies

Connecticut

Department of Administrative Services

Connecticut Department of Transportation

Connecticut Department of Public Works

Constituent Units of Higher Education

Delaware\*

Administrative Services (Central Procurement Agency)

State Universities

State Colleges

Florida\*

Executive branch agencies

Hawaii

Department of Accounting and General Services

This Chapter does not cover procurement of software developed in the state or construction services.

Idaho

Idaho Central Procurement Agency (including all colleges and universities subject to central purchasing oversight)

Kentucky

Division of Purchases, Finance and Administration Cabinet

This Chapter does not cover procurement for construction projects.

Louisiana

Executive branch agencies

Maryland\*

Office of the Treasury

Department of the Environment

Department of General Services

Department of Housing and Community Development

Department of Human Resources

Department of Licensing and Regulation

Department of Natural Resources

Department of Personnel

Department of Public Safety and Correctional Services

Department of Transportation

Mississippi

Department of Finance and Administration

This Chapter does not cover the procurement of services.

Nebraska

Central Procurement Agency

New Hampshire\*

Central Procurement Agency

New York\*

State agencies

State university system

Public authorities and public benefit corporations

1. This Chapter does not cover public authorities and public benefit corporations with multi-state mandates.

2. This Chapter does not cover the procurement of transit cars, buses, or related equipment.

Oregon

Department of Administrative Services

Puerto Rico

Department of State

Department of Justice

Department of the Treasury

Department of Economic Development and Commerce

Department of Labor and Human Resources

Department of Natural and Environmental Resources

Department of Consumer Affairs

Department of Sports and Recreation

This Chapter does not cover the procurement of construction services.

Rhode Island

Executive branch agencies

This Chapter does not cover the procurement of boats, automobiles, buses, or related equipment.

South Dakota

Central Procuring Agency (including universities and penal institutions)

This Chapter does not cover the procurement of beef.

Texas

Texas Building and Procurement Commission

This Chapter does not apply to preferences for: (1) motor vehicles; (2) travel agents located in Texas; and (3) rubberized asphalt paving made from scrap tires by a Texas facility.

Utah

Executive branch agencies

Vermont

Executive branch agencies

Washington

Washington State executive branch agencies, including:

General Administration

Department of Transportation

State Universities

This Chapter does not cover the procurement of fuel, paper products, boats, ships, or vessels.

Wyoming\*

Procurement Services Division

Wyoming Department of Transportation

University of Wyoming

This Chapter does not cover the procurement of construction services.

List B:

Honduras shall have access to procurement by the following sub-central level of government entities:

Arkansas

Executive branch agencies, including universities

Colorado

Executive branch agencies

Connecticut

Department of Administrative Services

Connecticut Department of Transportation

Connecticut Department of Public Works

Constituent Units of Higher Education

Florida\*

Executive branch agencies

Kentucky

Division of Purchases, Finance and Administration Cabinet

This Chapter does not cover procurement for construction projects.

Louisiana

Executive branch agencies

Maryland\*

Office of the Treasury

Department of the Environment

Department of General Services

Department of Housing and Community Development

Department of Human Resources

Department of Licensing and Regulation

Department of Natural Resources

Department of Personnel

Department of Public Safety and Correctional Services

Department of Transportation

Mississippi

Department of Finance and Administration

This Chapter does not cover the procurement of services.

Nebraska

Central Procurement Agency

New Hampshire\*

Central Procurement Agency

New York\*

State agencies

State university system

Public authorities and public benefit corporations

1. This Chapter does not cover public authorities and public benefit corporations with multi- state mandates.

2. This Chapter does not cover the procurement of transit cars, buses, or related

equipment.

Puerto Rico

Department of State

Department of Justice

Department of the Treasury

Department of Economic Development and Commerce

Department of Labor and Human Resources

Department of Natural and Environmental Resources

Department of Consumer Affairs

Department of Sports and Recreation

This Chapter does not cover the procurement of construction services.

South Dakota

Central Procuring Agency (including universities and penal institutions)

This Chapter does not cover the procurement of beef.

Texas

Texas Building and Procurement Commission

This Chapter does not apply to preferences for: (1) motor vehicles; (2) travel agents located in Texas; and (3) rubberized asphalt paving made from scrap tires by a Texas facility.

Vermont

Executive branch agencies

Washington

Washington State executive branch agencies, including:

General Administration

Department of Transportation

State Universities

This Chapter does not cover the procurement of fuel, paper products, boats, ships, or vessels.

Wyoming\*

Procurement Services Division

Wyoming Department of Transportation

University of Wyoming

This Chapter does not cover the procurement of construction services.

Notes to the Schedule of the United States

1. For the states marked by an asterisk (\*), indicating pre-existing restrictions, this Chapter does not cover the procurement of construction-grade steel (including requirements on subcontracts), motor vehicles, or coal.
2. This Chapter does not apply to preferences or restrictions associated with programs promoting the development of distressed areas, or businesses owned by minorities, disabled veterans, or women.
3. Nothing in this Annex shall be construed to prevent any state entity from applying restrictions that promote the general environmental quality in that state, as long as such restrictions are not disguised barriers to international trade.
4. This Chapter does not cover any procurement made by a covered entity on behalf of non-covered entities at a different level of government.
5. This Chapter does not apply to restrictions attached to Federal funds for mass transit and highway projects.

6. This Chapter does not apply to the procurement of printing services.

#### Section C: Other Covered Entities

1. This Chapter applies to the other covered entities listed in each Party's Schedule to this Section where the value of the procurement is estimated, in accordance with paragraph 1 of Section H, to equal or exceed:

(a) for procurement of goods and services:

(i) of List A entities, US\$250,000; or

(ii) of List B entities, US\$538,000; and

(b) for procurement of construction services for List A and List B entities:

(i) US\$6,725,000; or

(ii) in the case of the Central American Parties and the Dominican Republic, for the three-year period following the date of entry into force of this Agreement, US\$8,000,000.

The monetary thresholds set out in subparagraphs (a)(ii) and (b)(i) shall be adjusted in accordance with Section H of this Annex.

2. Unless otherwise specified, this Chapter covers only the entities listed in each Party's Schedule in this Section.

#### Schedule of Costa Rica

##### List A:

1. Instituto Costarricense de Ferrocarriles – INCOFER
2. Instituto Costarricense de Puertos del Pacífico – INCOP
3. Junta Administrativa de la Imprenta Nacional
4. Programa Integral de Mercadeo Agropecuario – PIMA
5. Autoridad Reguladora de los Servicios Públicos – ARESEP
6. Banco Hipotecario de la Vivienda – BANHVI
7. Consejo de Transporte Público
8. Instituto Costarricense del Deporte y la Recreación
9. Instituto Nacional de Fomento Cooperativo – INFOCOOP
10. Servicio Nacional de Aguas Subterráneas, Riego y Avenamiento
11. Banco Central de Costa Rica<sup>1</sup>

##### List B:

1. Caja Costarricense de Seguro Social<sup>2</sup>
2. Instituto Costarricense de Electricidad<sup>3</sup>

#### Notes to Costa Rica Schedule

1. Banco Central de Costa Rica: This Chapter does not cover the issuance of bills, coins, or tax stamps.

2. Caja Costarricense de Seguro Social: This Chapter does not cover procurement by goods classified under Section 2 (food products, beverages and tobacco, textiles, apparel, and leather products) of the CPC, version 1.0.

3. Instituto Costarricense de Electricidad (“ICE”):

(a) The 40-day time limit set out in Article 9.5.1 shall not apply to the ICE. ICE shall provide suppliers sufficient time to prepare and submit responsive tenders.

(b) Notwithstanding Article 9.15.6(a), ICE shall provide no less than three business days for suppliers to prepare and submit written challenges.

(c) On request of the United States, Costa Rica shall consult with regard to the implementation of time periods referred to in subparagraphs (a) and (b).

#### Schedule of the Dominican Republic

##### List A:

1. Instituto Nacional de Formación y Capacitación Magisterial
2. Corporación de Fomento Industrial
3. Instituto Nacional de la Uva
4. Instituto Agrario Dominicano
5. Instituto Dominicano del Azúcar (INAZUCAR)
6. Centro de Exportación e Inversión de la República Dominicana
7. Instituto de Auxilios y Vivienda (INAVI)
8. Corporación Dominicana de Empresas Eléctricas Estatales (CDEE)
9. Autoridad Portuaria Dominicana
10. Cámara de Cuentas de la República Dominicana
11. Consejo Nacional de Zonas Francas de Exportación
12. Instituto Dominicano de las Telecomunicaciones (INDOTEL)<sup>1</sup>
13. Junta Central Electoral
14. Superintendencia de Bancos
15. Banco Central de la República Dominicana<sup>2</sup>

#### Notes to the Dominican Republic Schedule

1. Instituto Dominicano de las Telecomunicaciones (INDOTEL): This Chapter does not apply to procurements of goods and services required for the implementation of special projects executed by the Fondo de Desarrollo de las Telecomunicaciones to implement the Política Social sobre Servicio Universal of the Dominican Republic pursuant to the Ley General de Telecomunicaciones No.153-98 and Reglamento del Fondo de Desarrollo de las Telecomunicaciones.
2. Banco Central de la República Dominicana: This Chapter does not cover the issuance of currency and coins.

#### Schedule of El Salvador

##### List A:

1. Consejo de Vigilancia de la Contaduría Pública
2. Consejo Nacional de Ciencia y Tecnología
3. Consejo Salvadoreño del Café
4. Consejo Superior de Salud Pública
5. Corporación Salvadoreña de Turismo
6. Federación Salvadoreña de Fútbol
7. Feria Internacional de El Salvador
8. Fondo de Inversión Social de Desarrollo Local
9. Hogar de Ancianos "Narcisa Castillo," Santa Ana
10. Hospital Nacional "Benjamin Bloom"
11. Hospital Nacional "Dr. Luis Edmundo Vásquez," Chalatenango
12. Hospital Nacional "Francisco Menéndez," Ahuachapán
13. Hospital Nacional "Juan José Fernández" Zacamil
14. Hospital Nacional "San Juan de Dios," San Miguel
15. Hospital Nacional "San Juan de Dios," Santa Ana

16. Hospital Nacional "San Juan de Dios," Sonsonate
17. Hospital Nacional "San Pedro," Usulután
18. Hospital Nacional "San Rafael" Nueva San Salvador
19. Hospital Nacional "Santa Gertrudis," San Vicente
20. Hospital Nacional "Santa Teresa" Zacatecoluca
21. Hospital Nacional de Ciudad Barrios
22. Hospital Nacional de Cojutepeque
23. Hospital Nacional de Ilobasco
24. Hospital Nacional de Jiquilisco
25. Hospital Nacional de La Unión
26. Hospital Nacional de Maternidad "Dr. Raúl Argüello Escolán"
27. Hospital Nacional de Metapán
28. Hospital Nacional de Nueva Concepción
29. Hospital Nacional de Nueva Guadalupe
30. Hospital Nacional de San Francisco Gotera
31. Hospital Nacional de Santa Rosa de Lima
32. Hospital Nacional de Santiago de María
33. Hospital Nacional de Sensuntepeque
34. Hospital Nacional de Suchitoto
35. Hospital Nacional Neumológico "Dr. José Antonio Saldaña"
36. Hospital Nacional Psiquiátrico "Dr. José Molina Martínez"
37. Hospital Nacional San Bartolo
38. Instituto Nacional de los Deportes de El Salvador
39. Instituto Nacional de Pensiones de los Empleados Públicos
40. Instituto Salvadoreño de Desarrollo de la Mujer
41. Instituto Salvadoreño de Desarrollo Municipal
42. Instituto Salvadoreño de Fomento Cooperativo
43. Instituto Salvadoreño de Formación Profesional
44. Instituto Salvadoreño de Protección al Menor
45. Instituto Salvadoreño de Rehabilitación de Inválidos
46. Instituto Salvadoreño de Transformación Agraria
47. Instituto Salvadoreño de Turismo
48. Registro Nacional de las Personas Naturales
49. Superintendencia de Pensiones
50. Superintendencia de Valores
51. Unidad Técnica Ejecutiva
52. Comisión Ejecutiva Portuaria Autónoma
53. Comisión Ejecutiva Hidroeléctrica del Río Lempa
54. Complejo Pesquero
55. Corporación Salvadoreña de Inversiones

List B:

1. Centro Nacional de Registros
2. Hospital Nacional Rosales
3. Superintendencia General de Energía y Telecomunicaciones (SIGET)

Note to El Salvador Schedule

This Chapter does not cover procurement by the entities listed in List A items 10

through 37 and in List B item 2 of goods classified under Section 2 (food products, beverages and tobacco; textiles, apparel, and leather products) of the CPC, version 1.1.

#### Schedule of Guatemala

##### List A:

1. Academia de Lenguas Mayas de Guatemala
2. Confederación Deportiva Autónoma de Guatemala
3. Comisión Institucional para el Desarrollo y Fortalecimiento de la Propiedad de la Tierra
4. Comité Olímpico Guatemalteco
5. Comité Permanente de Exposiciones
6. Consejo Nacional para la Protección de la Antigua Guatemala
7. Empresa Guatemalteca de Telecomunicaciones
8. Escuela Nacional Central de Agricultura
9. Instituto de Ciencia y Tecnología Agrícolas
10. Instituto de Fomento Municipal
11. Instituto Guatemalteco de Turismo
12. Instituto Nacional de Administración Pública
13. Instituto Nacional de Bosques
14. Instituto Nacional de Comercialización Agrícola
15. Instituto Nacional de Cooperativas
16. Instituto Nacional de Estadística
17. Instituto Técnico de Capacitación y Productividad
18. Superintendencia de Administración Tributaria
19. Fondo de Solidaridad para el Desarrollo Comunitario

#### Schedule of Honduras

##### List A:

1. Administración Forestal del Estado, Corporación Hondureña de Desarrollo Forestal (AFE-COHDEFOR)
2. Instituto Hondureño de Mercadeo Agrícola (IHMA)
3. Instituto Hondureño para la prevención del Alcoholismo, Drogadicción y Farmacodependencia (IHADFA)
4. Instituto Hondureño de Turismo (IHT)
5. Instituto Nacional de Jubilaciones y Pensiones de los Funcionarios y Empleados del Poder Ejecutivo (INJUPEMP)
6. Comisión Nacional Pro-Instalaciones Deportivas y Mejoramiento del Deporte (CONAPID)
7. Comité Permanente de Contingencias (COPECO)
8. Instituto Nacional Agrario (INA)
9. Empresa Nacional Portuaria (ENP)
10. Banco Central de Honduras (BCH)<sup>1</sup>

#### Note to Honduras Schedule

Banco Central de Honduras (BCH): This Chapter does not cover the issuance or the circulation of currency.

#### Schedule of Nicaragua

##### List A:

1. Banco Central de Nicaragua

2. Comisión Nacional de Energía
3. Consejo Nacional de Planificación Económica y Social
4. Correos de Nicaragua
5. Dirección General de Ingresos
6. Dirección General de Servicios Aduaneros
7. Empresa Administradora de Aeropuertos Internacionales
8. Empresa Portuaria Nacional
9. Fondo de Inversión Social de Emergencia (FISE)
10. Fondo Nicaragüense de la Niñez y la Familia
11. Instituto de Desarrollo Rural (IDR)
12. Instituto de Seguridad Social y Desarrollo Humano
13. Instituto de Vivienda Urbana y Rural
14. Instituto Nacional de Estadísticas y Censos
15. Instituto Nacional Forestal
16. Instituto Nacional Tecnológico
17. Instituto Nicaragüense de Apoyo a la Pequeña y Mediana Empresa
18. Instituto Nicaragüense de Cultura
19. Instituto Nicaragüense de Estudios Territoriales
20. Instituto Nicaragüense de Juventud y Deportes
21. Instituto Nicaragüense de la Mujer
22. Instituto Nicaragüense de Seguridad Social
23. Instituto Nicaragüense de Tecnología Agropecuaria
24. Instituto Nicaragüense de Turismo
25. Instituto Tecnológico Nacional
26. Ministerio Público
27. Procuraduría para la Defensa de los Derechos Humanos
28. Radio Nicaragua
29. Sistema Nacional de Prevención, Mitigación y Atención de Desastres
30. Superintendencia de Bancos y de otras Instituciones Financieras
31. Teatro Nacional Rubén Darío
32. Universidades y Centros de Educación Técnica Superior (with respect to purchases made with funds from the State)

#### Notes to Nicaragua Schedule

1. Banco Central de Nicaragua: This Chapter does not cover the issuance of bills or coins.
2. Dirección General de Ingresos: This Chapter does not cover the production or issuance of passports (including its security elements, such as security paper or security plastic) or tax stamps.

#### Schedule of the United States

##### List A:

1. Tennessee Valley Authority
2. Bonneville Power Administration
3. Western Area Power Administration
4. Southeastern Power Administration
5. Southwestern Power Administration
6. St. Lawrence Seaway Development Corporation

List B:  
Rural Utilities Service<sup>1</sup>

Notes to United States Schedule

1. The Rural Utilities Service agrees:

(a) to waive federal buy national requirements imposed as conditions of funding for all power generation projects; and

(b) to apply procurement procedures equivalent to the procedures in the WTO Agreement on Government Procurement and national treatment to funded projects exceeding the thresholds specified above.

For greater certainty, this Chapter does not apply to any other aspect of procurement by the Rural Utilities Service, including any restrictions the Rural Utilities Service places on financing for telecommunications projects.

2. With respect to procurement by entities listed in this Section, this Chapter does not apply to restrictions attached to Federal funds for airport projects.

Section D

Goods

This Chapter applies to all goods procured by the entities listed in Sections A through C, subject to the Notes to the respective Sections and the General Notes.

Section E

Services

This Chapter applies to all services procured by the entities listed in Sections A through C, subject to the Notes to the respective Sections, the General Notes, and the Notes to this Section, except for the services excluded in the Schedules of each Party. All services covered by this Section are subject to the existing measures listed in each Party's Schedule to Annex I.

Schedule of Costa Rica

This Chapter does not cover procurement of the following services:

1. Research and Development

Division 81 Research and Development Services

2. Management of Government-Owned Facilities (Administrative Facilities and Service Buildings, Airfield, Communications, and Missile Facilities, Educational Buildings, Hospital Buildings, Industrial Buildings, Residential Buildings, Warehouse Buildings, Research and Development Facilities, Other Buildings, Conservation and Development Facilities, Highways, Roads, Streets, Bridges and Railways, Electric Power Generation (EPG) Facilities, Utilities, Other Non-Building Facilities).

3. Management and Distribution of Lotteries

Class 9692 Gambling and Betting services

4. Public Services

Division 69 Electricity Distribution Services; Gas and Water Distribution Services through mains

Division 91 Public Administration and other services to the community as a whole;

Compulsory Social Security Services

Division 92 Education Services (public education)

Division 93 Health and Social Services

Division 94 Sewage and Refuse Disposal, Sanitation and other Environmental Protection Services

Schedule of the Dominican Republic

This Chapter does not cover procurement of the following services:

1. Business and Production Services

Division 81 Research and Development Services Group: 836 Advertising Services

2. Management of Government-Owned Facilities (Administrative Facilities and Service Buildings, Airfield, Communications, Missile Facilities, Educational Buildings, Hospital Buildings, Industrial Buildings, Residential Buildings, Warehouse Buildings, Research and Development Facilities, Other Buildings, Conservation and Development Facilities, Highways, Roads, Streets, Bridges, Dams, Railways, Electric Power Generation (EPG) Facilities, Public Utilities, Other Non-Building Facilities).

3. Public Services

Division 69 Electricity Distribution Services; Gas and Water Distribution Services through mains

Division 913 Administrative Services of Compulsory Social Security Schemes

Division 92 Education Services (public education)

4. Transport Services

Division 64 Land Transport Services

Division 65 Water Transport Services

Division 66 Air Transport Services

5. Printing Services

Schedule of El Salvador

No services are excluded.

Schedule of Guatemala

This Chapter does not cover the following services, as elaborated in CPC, version 1.0:

1. Public Services

Division 69 Electricity Distribution Services; Gas and Water Distribution Services through mains

Division 91 Public Administration and other services to the community as a whole; Compulsory Social Security Services

Division 92 Education Services (public education)

Division 93 Health and Social Services

Division 94 Sewage and Refuse Disposal, Sanitation and other Environmental Protection Services

2. Individual Professional Services (This Chapter does not cover the contracting of individuals, for defined periods, who provide a professional service, where such contracting is not used to avoid the obligations of this Chapter.)

Schedule of Honduras

This Chapter does not cover the following services, as elaborated in CPC, version 1.0.

1. CPC 64 Land Transport Services

2. CPC 66 Air Transport Services

3. CPC 69 Electricity Distribution Services; Gas and Water Distribution Services through

mains

#### Schedule of Nicaragua

This Chapter does not cover procurement of the following services, as elaborated in the Common Classification System (for a complete listing of the Common Classification System see [www.sice.oas.org/trade/nafta/chap-105.asp](http://www.sice.oas.org/trade/nafta/chap-105.asp)):

##### 1. M. Operation of Government-Owned Facilities

All classes

This Chapter does not cover the procurement of the following services, as elaborated in CPC, version 1.0.

##### 2. Public Services

Division 69 Electricity Distribution Services; Gas and Water Distribution Services through mains

Division 91 Public Administration and other services to the community as a whole;

Compulsory Social Security Services

Division 92 Education Services (public education)

Division 93 Health and Social Services

Division 94 Sewage and Refuse Disposal, Sanitation and other Environmental Protection Services

#### Schedule of the United States

This Chapter does not cover the procurement of the following services, as elaborated in the Common Classification System (for a complete listing of the Common Classification System see

##### 1. A. Research and Development

All classes

##### 2. D. Information Processing and Related Telecommunications Services

D304 ADP Telecommunications and Transmission Services, except for those services classified as “enhanced or value-added services.” For the purposes of this provision, the procurement of “ADP Telecommunications and Transmission Services” does not include the ownership or furnishing of facilities for the transmission of voice or data services.

D305 ADP Teleprocessing and Timesharing Services

D316 Telecommunications Network Management Services

D317 Automated News Services, Data Services or Other Information Services

D399 Other ADP and Telecommunications Services

##### 3. J. Maintenance, Repair, Modification, Rebuilding, and Installation of Goods/Equipment

J019 Maintenance, Repair, Modification, Rebuilding and Installation of Equipment Related to Ships

J998 Non-nuclear Ship Repair

##### 4. M. Operation of Government-Owned Facilities

All facilities operated by the Department of Defense, Department of Energy, and the National Aeronautics and Space Administration; and for all entities:

M180 Research and Development facilities

##### 5. S. Utilities

All Classes

##### 6. V. Transportation, Travel and Relocation Services

All Classes except V503 Travel Agent Services

## Notes to the United States Schedule

This Chapter does not cover the procurement of any service in support of military forces overseas.

## Section F

### Construction Services

This Chapter applies to all construction services for all Parties procured by the entities listed in Sections A through C, subject to the Notes to the respective Sections and the General Notes. All construction services covered by this Section are subject to the existing measures listed in each Party's Schedule to Annex I.

### Schedule of the Dominican Republic

This Chapter does not cover the procurement of construction services with respect to suppliers of Puerto Rico, until such time as the Dominican Republic and Puerto Rico provide reciprocal access to procurement of construction services for each other's suppliers.

### Schedule of the United States

This Chapter does not cover the procurement of dredging services.

## Section G

### General Notes

Unless otherwise specified herein, the following General Notes to each Party's Schedule apply without exception to this Chapter, including to all sections of this Annex.

### Schedule of Costa Rica

1. This Chapter does not apply to procurement by one Costa Rican entity of a good or service obtained or acquired from another Costa Rican entity.
2. This Chapter does not apply to government procurement programs on behalf of small, medium and micro enterprises (SME).

### Schedule of the Dominican Republic

1. This Chapter does not apply to government procurement programs on behalf of small, medium and micro enterprises, including any form of preference, such as the exclusive right to provide a good or a service.
2. This Chapter does not apply to the procurement of construction-grade steel (including requirements on subcontracts).
3. This Chapter does not apply to government procurement programs to promote the alleviation of poverty, or to protect women, the disabled, or children and adolescents, including at the border with Haiti (Zona Fronteriza) or in other rural or impoverished areas.
4. This Chapter does not apply to procurement of goods and services related to the disposal of toxic, dangerous, or radioactive waste.
5. This Chapter does not apply to procurement by one Dominican entity of a good or service obtained or acquired from another Dominican entity.
6. This Chapter does not cover procurement made in furtherance of public health protection programs, including treatment of HIV/AIDS, tuberculosis, paludism, malaria, or

other epidemics.

7. This Chapter does not apply to procurements made in support of human feeding programs.

#### Schedule of El Salvador

This Chapter does not apply to procurement by one Salvadoran entity of a good or service obtained or acquired from another Salvadoran entity.

#### Schedule of Guatemala

1. This Chapter does not apply to procurement by one Guatemalan entity of a good or service obtained or acquired from another Guatemalan entity.
2. This Chapter does not apply to procurement of unrefined minerals naturally occurring in Guatemala for the construction of public works.
3. If, following the entry into force of this Agreement between the United States and Guatemala, Guatemala proposes to implement a procurement measure that is intended to promote the development of its minority-owned or small, medium and micro enterprises, but that would not be consistent with this Chapter, Guatemala shall consult with the United States. If the United States and Guatemala agree on the need and terms and conditions for such a measure, Guatemala shall be permitted to implement the measure.

#### Schedule of Honduras

This Chapter does not apply to procurement by one Honduran entity of a good or service obtained or acquired from another Honduran entity.

#### Schedule of Nicaragua

1. This Chapter does not apply to procurement by one Nicaraguan entity of a good or service obtained or acquired from another Nicaraguan entity.
2. (a) Notwithstanding Articles 9.2.1 and 9.2.2, for five years following the date of the entry into force of this Agreement between the United States and Nicaragua, Nicaragua may maintain a price preference program for its small, medium, and micro enterprises, in accordance with the following:
  - (i) A “small, medium, and micro enterprise” is defined, for purposes of this note, as a business that has 100 or fewer employees and total annual sales of no more than US\$1.2 million;
  - (ii) Nicaragua may award its small, medium, and micro enterprises up to a ten percent price preference in tenders for procurement covered by this Chapter; and
  - (iii) The price preference shall be clearly described in the notice of intended procurement or notice inviting suppliers to participate in the procurement and relevant tender documentation.
- (b) Before the end of the five-year period, the United States and Nicaragua shall consult to determine whether there is a need to extend the price preference program and, if they agree that there is such a need, to determine the scope of the extension.
- (c) If, following the entry into force of this Agreement between the United States and Nicaragua, Nicaragua proposes to implement a procurement measure that is intended to promote the development of its small, medium and micro enterprises, but that would not be consistent with this Chapter, Nicaragua shall consult with the United States. If the United States and Nicaragua agree on the need and terms and conditions for such a

measure, Nicaragua shall be permitted to implement the measure.

#### Schedule of the United States

1. This Chapter does not apply to set asides on behalf of small or minority businesses. Set- asides include any form of preference, such as the exclusive right to provide a good or service and price preferences.
2. This Chapter does not apply to the procurement of transportation services that form a part of, or are incidental to, a procurement contract.

#### Section H

##### Threshold Adjustment Formula

1. In calculating the value of a contract for the purpose of ascertaining whether a procurement is covered by this Chapter, a procuring entity shall include the maximum total estimated value of the procurement over its entire duration, taking into account all options, premiums, fees, commissions, interest, and other revenue streams, or other forms of remuneration provided for in such contracts.
2. The thresholds in Sections A through C shall be adjusted at two-year intervals with each adjustment taking effect on January 1, beginning on January 1, 2006.
3. With regard to the thresholds for goods and services in Section A, the United States shall calculate the U.S. dollar value for the threshold every two years, based on the U.S. inflation rate measured by the Producer Price Index for Finished Goods published by the U.S. Bureau of Labor Statistics, using the two-year period that ends on October 31 in the year prior to the adjustment taking effect, and using the following formula:

$$T_0 \times (1 + \sum \pi_i) = T_1$$

$T_0$  = threshold value at base period

$\pi_i$  = accumulated U.S. inflation rate for the  $i$ th two-year period

$T_1$  = new threshold value.

4. The thresholds for construction services in Section A and the thresholds in Sections B and C are conversions into U.S. dollars of the thresholds listed in the U.S. Appendix 1 to the WTO Agreement on Government Procurement, which are set out in Special Drawing Rights (SDRs) and listed below. The United States shall calculate adjustments of these thresholds based on an average of the daily conversion rates of the U.S. dollar in terms of SDRs, published by the IMF in its monthly "International Financial Statistics," for the two-year period preceding October 1 or November 1 of the year before the adjusted thresholds are to take effect:

- (a) 5 million SDRs for construction services;
- (b) 355,000 SDRs for goods and services for Section B entities; and
- (c) 400,000 SDRs for goods and services for Section C, List B entities.

5. The United States shall notify the other Parties of the adjusted threshold values by December 15 of the year before the adjusted thresholds take effect.

6. Except for El Salvador, which shall use the value expressed by the United States in U.S. dollars, each Party shall:

- (a) convert the adjusted thresholds values notified by the United States under paragraph 4 into its national currency based on the official conversion rate of its central bank, using the average of the daily values of its currency in terms of the U.S. dollar over the two-year period ending September 30 of the year in which the United States notifies the adjusted thresholds; and
- (b) promptly notify the other Parties of the value in its currency of the adjusted

thresholds.

7. The Parties shall consult bilaterally if a major change in a national currency vis-à-vis the other currency were to create a significant problem with regard to the application of the Chapter.

## Section I

### Transition Mechanisms

1. Each Party shall make best efforts to comply with the obligations listed in each Party's Schedule to this Section during the two years following the date of entry into force of this Agreement. The Notes to each Party's Schedule shall apply during this two-year period. Thereafter, each Party shall fully comply with these obligations.

### Schedule of Costa Rica

1. Article 9.4.2 (inclusion of an indication that the procurement is covered by this Chapter in the notice of intended procurement)
2. Article 9.5.1 (40-days time limit for the tendering process)<sup>1</sup>
3. Article 9.6.3 (written communication of modification to tender documentation)
4. Article 9.11.2 (publication of a notice regarding the contract award)
5. Article 9.15.6(a) (period provided to suppliers to prepare and submit written challenges)<sup>2</sup>

### Notes to Costa Rica Schedule

1. Article 9.5.1: For the tendering process set out in Article 9.5.1, Costa Rica shall provide at least 30 days for procurement made through the Licitación Pública and at least ten days for procurement made through the Licitación por Registro.
2. Article 9.15.6(a): Costa Rica shall provide at least three days for suppliers to prepare and submit written challenges under Article 9.15.6(a).

### Schedule of the Dominican Republic

1. Article 9.3 (make publicly available judicial decisions and administrative rulings of general application governing procurement)<sup>1</sup>
2. Article 9.4.2 (inclusion of an indication that the procurement is covered by this Chapter in the notice of intended procurement)
3. Article 9.5.1 (40-days time limit for the tendering process)<sup>2</sup>
4. Article 9.9.3 (only for preparation of written reports for the awarding of contracts using direct purchasing)
5. Article 9.11.2 (publication of a notice regarding the contract award)
6. Article 9.13 (establishment and maintenance of procedures that declare a supplier ineligible for participation)

### Notes to the Dominican Republic Schedule

1. Article 9.3: The Dominican Republic shall provide to the other Parties any judicial decision and administrative ruling of general application governing procurement.
2. Article 9.5.1: The Dominican Republic shall provide at least 30 days for the tendering process set out in Article 9.5.1.

### Schedule of Guatemala

1. Article 9.4.2 (inclusion of an indication that the procurement is covered by this

Chapter in the notice of intended procurement)

2. Article 9.5.1 (40-days time limit for the tendering process)<sup>1</sup>
3. Article 9.6.3 (written communication of modification to tender documentation)
4. Article 9.11.2 (publication of a notice regarding the contract award)
5. Article 9.13 (establishment and maintenance of procedures that declare a supplier ineligible for participation)<sup>2</sup>
6. Article 9.15.6 (period provided to suppliers to prepare and submit written challenges)

Notes to Guatemala Schedule

1. Article 9.5.1: For the tendering process set out in Article 9.5.1, Guatemala shall provide at least eight days for suppliers to submit tenders following the publication of the notice of intended procurement.
2. Article 9.13: Guatemala shall not adopt any measure that weakens its current practice with respect to Article 9.13.

Schedule of Honduras

1. Article 9.4.2 (inclusion of an indication that the procurement is covered by this Chapter in the notice of intended procurement)
2. Article 9.5.1 (40-days time limit for the tendering process)<sup>1</sup>
3. Article 9.6.3 (written communication of modification to tender documentation)
4. Article 9.11.2 (publication of a notice regarding the contract award)
5. Article 9.15.6(a) (period provided to suppliers to prepare and submit written challenges)<sup>2</sup>

Notes to Honduras Schedule

1. Article 9.5.1: Honduras shall provide at least 15 days for the tendering process set out in Article 9.5.1, except for build-operate-transfer or public works concession contracts, in which case Honduras shall provide at least 30 days for the tendering process.
2. Article 9.15.6(a): Honduras shall provide at least five days for the period provided to suppliers to prepare and submit written challenges set out in Article 9.15.6(a).

Schedule of Nicaragua

1. Article 9.4.2 (inclusion of an indication that the procurement is covered by this Chapter in the notice of intended procurement)
2. Article 9.5.1 (40-days time limit for the tendering process)<sup>1</sup>
3. Article 9.6.3 (written communication of modification to tender documentation)
4. Article 9.11.2 (publication of a notice regarding the contract award)
5. Article 9.13 (establishment and maintenance of procedures that declare a supplier ineligible for participation)<sup>2</sup>
6. Article 9.15.6 (period provided to suppliers to prepare and submit written challenges)<sup>3</sup>

Notes to Nicaragua Schedule

1. Article 9.5.1: For the tendering process set out in Article 9.5.1, Nicaragua shall provide at least 30 days for a Licitación Pública procurement and at least 15 days for a Licitación por Registro procurement.
2. Article 9.13: Nicaragua shall not adopt any measure that weakens its current practice

with respect to Article 9.13.

3. Article 9.15.6: Nicaragua shall provide at least five days for suppliers to prepare and submit written challenges set out in Article 9.15.6.

#### Section J

Transition Mechanisms for Coverage of Construction Services – the Dominican Republic

1. Notwithstanding Article 9.2.4, the Dominican Republic may, subject to paragraphs 2 through 5, maintain the following offsets, as provided for in Law No. 322 of 2 June 1981, and its Regulation No. 578-86 with respect to procurement covered by Section F of this Chapter:

(a) a requirement that a foreign supplier seeking to participate in a procurement covered by this Chapter must be associated with an enterprise established under the laws of the Dominican Republic, that is capitalized with Dominican or mixed Dominican and foreign capital, and where the share held by the foreign supplier in the association is limited to no more than 50 percent, which may be increased to 70 percent depending on the availability of Dominican capital; and

(b) a requirement that 50 percent of the management of a procurement covered by this Chapter be comprised of Dominican nationals.

2. Where a procuring entity seeks, takes account of, or imposes an offset under paragraph 1, the entity:

(a) shall clearly describe the offset in the notice of intended procurement or notice inviting suppliers to participate in the procurement and in relevant tender documentation;

(b) shall conduct the procurement in accordance with the procedures in this Chapter;

(c) shall apply the offset in a non-discriminatory manner that does not provide U.S. suppliers with treatment that is less favorable than the treatment given to suppliers of any other foreign country; and

(d) may not require suppliers to purchase goods or services on non-competitive terms or of substandard quality, or to take any action that is not justified from a commercial standpoint.

3. The limitations permitted under paragraph 1 shall be reduced over a period of 15 years as follows:

(a) 40 percent for any procurement initiated after the beginning of the sixth year after the date of entry into force of this Agreement and until the end of the tenth year after the date of entry into force of this Agreement;

(b) 30 percent for any procurement initiated after the beginning of the 11th year after the date of entry into force of this Agreement and until the end of 12th year after the date of entry into force of this Agreement; and

(c) 20 percent for any procurement initiated after the beginning of 13th year after the entry into force of this Agreement.

4. During the 13th year after the date of entry into force of this Agreement, the Dominican Republic and the United States shall enter into consultations with regard to the treatment of the offsets described in paragraph 1, following the end of the 15-year period referred to in paragraph 3, with a view to the elimination of the offsets. The consultations shall take into consideration, inter alia, the general and economic developments in the Dominican Republic, its implementation of this Chapter, and the need to maintain the offsets. If, by the end of the 15th year after the date of entry into force of this Agreement, the Dominican Republic and the United States are unable to

reach agreement on the treatment of the offsets from the end of the 15th year, the United States may reduce the access that it accords to the Dominican Republic, as set out in the Schedules of the United States to this Annex.

5. At the end of each period specified in paragraph 3, the Dominican Republic shall provide written reports to the United States on the implementation of the transitional mechanism provided for in this Section.

#### Annex 9.1.2(b)(ii)

##### Section A: Entities

For Costa Rica, El Salvador, Honduras, Guatemala, and Nicaragua:

(a) this Chapter applies to covered procurement by central, sub-central, and other government entities, subject to Section I (Transition Mechanisms) of Annex 9.1.2(b)(i), and the General Notes to this Annex; and

(b) notwithstanding subparagraph (a), and subject to Articles 9.2 and 9.3, each Party's law shall apply to procurement by entities:

(i) listed in Annex 9.1.2(b)(i) where the estimated value of the procurement is less than the applicable threshold provided in Sections A, B, or C of that Annex; and

(ii) not listed in Annex 9.1.2(b)(i).

##### Section B: Goods

For Costa Rica, El Salvador, Honduras, Guatemala, and Nicaragua, this Chapter applies to all goods procured by the entities listed in Section A, subject to the General Notes, and except as otherwise provided in Section A.

##### Section C: Services

For Costa Rica, El Salvador, Honduras, Guatemala, and Nicaragua, this Chapter applies to all services procured by the entities listed in Section A, subject to the existing measures listed in each Party's Schedule to Annex I and the General Notes, and except as otherwise provided in Section A.

##### Section D: Construction Services

For Costa Rica, El Salvador, Honduras, Guatemala, and Nicaragua, this Chapter applies to all construction services procured by the entities listed in Section A, subject to the existing measures listed in each Party's Schedule to Annex I and the General Notes, and except as otherwise provided in Section A.

##### Section E: General Notes

###### Schedule of Costa Rica

1. This Chapter does not apply to procurement by one Costa Rican entity of a good or service obtained or acquired from another Costa Rican entity.
2. This Chapter does not apply to government procurement programs on behalf of small, medium, and micro enterprises.
3. The 40-day time limit set out in Article 9.5.1 shall not apply to the Instituto Costarricense de Electricidad ("ICE"). ICE shall provide suppliers sufficient time to prepare and submit responsive tenders. Notwithstanding Article 9.15.6(a), ICE shall provide no less than three business days for suppliers to prepare and submit written challenges.

#### Schedule of El Salvador

This Chapter does not apply to procurement by one Salvadoran entity of a good or service obtained or acquired from another Salvadoran entity.

#### Schedule of Guatemala

1. This Chapter does not apply to procurement by one Guatemalan entity of a good or service obtained or acquired from another Guatemalan entity.
2. This Chapter does not apply to the exceptions established in Article 44 of the Ley de Contrataciones del Estado, Decreto 57-92 del Congreso de la República.
3. Guatemala shall be permitted to implement a procurement measure that is intended to promote the development of its minority-owned or small, medium, and micro enterprises to the same extent that any such program is permitted under Guatemala's Schedule to Section G of Annex 9.1.2(b)(i).

#### Schedule of Honduras

This Chapter does not apply to procurement by one Honduran entity of a good or service obtained or acquired from another Honduran entity.

#### Schedule of Nicaragua

1. This Chapter does not apply to procurement by one Nicaraguan entity of a good or service obtained or acquired from another Nicaraguan entity.
2. This Chapter does not apply to the acquisition of weapons, ammunitions, warfare materials, or any other procurement required for national security, public security, or national defense purposes.

#### Annex 9.1.2(b)(iii)

##### Section A: Entities

For each Central American Party and the Dominican Republic:

- (a) this Chapter applies to covered procurements by Central, sub-central and other government entities, subject to Sections G (General Notes) (General Note No. 1 of the Dominican Republic's Schedule is of reciprocal application with El Salvador) (General Note No. 2 of the Dominican Republic's Schedule does not apply to each Central American Party) (General Notes No. 3 and 6 of the Dominican Republic's Schedule do not apply to Guatemala, except in relation to the border with Haiti) and I (Transition Mechanisms) of Annex 9.1.2(b)(i), except those listed in each Party's Schedule to this Section; and
- (b) notwithstanding subparagraph (a) and according to Articles 9.2, 9.3, and 9.15, and subject to the General Notes of this Annex, each Party shall apply its law to procurement by entities:
  - (i) listed in Annex 9.1.2(b)(i) where the estimated value of the procurement is less than the applicable threshold provided in Sections A, B or C of that Annex;
  - (ii) not listed in Annex 9.1.2(b)(i).

#### I. Costa Rica – Dominican Republic

##### Schedule of Costa Rica

1. Non-state owned public entities where more than fifty percent (50%) of the financial resources come from the entities' own resources or contributions of its union members;
2. Public entities for which the majority of the capital stock belongs to individuals rather than the public sector;

3. Banco Central de Costa Rica
4. Banco de Costa Rica
5. Banco Nacional de Costa Rica
6. Banco Popular y de Desarrollo Comunal
7. Banco Crédito Agrícola de Cartago
8. Banco Hipotecario de la Vivienda
9. Those entities excluded by domestic law from the application of the procurement procedures contained in Costa Rica's Ley de Contratación Administrativa, No. 7494 of May 2, 1995.

#### Schedule of the Dominican Republic

1. Public entities for which the majority of its capital stock belongs to individuals rather than the public sector;
2. Banco Central de la República Dominicana
3. Banco Agrícola
4. Corporación de Fomento Industrial
5. Banco Nacional de Fomento a la Vivienda y la Producción

#### II. El Salvador–Dominican Republic

El Salvador and the Dominican Republic shall not exclude any institution from the scope of application of this Chapter.

#### III. Guatemala–Dominican Republic

##### Schedule of Guatemala

1. Ministerio de la Defensa Nacional
2. Tribunal Supremo Electoral
3. Banco de Guatemala

##### Schedule of the Dominican Republic

1. Secretaría de Estado de las Fuerzas Armadas
2. Junta Central Electoral
3. Banco Central de la República Dominicana

#### IV. Honduras–Dominican Republic

##### Schedule of Honduras

1. Banco Central de Honduras
2. Public enterprises where capital stock is shared with individuals
3. Secretaría de Estado en el Despacho de Defensa Nacional and Secretaría de Estado en el Despacho de Seguridad
4. Tribunal Nacional de Elecciones
5. Entities excluded by domestic law from the application of government procurement procedures.

##### Schedule of the Dominican Republic

1. Banco Central de la República Dominicana
2. Public enterprises where capital stock is shared with individuals
3. Secretaría de Estado de las Fuerzas Armadas and the Policía Nacional
4. Junta Central Electoral

5. Entities excluded by domestic law from the application of government procurement procedures.

#### V. Nicaragua – Dominican Republic

##### Schedule of Nicaragua

1. Ministerio de Defensa (Army)
2. Public Financial Sector

##### Schedule of the Dominican Republic

1. Secretaría de Estado de las Fuerzas Armadas, with respect to any matter exclusively dedicated to safeguard national security;
2. Banco de Reservas
3. Banco Agrícola
4. Corporación de Fomento Industria
5. Banco Nacional de Fomento a la Vivienda y la Producción

#### Section B: Goods

For each Central American Party and the Dominican Republic, this Chapter applies to all goods procured by covered entities in accordance with Section A, subject to the General Notes, and except as otherwise provided in Section A.

For each Central American Party and the Dominican Republic, this Chapter does not apply to the acquisition of weapons, ammunitions, warfare materials, or any other procurement of goods necessary to protect national security, public security, or for national defense purposes.

#### Section C: Services

For each Central American Party and the Dominican Republic, this Chapter applies to all services procured by covered entities in accordance with Section A, subject to the existing measures listed in each Parties' Schedule to Annex I, and the General Notes, and except as otherwise provided in Section A.

#### Section D: Construction Services

For each Central American Party and the Dominican Republic, this Chapter does not cover construction of public works or public works concession contracts; however each Central American Party and the Dominican Republic shall initiate consultations in order to determine the viability and desirability of including in the coverage of this Chapter construction of public works and public works concession contracts.

#### Section E: General Notes

##### I. Costa Rica –Dominican Republic

##### Schedule of Costa Rica

1. This Chapter does not apply to:
  - (a) activities excluded from public tendering procedures explicitly listed in Article 2 of the Ley de Contratación Administrativa N. 7494 del 2 de mayo de 1995;
  - (b) employment relations;
  - (c) public loans;
  - (d) public works contracts, concession for public facilities, public works concession and work concessions for public service, transfers of real estate generally or any other type

of contracting that is not a procurement of goods or services;  
(e) other activities and public procurements that, according to domestic law, are subject to a special procurement regime, different than what is established in the Ley de Contratación Administrativa No. 7494 del 2 de mayo de 1995 and its regulation, without prejudice to paragraph 2 to this list.

2. The procurements by the Caja Costarricense del Seguro Social under the procedures established in Ley 6914 del 15 de noviembre de 1983, shall be covered by the scope and other provisions of this Chapter with the only exception that these procurements shall not be subject to Articles 9.6 and 9.15.

3. The 40-day time limit set out in Article 9.5.1 shall not apply to the Instituto Costarricense de Electricidad (“ICE”). ICE shall provide suppliers sufficient time to prepare and submit responsive tenders. Without prejudice to Article 9.15.6(a), ICE shall provide no less than three business days for suppliers to prepare and submit written challenges.

#### Schedule of the Dominican Republic

This Chapter does not apply to:

(a) procurement and acquisition of goods, supplies, works and services necessary for the resolution of situations arising from an exception status declared by law;

(b) the sell of special services conducted by public sector institutions;

(c) negotiations and agreements with other States or with international public law entities, or the contractual activities between public entities;

(d) procurement activities that by their nature, low value or other circumstances, cannot be subject or would not be convenient to be subject to a public tender, either because there is only one supplier, or because of special security reasons, extreme urgency or other exceptional circumstances, according to the domestic law;

(e) procurement financed by loans and donations made by persons, entities, associations or other international organisms or foreign governments for the benefit of any Party, its entities, institutions or municipal governments. These procurements shall be governed by the terms of such special loans and donations.

(f) procurement of goods, services and supplies between State agencies, and between those and decentralized, autonomous and municipal entities;

(g) procurement of goods and services by delegations, embassies and consulates in a foreign territory;

(h) employment relations;

(i) public works contracts, public works concession contracts and work concessions for public service, transfer of real estate and any other type of procurement that is not a procurement of goods or services.

#### II. El Salvador –Dominican Republic

##### Schedule of El Salvador- Dominican Republic

1. This Chapter does not apply to the procurement by public entities of strategic goods, services and supplies:

(a) to safeguard the borders, natural resources subject to international regimes, or the national territory;

(b) for the procurement and acquisition of goods, supplies, works and services necessary for the resolution of situations arising from an exception status declared by law; and

(c) for the procurement of goods, supplies, works and services that are necessary and urgent for the resolution of situations of national interest or social benefit.

2. This Chapter does not apply to procurement financed by loans and donations made by persons, entities, associations or other international organisms or foreign governments for the benefit of any Party, its entities, institutions or municipal governments. These procurements shall be governed by the terms of such special loans and donations, given that such financing is governed by contracts with special provisions.

3. This Chapter does not apply to procurement of goods, services and supplies between State agencies, and between those and the decentralized, autonomous and municipal entities.

4. This Chapter does not apply to procurement of goods, services and supplies that are made or manufactured by public agencies, autonomous or municipal entities.

5. This Chapter does not apply to:

(a) articles procured for official parties or receptions; and

(b) articles procured in foreign territories to be used in offices located in foreign territories;

(c) subscriptions to or publication in newspapers, films, television editorial and television advertisement; and

(d) procurement of individual professional services in general.

### III. Guatemala –Dominican Republic

#### Schedule of Guatemala

This Chapter does not apply to:

(a) the procurement by public entities of strategic goods, public works concessions, services and supplies to safeguard the borders, bridges, natural resources subject to international regimes, or the national territory;

(b) the procurement and acquisition of goods, supplies, public works, and services necessary for the resolution of situations arising from an exception status declared by law;

(c) the procurement of goods, supplies, works and services that are necessary and urgent for the resolution of situations of national interest or social benefit;

(d) procurement financed by loans and donations made by persons, entities, associations or other international organisms or foreign governments for the benefit of any Party, its entities, institutions or municipal governments. These procurements shall be governed by the terms of such special loans and donations;

(e) the procurement of goods, services and supplies between State agencies, and between those and the decentralized, autonomous and municipal entities.

(f) goods, work concessions, services and supplies, considered as specific exceptions procured by public entities including:

(i) goods, services or construction services procured by Guatemalan offices in a foreign territory, such as embassies, delegations and consulates or missions;

(ii) individual professional services in general; and

(iii) goods, supplies and services with sole suppliers.

#### Schedule of the Dominican Republic

This Chapter does not apply to:

(a) procurement by public entities of strategic goods, public works concessions,

- services, and supplies to safeguard the borders, bridges, natural resources subject to international regimes, or the national territory;
- (b) procurement and acquisition of goods, supplies, works and services necessary for the resolution of situations arising from an exception status declared by the applicable Dominican Republic law;
  - (c) procurement of goods, supplies, works and services that are necessary and urgent for the resolution of situations of national interest according to the domestic law;
  - (d) procurement financed by loans and donations made by persons, entities, associations or other international organisms or foreign governments for the benefit of any Party, its entities, institutions or municipal governments. These procurements shall be governed by the terms of such special loans and donations;
  - (e) procurement of goods, services and supplies between State agencies, and between those and the decentralized, autonomous and municipal entities; as well as goods, work concessions, services and supplies, considered as specific exceptions procured by public entities including:
    - (i) goods, services and contracts by delegations, Embassies and consulates in a foreign territory;
    - (ii) individual professional services in general.

#### IV. Honduras –Dominican Republic

##### Schedule of Honduras – Dominican Republic

1. This Chapter does not apply to the procurement and acquisition of goods, supplies, works and services necessary for the resolution of situations arising from an exception status declared by law;
2. This Chapter does not apply to the procurement by public entities of strategic goods, services and supplies:
  - (a) to safeguard the borders, bridges, natural resources subject to international regimes or the national territory;
  - (b) the procurement and acquisition of goods, supplies, works and services necessary for the resolution of situations derived from an exception status declared by law;
  - (c) the procurement of goods, supplies, works and services that are necessary and urgent for the resolution of situations of national interest or social benefit.
3. This Chapter does not apply to the procurement of goods, services and supplies between State agencies, and between those and the decentralized, autonomous and municipal entities;
4. Those that are made or manufactured by public agencies, autonomous or municipal entities.
5. This Chapter does not apply to the procurement financed by loans and donations made by persons, entities, associations or other international organisms or foreign governments for the benefit of any Party, its entities, institutions or municipal governments. These procurements shall be governed by the terms of such special loans and donations, given that such financing is governed by contracts with special provisions.
6. This Chapter does not apply to government procurement programs on behalf of small, medium, and micro enterprises.
7. This Chapter does not apply to:
  - (a) procurement of goods, services and contracts by delegations, embassies and consulates in a foreign territory;

- (b) procurement of individual professional services in general; and
- (c) the acquisition and procurement of goods, supplies and services with sole suppliers.

#### V. Nicaragua –Dominican Republic

##### Schedule of Nicaragua

1. This Chapter does not apply to the exceptions included in Article 3 of Law No. 323, Ley de Contrataciones del Estado, published in La Gaceta 1 and 2 on January 3 and 4, 2000, and its amendments.

2. This Chapter does not apply to the procurement financed by loans and donations made by persons, entities, associations or other international organisms or foreign governments for the benefit of any Party, its entities, institutions or municipal governments. These procurements shall be governed by the terms of such special loans and donations.

##### Schedule of the Dominican Republic

With respect to the Dominican Republic and Nicaragua this Chapter does not apply to the:

(a) procurement and acquisition of goods, supplies, works and services necessary for the resolution of situations arising from an exception status declared by the applicable Dominican Republic law;

(b) procurement of goods, supplies, works and services that are necessary and urgent for the resolution of situations of national interest according to the domestic law;

(c) procurement financed by loans and donations made by persons, entities, associations or other international organisms or foreign governments for the benefit of any Party, its entities, institutions or municipal governments. These procurements shall be governed by the terms of such special loans and donations;

(d) procurement of goods, services and supplies between State agencies, and between those and the decentralized, autonomous and municipal entities; as well as, goods, work concessions, services and supplies, considered as specific exceptions procured by public entities including:

(i) goods, services contracts or construction services by in delegations, embassies, and consulates a foreign territory;

(ii) individual professional services in general;

(e) procurements or contracts to repair vehicles, engines, machinery and other similar items.

## Chapter Ten

### Investment

#### Section A: Investment

##### Article 10.1: Scope and Coverage

1. This Chapter applies to measures adopted or maintained by a Party relating to:
  - (a) investors of another Party;
  - (b) covered investments; and
  - (c) with respect to Articles 10.9 and 10.11, all investments in the territory of the Party.
2. A Party's obligations under this Section shall apply to a state enterprise or other person when it exercises any regulatory, administrative, or other governmental authority delegated to it by that Party.
3. For greater certainty, this Chapter does not bind any Party in relation to any act or fact that took place or any situation that ceased to exist before the date of entry into force of this Agreement.

##### Article 10.2: Relation to Other Chapters

1. In the event of any inconsistency between this Chapter and another Chapter, the other Chapter shall prevail to the extent of the inconsistency.
2. A requirement by a Party that a service supplier of another Party post a bond or other form of financial security as a condition of the cross-border supply of a service does not of itself make this Chapter applicable to measures adopted or maintained by the Party relating to such cross-border supply of the service. This Chapter applies to measures adopted or maintained by the Party relating to the posted bond or financial security, to the extent that such bond or financial security is a covered investment.
3. This Chapter does not apply to measures adopted or maintained by a Party to the extent that they are covered by Chapter Twelve (Financial Services).

##### Article 10.3: National Treatment

1. Each Party shall accord to investors of another Party treatment no less favorable than that it accords, in like circumstances, to its own investors with respect to the establishment, acquisition, expansion, management, conduct, operation, and sale or other disposition of investments in its territory.
2. Each Party shall accord to covered investments treatment no less favorable than that it accords, in like circumstances, to investments in its territory of its own investors with respect to the establishment, acquisition, expansion, management, conduct, operation, and sale or other disposition of investments.
3. The treatment to be accorded by a Party under paragraphs 1 and 2 means, with respect to a regional level of government, treatment no less favorable than the most favorable treatment accorded, in like circumstances, by that regional level of government to investors, and to investments of investors, of the Party of which it forms a part.

##### Article 10.4: Most-Favored-Nation Treatment

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

it accords, in like circumstances, to investments in its territory of investors of any other Party or of any non-Party with respect to the establishment, acquisition, expansion, management, conduct, operation, and sale or other disposition of investments.

Article 10.5: Minimum Standard of Treatment (Article 10.5 shall be interpreted in accordance with Annex 10-B)

1. Each Party shall accord to covered investments treatment in accordance with customary international law, including fair and equitable treatment and full protection and security.

2. For greater certainty, paragraph 1 prescribes the customary international law minimum standard of treatment of aliens as the minimum standard of treatment to be afforded to covered investments. The concepts of “fair and equitable treatment” and “full protection and security” do not require treatment in addition to or beyond that which is required by that standard, and do not create additional substantive rights. The obligation in paragraph 1 to provide:

(a) “fair and equitable treatment” includes the obligation not to deny justice in criminal, civil, or administrative adjudicatory proceedings in accordance with the principle of due process embodied in the principal legal systems of the world; and

(b) “full protection and security” requires each Party to provide the level of police protection required under customary international law.

3. A determination that there has been a breach of another provision of this Agreement, or of a separate international agreement, does not establish that there has been a breach of this Article.

Article 10.6: Treatment in Case of Strife

1. Notwithstanding Article 10.13.5(b), each Party shall accord to investors of another Party, and to covered investments, non-discriminatory treatment with respect to measures it adopts or maintains relating to losses suffered by investments in its territory owing to armed conflict or civil strife.

2. Notwithstanding paragraph 1, if an investor of a Party, in the situations referred to in paragraph 1, suffers a loss in the territory of another Party resulting from:

(a) requisitioning of its covered investment or part thereof by the latter’s forces or authorities; or

(b) destruction of its covered investment or part thereof by the latter’s forces or authorities, which was not required by the necessity of the situation, the latter Party shall provide the investor restitution or compensation, which in either case shall be in accordance with customary international law and, with respect to compensation, shall be in accordance with Article 10.7.2 through 10.7.4 (the limitations set out in Annex 10-D apply to the submission to arbitration under Section B of a claim alleging a breach of this paragraph).

3. Paragraph 1 does not apply to existing measures relating to subsidies or grants that would be inconsistent with Article 10.3 but for Article 10.13.5(b).

Article 10.7: Expropriation and Compensation (Article 10.7 shall be interpreted in accordance with Annexes 10-B and 10-C)

1. No Party may expropriate or nationalize a covered investment either directly or indirectly through measures equivalent to expropriation or nationalization (“expropriation”), except:

- (a) for a public purpose;
- (b) in a non-discriminatory manner;
- (c) on payment of prompt, adequate, and effective compensation in accordance with paragraphs 2 through 4; and
- (d) in accordance with due process of law and Article 10.5.

2. Compensation shall:

- (a) be paid without delay;
- (b) be equivalent to the fair market value of the expropriated investment immediately before the expropriation took place (“the date of expropriation”);
- (c) not reflect any change in value occurring because the intended expropriation had become known earlier; and
- (d) be fully realizable and freely transferable.

3. If the fair market value is denominated in a freely usable currency, the compensation paid shall be no less than the fair market value on the date of expropriation, plus interest at a commercially reasonable rate for that currency, accrued from the date of expropriation until the date of payment.

4. If the fair market value is denominated in a currency that is not freely usable, the compensation paid – converted into the currency of payment at the market rate of exchange prevailing on the date of payment – shall be no less than:

- (a) the fair market value on the date of expropriation, converted into a freely usable currency at the market rate of exchange prevailing on that date, plus
- (b) interest, at a commercially reasonable rate for that freely usable currency, accrued from the date of expropriation until the date of payment.

5. This Article does not apply to the issuance of compulsory licenses granted in relation to intellectual property rights in accordance with the TRIPS Agreement, or to the revocation, limitation, or creation of intellectual property rights, to the extent that such issuance, revocation, limitation, or creation is consistent with Chapter Fifteen (Intellectual Property Rights). (For greater certainty, the reference to “the TRIPS Agreement” in paragraph 5 includes any waiver in force between the Parties of any provision of that Agreement granted by WTO Members in accordance with the WTO Agreement).

#### Article 10.8: Transfers

1. Each Party shall permit all transfers relating to a covered investment to be made freely and without delay into and out of its territory. Such transfers include:

- (a) contributions to capital;
- (b) profits, dividends, capital gains, and proceeds from the sale of all or any part of the covered investment or from the partial or complete liquidation of the covered investment;
- (c) interest, royalty payments, management fees, and technical assistance and other fees;
- (d) payments made under a contract, including a loan agreement;
- (e) payments made pursuant to Article 10.6.1 and 10.6.2 and Article 10.7; and
- (f) payments arising out of a dispute.

2. Each Party shall permit transfers relating to a covered investment to be made in a freely usable currency at the market rate of exchange prevailing at the time of transfer.

3. Each Party shall permit returns in kind relating to a covered investment to be made as authorized or specified in a written agreement between the Party and a covered

investment or an investor of another Party.

4. Notwithstanding paragraphs 1 through 3, a Party may prevent a transfer through the equitable, nondiscriminatory, and good faith application of its laws relating to:

- (a) bankruptcy, insolvency, or the protection of the rights of creditors;
- (b) issuing, trading, or dealing in securities, futures, options, or derivatives;
- (c) criminal or penal offenses;
- (d) financial reporting or record keeping of transfers when necessary to assist law enforcement or financial regulatory authorities; or
- (e) ensuring compliance with orders or judgments in judicial or administrative proceedings.

#### Article 10.9: Performance Requirements

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

- (a) to export a given level or percentage of goods or services;
- (b) to achieve a given level or percentage of domestic content;
- (c) to purchase, use, or accord a preference to goods produced in its territory, or to purchase goods from persons in its territory;
- (d) to relate in any way the volume or value of imports to the volume or value of exports or to the amount of foreign exchange inflows associated with such investment;
- (e) to restrict sales of goods or services in its territory that such investment produces or supplies by relating such sales in any way to the volume or value of its exports or foreign exchange earnings;
- (f) to transfer a particular technology, a production process, or other proprietary knowledge to a person in its territory; or
- (g) to supply exclusively from the territory of the Party the goods that such investment produces or the services that it supplies to a specific regional market or to the world market.

2. No Party may condition the receipt or continued receipt of an advantage, in connection with the establishment, acquisition, expansion, management, conduct, operation, or sale or other disposition of an investment in its territory of an investor of a Party or of a non-Party, on compliance with any of the following requirements:

- (a) to achieve a given level or percentage of domestic content;
- (b) to purchase, use, or accord a preference to goods produced in its territory, or to purchase goods from persons in its territory;
- (c) to relate in any way the volume or value of imports to the volume or value of exports or to the amount of foreign exchange inflows associated with such investment; or
- (d) to restrict sales of goods or services in its territory that such investment produces or supplies by relating such sales in any way to the volume or value of its exports or foreign exchange earnings.

3. (a) Nothing in paragraph 2 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 of an investor of a Party or of a non-Party, on compliance with a requirement to locate production, supply a service, train or employ workers, construct or expand particular facilities, or carry out research and development, in its territory.

(b) Paragraph 1(f) does not apply:

(i) when a Party authorizes use of an intellectual property right in accordance with Article 31 of the TRIPS Agreement, or to measures requiring the disclosure of proprietary information that fall within the scope of, and are consistent with, Article 39 of the TRIPS Agreement; (for greater certainty, the references to “the TRIPS Agreement” in paragraph 3(b)(i) include any waiver in force between the Parties of any provision of that Agreement granted by WTO Members in accordance with the WTO Agreement) or

(ii) when the requirement is imposed or the commitment or undertaking is enforced by a court, administrative tribunal, or competition authority to remedy a practice determined after judicial or administrative process to be anticompetitive under the Party’s competition laws. (The Parties recognize that a patent does not necessarily confer market power).

(c) Provided that such measures are not applied in an arbitrary or unjustifiable manner, and provided that such measures do not constitute a disguised restriction on international trade or investment, paragraphs 1(b), (c), and (f), and 2(a) and (b), shall not be construed to prevent a Party from adopting or maintaining measures, including environmental measures:

(i) necessary to secure compliance with laws and regulations that are not inconsistent with this Agreement;

(ii) necessary to protect human, animal, or plant life or health; or

(iii) related to the conservation of living or non-living exhaustible natural resources.

(d) Paragraphs 1(a), (b), and (c), and 2(a) and (b), do not apply to qualification requirements for goods or services with respect to export promotion and foreign aid programs.

(e) Paragraphs 1(b), (c), (f), and (g), and 2(a) and (b), do not apply to procurement.

(f) Paragraphs 2(a) and (b) do not apply to requirements imposed by an importing Party relating to the content of goods necessary to qualify for preferential tariffs or preferential quotas.

4. For greater certainty, paragraphs 1 and 2 do not apply to any requirement other than the requirements set out in those paragraphs.

5. This Article does not preclude enforcement of any commitment, undertaking, or requirement between private parties, where a Party did not impose or require the commitment, undertaking, or requirement.

#### Article 10.10: Senior Management and Boards of Directors

1. No Party may require that an enterprise of that Party that is a covered investment appoint to senior management positions natural persons of any particular nationality.

2. A Party may require that a majority of the board of directors, or any committee thereof, of an enterprise of that Party that is a covered investment, be of a particular nationality, or resident in the territory of the Party, provided that the requirement does not materially impair the ability of the investor to exercise control over its investment.

#### Article 10.11: Investment and Environment

Nothing in this Chapter shall be construed to prevent a Party from adopting, maintaining, or enforcing any measure otherwise consistent with this Chapter that it considers appropriate to ensure that investment activity in its territory is undertaken in a manner sensitive to environmental concerns.

#### Article 10.12: Denial of Benefits

1. A Party may deny the benefits of this Chapter to an investor of another Party that is an enterprise of such other Party and to investments of that investor if persons of a non-Party own or control the enterprise and the denying Party:

(a) does not maintain diplomatic relations with the non-Party; or

(b) adopts or maintains measures with respect to the non-Party or a person of the non-Party that prohibit transactions with the enterprise or that would be violated or circumvented if the benefits of this Chapter were accorded to the enterprise or to its investments.

2. Subject to Articles 18.3 (Notification and Provision of Information) and 20.4 (Consultations), a Party may deny the benefits of this Chapter to an investor of another Party that is an enterprise of such other Party and to investments of that investor if the enterprise has no substantial business activities in the territory of any Party, other than the denying Party, and persons of a non-Party, or of the denying Party, own or control the enterprise.

#### Article 10.13: Non-Conforming Measures

1. Articles 10.3, 10.4, 10.9, and 10.10 do not apply to:

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

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

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

(iii) a local level of government;

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

(c) an amendment to any non-conforming measure referred to in subparagraph (a) to the extent that the amendment does not decrease the conformity of the measure, as it existed immediately before the amendment, with Article 10.3, 10.4, 10.9, or 10.10.

2. Articles 10.3, 10.4, 10.9, and 10.10 do not apply to any measure that a Party adopts or maintains with respect to sectors, subsectors, or activities, as set out in its Schedule to Annex II.

3. No Party may, under any measure adopted after the date of entry into force of this Agreement and covered by its Schedule to Annex II, require an investor of another Party, by reason of its nationality, to sell or otherwise dispose of an investment existing at the time the measure becomes effective.

4. Articles 10.3 and 10.4 do not apply to any measure that is an exception to, or derogation from, the obligations under Article 15.1.8 (General Provisions) as specifically provided in that Article.

5. Articles 10.3, 10.4, and 10.10 do not apply to:

(a) procurement; or

(b) subsidies or grants provided by a Party, including government-supported loans, guarantees, and insurance.

#### Article 10.14: Special Formalities and Information Requirements

1. Nothing in Article 10.3 shall be construed to prevent a Party from adopting or maintaining a measure that prescribes special formalities in connection with covered investments, such as a requirement that investors be residents of the Party or that covered investments be legally constituted under the laws or regulations of the Party, provided that such formalities do not materially impair the protections afforded by a

Party to investors of another Party and covered investments pursuant to this Chapter. 2. Notwithstanding Articles 10.3 and 10.4, a Party may require an investor of another Party, or a covered investment, to provide information concerning that investment solely for informational or statistical purposes. The Party shall protect any confidential business information from any disclosure that would prejudice the competitive position of the investor or the covered investment. Nothing in this paragraph shall be construed to prevent a Party from otherwise obtaining or disclosing information in connection with the equitable and good faith application of its law.

## Section B: Investor-State Dispute Settlement

### Article 10.15: Consultation and Negotiation

In the event of an investment dispute, the claimant and the respondent should initially seek to resolve the dispute through consultation and negotiation, which may include the use of non-binding, third-party procedures such as conciliation and mediation.

### Article 10.16: Submission of a Claim to Arbitration

1. In the event that a disputing party considers that an investment dispute cannot be settled by consultation and negotiation:

(a) the claimant, on its own behalf, may submit to arbitration under this Section a claim

(i) that the respondent has breached

(A) an obligation under Section A,

(B) an investment authorization, or

(C) an investment agreement;

and

(ii) that the claimant has incurred loss or damage by reason of, or arising out of, that breach; and

(b) the claimant, on behalf of an enterprise of the respondent that is a juridical person that the claimant owns or controls directly or indirectly, may submit to arbitration under this Section a claim

(i) that the respondent has breached

(A) an obligation under Section A,

(B) an investment authorization, or

(C) an investment agreement;

and

(ii) that the enterprise has incurred loss or damage by reason of, or arising out of, that breach.

2. At least 90 days before submitting any claim to arbitration under this Section, a claimant shall deliver to the respondent a written notice of its intention to submit the claim to arbitration (“notice of intent”). The notice shall specify:

(a) the name and address of the claimant and, where a claim is submitted on behalf of an enterprise, the name, address, and place of incorporation of the enterprise;

(b) for each claim, the provision of this Agreement, investment authorization, or

investment agreement alleged to have been breached and any other relevant provisions;

(c) the legal and factual basis for each claim; and

(d) the relief sought and the approximate amount of damages claimed.

3. Provided that six months have elapsed since the events giving rise to the claim, a claimant may submit a claim referred to in paragraph 1:

(a) under the ICSID Convention and the ICSID Rules of Procedures for Arbitration

Proceedings, provided that both the respondent and the Party of the claimant are parties to the ICSID Convention;  
(b) under the ICSID Additional Facility Rules, provided that either the respondent or the Party of the claimant is a party to the ICSID Convention; or  
(c) under the UNCITRAL Arbitration Rules.

4. A claim shall be deemed submitted to arbitration under this Section when the claimant's notice of or request for arbitration ("notice of arbitration"):

- (a) referred to in paragraph 1 of Article 36 of the ICSID Convention is received by the Secretary-General;
- (b) referred to in Article 2 of Schedule C of the ICSID Additional Facility Rules is received by the Secretary-General; or
- (c) referred to in Article 3 of the UNCITRAL Arbitration Rules, together with the statement of claim referred to in Article 18 of the UNCITRAL Arbitration Rules, are received by the respondent.

A claim asserted for the first time after such notice of arbitration is submitted shall be deemed submitted to arbitration under this Section on the date of its receipt under the applicable arbitral rules.

5. The arbitration rules applicable under paragraph 3, and in effect on the date the claim or claims were submitted to arbitration under this Section, shall govern the arbitration except to the extent modified by this Agreement.

6. The claimant shall provide with the notice of arbitration:

- (a) the name of the arbitrator that the claimant appoints; or
- (b) the claimant's written consent for the Secretary-General to appoint such arbitrator.

#### Article 10.17: Consent of Each Party to Arbitration

- 1. Each Party consents to the submission of a claim to arbitration under this Section in accordance with this Agreement.
- 2. The consent under paragraph 1 and the submission of a claim to arbitration under this Section shall satisfy the requirements of:
  - (a) Chapter II of the ICSID Convention (Jurisdiction of the Centre) and the ICSID Additional Facility Rules for written consent of the parties to the dispute;
  - (b) Article II of the New York Convention for an "agreement in writing;" and
  - (c) Article I of the Inter-American Convention for an "agreement."

#### Article 10.18: Conditions and Limitations on Consent of Each Party

- 1. No claim may be submitted to arbitration under this Section if more than three years have elapsed from the date on which the claimant first acquired, or should have first acquired, knowledge of the breach alleged under Article 10.16.1 and knowledge that the claimant (for claims brought under Article 10.16.1(a)) or the enterprise (for claims brought under Article 10.16.1(b)) has incurred loss or damage.
- 2. No claim may be submitted to arbitration under this Section unless:
  - (a) the claimant consents in writing to arbitration in accordance with the procedures set out in this Agreement; and
  - (b) the notice of arbitration is accompanied,
    - (i) for claims submitted to arbitration under Article 10.16.1(a), by the claimant's written waiver, and
    - (ii) for claims submitted to arbitration under Article 10.16.1(b), by the claimant's and the enterprise's written waivers of any right to initiate or continue before any

administrative tribunal or court under the law of any Party, or other dispute settlement procedures, any proceeding with respect to any measure alleged to constitute a breach referred to in Article 10.16.

3. Notwithstanding paragraph 2(b), the claimant (for claims brought under Article 10.16.1(a)) and the claimant or the enterprise (for claims brought under Article 10.16.1(b)) may initiate or continue an action that seeks interim injunctive relief and does not involve the payment of monetary damages before a judicial or administrative tribunal of the respondent, provided that the action is brought for the sole purpose of preserving the claimant's or the enterprise's rights and interests during the pendency of the arbitration.

4. No claim may be submitted to arbitration:

(a) for breach of an investment authorization under Article 10.16.1(a)(i)(B) or Article 10.16.1(b)(i)(B), or

(b) for breach of an investment agreement under Article 10.16.1(a)(i)(C) or Article 10.16.1(b)(i)(C), if the claimant (for claims brought under Article 10.16.1(a)) or the claimant or the enterprise (for claims brought under Article 10.16.1(b)) has previously submitted the same alleged breach to an administrative tribunal or court of the respondent, or to any other binding dispute settlement procedure, for adjudication or resolution.

#### Article 10.19: Selection of Arbitrators

1. Unless the disputing parties otherwise agree, the tribunal shall comprise three arbitrators, one arbitrator appointed by each of the disputing parties and the third, who shall be the presiding arbitrator, appointed by agreement of the disputing parties.

2. The Secretary-General shall serve as appointing authority for an arbitration under this Section.

3. If a tribunal has not been constituted within 75 days from the date that a claim is submitted to arbitration under this Section, the Secretary-General, on the request of a disputing party, shall appoint, in his or her discretion, the arbitrator or arbitrators not yet appointed.

4. For purposes of Article 39 of the ICSID Convention and Article 7 of Schedule C to the ICSID Additional Facility Rules, and without prejudice to an objection to an arbitrator on a ground other than nationality:

(a) the respondent agrees to the appointment of each individual member of a tribunal established under the ICSID Convention or the ICSID Additional Facility Rules;

(b) a claimant referred to in Article 10.16.1(a) may submit a claim to arbitration under this Section, or continue a claim, under the ICSID Convention or the ICSID Additional Facility Rules, only on condition that the claimant agrees in writing to the appointment of each individual member of the tribunal; and

(c) a claimant referred to in Article 10.16.1(b) may submit a claim to arbitration under this Section, or continue a claim, under the ICSID Convention or the ICSID Additional Facility Rules, only on condition that the claimant and the enterprise agree in writing to the appointment of each individual member of the tribunal.

#### Article 10.20: Conduct of the Arbitration

1. The disputing parties may agree on the legal place of any arbitration under the arbitral rules applicable under Article 10.16.3. If the disputing parties fail to reach agreement, the tribunal shall determine the place in accordance with the applicable arbitral rules,

provided that the place shall be in the territory of a State that is a party to the New York Convention.

2. A non-disputing Party may make oral and written submissions to the tribunal regarding the interpretation of this Agreement.

3. The tribunal shall have the authority to accept and consider amicus curiae submissions from a person or entity that is not a disputing party.

4. Without prejudice to a tribunal's authority to address other objections as a preliminary question, a tribunal shall address and decide as a preliminary question any objection by the respondent that, as a matter of law, a claim submitted is not a claim for which an award in favor of the claimant may be made under Article 10.26.

(a) Such objection shall be submitted to the tribunal as soon as possible after the tribunal is constituted, and in no event later than the date the tribunal fixes for the respondent to submit its counter-memorial (or, in the case of an amendment to the notice of arbitration, the date the tribunal fixes for the respondent to submit its response to the amendment).

(b) On receipt of an objection under this paragraph, the tribunal shall suspend any proceedings on the merits, establish a schedule for considering the objection consistent with any schedule it has established for considering any other preliminary question, and issue a decision or award on the objection, stating the grounds therefor.

(c) In deciding an objection under this paragraph, the tribunal shall assume to be true claimant's factual allegations in support of any claim in the notice of arbitration (or any amendment thereof) and, in disputes brought under the UNCITRAL Arbitration Rules, the statement of claim referred to in Article 18 of the UNCITRAL Arbitration Rules. The tribunal may also consider any relevant facts not in dispute.

(d) The respondent does not waive any objection as to competence or any argument on the merits merely because the respondent did or did not raise an objection under this paragraph or make use of the expedited procedure set out in paragraph 5.

5. In the event that the respondent so requests within 45 days after the tribunal is constituted, the tribunal shall decide on an expedited basis an objection under paragraph 4 and any objection that the dispute is not within the tribunal's competence. The tribunal shall suspend any proceedings on the merits and issue a decision or award on the objection(s), stating the grounds therefor, no later than 150 days after the date of the request. However, if a disputing party requests a hearing, the tribunal may take an additional 30 days to issue the decision or award. Regardless of whether a hearing is requested, a tribunal may, on a showing of extraordinary cause, delay issuing its decision or award by an additional brief period, which may not exceed 30 days.

6. When it decides a respondent's objection under paragraph 4 or 5, the tribunal may, if warranted, award to the prevailing disputing party reasonable costs and attorney's fees incurred in submitting or opposing the objection. In determining whether such an award is warranted, the tribunal shall consider whether either the claimant's claim or the respondent's objection was frivolous, and shall provide the disputing parties a reasonable opportunity to comment.

7. A respondent may not assert as a defense, counterclaim, right of set-off, or for any other reason that the claimant has received or will receive indemnification or other compensation for all or part of the alleged damages pursuant to an insurance or guarantee contract.

8. A tribunal may order an interim measure of protection to preserve the rights of a disputing party, or to ensure that the tribunal's jurisdiction is made fully effective,

including an order to preserve evidence in the possession or control of a disputing party or to protect the tribunal's jurisdiction. A tribunal may not order attachment or enjoin the application of a measure alleged to constitute a breach referred to in Article 10.16. For purposes of this paragraph, an order includes a recommendation.

9. (a) In any arbitration conducted under this Section, at the request of a disputing party, a tribunal shall, before issuing a decision or award on liability, transmit its proposed decision or award to the disputing parties and to the non-disputing Parties. Within 60 days after the tribunal transmits its proposed decision or award, the disputing parties may submit written comments to the tribunal concerning any aspect of its proposed decision or award. The tribunal shall consider any such comments and issue its decision or award not later than 45 days after the expiration of the 60-day comment period.

(b) Subparagraph (a) shall not apply in any arbitration conducted pursuant to this Section for which an appeal has been made available pursuant to paragraph 10 or Annex 10-F.

10. If a separate multilateral agreement enters into force as between the Parties that establishes an appellate body for purposes of reviewing awards rendered by tribunals constituted pursuant to international trade or investment arrangements to hear investment disputes, the Parties shall strive to reach an agreement that would have such appellate body review awards rendered under Article 10.26 in arbitrations commenced after the multilateral agreement enters into force as between the Parties.

#### Article 10.21: Transparency of Arbitral Proceedings

1. Subject to paragraphs 2 and 4, the respondent shall, after receiving the following documents, promptly transmit them to the non-disputing Parties and make them available to the public:

- (a) the notice of intent;
- (b) the notice of arbitration;
- (c) pleadings, memorials, and briefs submitted to the tribunal by a disputing party and any written submissions submitted pursuant to Article 10.20.2 and 10.20.3 and Article 10.25;
- (d) minutes or transcripts of hearings of the tribunal, where available; and
- (e) orders, awards, and decisions of the tribunal.

2. The tribunal shall conduct hearings open to the public and shall determine, in consultation with the disputing parties, the appropriate logistical arrangements. However, any disputing party that intends to use information designated as protected information in a hearing shall so advise the tribunal. The tribunal shall make appropriate arrangements to protect the information from disclosure.

3. Nothing in this Section requires a respondent to disclose protected information or to furnish or allow access to information that it may withhold in accordance with Article 21.2 (Essential Security) or Article 21.5 (Disclosure of Information).

4. Any protected information that is submitted to the tribunal shall be protected from disclosure in accordance with the following procedures:

- (a) Subject to subparagraph (d), neither the disputing parties nor the tribunal shall disclose to any non-disputing Party or to the public any protected information where the disputing party that provided the information clearly designates it in accordance with subparagraph (b);
- (b) Any disputing party claiming that certain information constitutes protected

information shall clearly designate the information at the time it is submitted to the tribunal;

(c) A disputing party shall, at the same time that it submits a document containing information claimed to be protected information, submit a redacted version of the document that does not contain the information. Only the redacted version shall be provided to the non-disputing Parties and made public in accordance with paragraph 1; and

(d) The tribunal shall decide any objection regarding the designation of information claimed to be protected information. If the tribunal determines that such information was not properly designated, the disputing party that submitted the information may (i) withdraw all or part of its submission containing such information, or (ii) agree to resubmit complete and redacted documents with corrected designations in accordance with the tribunal's determination and subparagraph (c). In either case, the other disputing party shall, whenever necessary, resubmit complete and redacted documents which either remove the information withdrawn under (i) by the disputing party that first submitted the information or redesignate the information consistent with the designation under (ii) of the disputing party that first submitted the information.

5. Nothing in this Section requires a respondent to withhold from the public information required to be disclosed by its laws.

#### Article 10.22: Governing Law

1. Subject to paragraph 3, when a claim is submitted under Article 10.16.1(a)(i)(A) or Article 10.16.1(b)(i)(A), the tribunal shall decide the issues in dispute in accordance with this Agreement and applicable rules of international law.

2. Subject to paragraph 3 and the other terms of this Section, when a claim is submitted under Article 10.16.1(a)(i)(B) or (C), or Article 10.16.1(b)(i)(B) or (C), the tribunal shall apply:

(a) the rules of law specified in the pertinent investment agreement or investment authorization, or as the disputing parties may otherwise agree; or

(b) if the rules of law have not been specified or otherwise agreed:

(i) the law of the respondent, including its rules on the conflict of laws; (the "law of the respondent" means the law that a domestic court or tribunal of proper jurisdiction would apply in the same case) and

(ii) such rules of international law as may be applicable.

3. A decision of the Commission declaring its interpretation of a provision of this Agreement under Article 19.1.3(c) (The Free Trade Commission) shall be binding on a tribunal established under this Section, and any decision or award issued by the tribunal must be consistent with that decision.

#### Article 10.23: Interpretation of Annexes

1. Where a respondent asserts as a defense that the measure alleged to be a breach is within the scope of Annex I or Annex II, the tribunal shall, on request of the respondent, request the interpretation of the Commission on the issue. The Commission shall submit in writing any decision declaring its interpretation under Article 19.1.3(c) (The Free Trade Commission) to the tribunal within 60 days of delivery of the request.

2. A decision issued by the Commission under paragraph 1 shall be binding on the tribunal, and any decision or award issued by the tribunal must be consistent with that decision. If the Commission fails to issue such a decision within 60 days, the tribunal

shall decide the issue.

#### Article 10.24: Expert Reports

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

#### Article 10.25: Consolidation

1. Where two or more claims have been submitted separately to arbitration under Article 10.16.1 and the claims have a question of law or fact in common and arise out of the same events or circumstances, any disputing party may seek a consolidation order in accordance with the agreement of all the disputing parties sought to be covered by the order or the terms of paragraphs 2 through 10.

2. A disputing party that seeks a consolidation order under this Article shall deliver, in writing, a request to the Secretary-General and to all the disputing parties sought to be covered by the order and shall specify in the request:

(a) the names and addresses of all the disputing parties sought to be covered by the order;

(b) the nature of the order sought; and

(c) the grounds on which the order is sought.

3. Unless the Secretary-General finds within 30 days after receiving a request under paragraph 2 that the request is manifestly unfounded, a tribunal shall be established under this Article.

4. Unless all the disputing parties sought to be covered by the order otherwise agree, a tribunal established under this Article shall comprise three arbitrators:

(a) one arbitrator appointed by agreement of the claimants;

(b) one arbitrator appointed by the respondent; and

(c) the presiding arbitrator appointed by the Secretary-General, provided, however, that the presiding arbitrator shall not be a national of any Party.

5. If, within 60 days after the Secretary-General receives a request made under paragraph 2, the respondent fails or the claimants fail to appoint an arbitrator in accordance with paragraph 4, the Secretary-General, on the request of any disputing party sought to be covered by the order, shall appoint the arbitrator or arbitrators not yet appointed. If the respondent fails to appoint an arbitrator, the Secretary-General shall appoint a national of the disputing Party, and if the claimants fail to appoint an arbitrator, the Secretary-General shall appoint a national of a Party of the claimants.

6. Where a tribunal established under this Article is satisfied that two or more claims that have been submitted to arbitration under Article 10.16.1 have a question of law or fact in common, and arise out of the same events or circumstances, the tribunal may, in the interest of fair and efficient resolution of the claims, and after hearing the disputing parties, by order:

(a) assume jurisdiction over, and hear and determine together, all or part of the claims;

(b) assume jurisdiction over, and hear and determine one or more of the claims, the determination of which it believes would assist in the resolution of the others; or

(c) instruct a tribunal previously established under Article 10.19 to assume jurisdiction

over, and hear and determine together, all or part of the claims, provided that

- (i) that tribunal, at the request of any claimant not previously a disputing party before that tribunal, shall be reconstituted with its original members, except that the arbitrator for the claimants shall be appointed pursuant to paragraphs 4(a) and 5; and
- (ii) that tribunal shall decide whether any prior hearing shall be repeated.

7. Where a tribunal has been established under this Article, a claimant that has submitted a claim to arbitration under Article 10.16.1 and that has not been named in a request made under paragraph 2 may make a written request to the tribunal that it be included in any order made under paragraph 6, and shall specify in the request:

- (a) the name and address of the claimant;
- (b) the nature of the order sought; and
- (c) the grounds on which the order is sought.

The claimant shall deliver a copy of its request to the Secretary-General.

8. A tribunal established under this Article shall conduct its proceedings in accordance with the UNCITRAL Arbitration Rules, except as modified by this Section.

9. A tribunal established under Article 10.19 shall not have jurisdiction to decide a claim, or a part of a claim, over which a tribunal established or instructed under this Article has assumed jurisdiction.

10. On application of a disputing party, a tribunal established under this Article, pending its decision under paragraph 6, may order that the proceedings of a tribunal established under Article 10.19 be stayed, unless the latter tribunal has already adjourned its proceedings.

#### Article 10.26: Awards

1. Where a tribunal makes a final award against a respondent, the tribunal may award, separately or in combination, only:

- (a) monetary damages and any applicable interest;
- (b) restitution of property, in which case the award shall provide that the respondent may pay monetary damages and any applicable interest in lieu of restitution.

A tribunal may also award costs and attorney's fees in accordance with this Section and the applicable arbitration rules.

2. Subject to paragraph 1, where a claim is submitted to arbitration under Article 10.16.1(b):

- (a) an award of restitution of property shall provide that restitution be made to the enterprise;
- (b) an award of monetary damages and any applicable interest shall provide that the sum be paid to the enterprise; and
- (c) the award shall provide that it is made without prejudice to any right that any person may have in the relief under applicable domestic law.

3. A tribunal is not authorized to award punitive damages.

4. An award made by a tribunal shall have no binding force except between the disputing parties and in respect of the particular case.

5. Subject to paragraph 6 and the applicable review procedure for an interim award, a disputing party shall abide by and comply with an award without delay.

6. A disputing party may not seek enforcement of a final award until:

- (a) in the case of a final award made under the ICSID Convention
  - (i) 120 days have elapsed from the date the award was rendered and no disputing party has requested revision or annulment of the award; or

(ii) revision or annulment proceedings have been completed; and  
(b) in the case of a final award under the ICSID Additional Facility Rules or the UNCITRAL Arbitration Rules

(i) 90 days have elapsed from the date the award was rendered and no disputing party has commenced a proceeding to revise, set aside, or annul the award; or

(ii) a court has dismissed or allowed an application to revise, set aside, or annul the award and there is no further appeal.

7. Each Party shall provide for the enforcement of an award in its territory.

8. If the respondent fails to abide by or comply with a final award, on delivery of a request by the Party of the claimant, a panel shall be established under Article 20.6 (Request for an Arbitral Panel). The requesting Party may seek in such proceedings:

(a) a determination that the failure to abide by or comply with the final award is inconsistent with the obligations of this Agreement; and

(b) in accordance with Article 20.13 (Initial Report), a recommendation that the respondent abide by or comply with the final award.

9. A disputing party may seek enforcement of an arbitration award under the ICSID Convention, the New York Convention, or the Inter-American Convention regardless of whether proceedings have been taken under paragraph 8.

10. A claim that is submitted to arbitration under this Section shall be considered to arise out of a commercial relationship or transaction for purposes of Article I of the New York Convention and Article I of the Inter-American Convention.

#### Article 10.27: Service of Documents

Delivery of notice and other documents on a Party shall be made to the place named for that Party in Annex 10-G.

#### Section C: Definitions

##### Article 10.28: Definitions

For purposes of this Chapter:

Centre means the International Centre for Settlement of Investment Disputes (“ICSID”) established by the ICSID Convention;

claimant means an investor of a Party that is a party to an investment dispute with another Party;

disputing parties means the claimant and the respondent;

disputing party means either the claimant or the respondent;

enterprise means an enterprise as defined in Article 2.1 (Definitions of General Application), and a branch of an enterprise;

enterprise of a Party means an enterprise constituted or organized under the law of a Party, and a branch located in the territory of a Party and carrying out business activities there;

freely usable currency means “freely usable currency” as determined by the International Monetary Fund under its Articles of Agreement;

ICSID Additional Facility Rules means the Rules Governing the Additional Facility for the Administration of Proceeding by the Secretariat of the International Centre for Settlement of Investment Disputes;

ICSID Convention means the Convention on the Settlement of Investment Disputes between States and Nationals of Other States, done at Washington, March 18, 1965;

Inter-American Convention means the Inter-American Convention on International

Commercial Arbitration, done at Panama, January 30, 1975;

investment means every asset that an investor owns or controls, directly or indirectly, that has the characteristics of an investment, including such characteristics as the commitment of capital or other resources, the expectation of gain or profit, or the assumption of risk. Forms that an investment may take include:

- (a) an enterprise;
- (b) shares, stock, and other forms of equity participation in an enterprise;
- (c) bonds, debentures, other debt instruments, and loans; (Some forms of debt, such as bonds, debentures, and long-term notes, are more likely to have the characteristics of an investment, while other forms of debt are less likely to have such characteristics) (For purposes of this Agreement, claims to payment that are immediately due and result from the sale of goods or services are not investments).
- (d) futures, options, and other derivatives;
- (e) turnkey, construction, management, production, concession, revenue-sharing, and other similar contracts;
- (f) intellectual property rights;
- (g) licenses, authorizations, permits, and similar rights conferred pursuant to domestic law; (Whether a particular type of license, authorization, permit, or similar instrument (including a concession, to the extent that it has the nature of such an instrument) has the characteristics of an investment depends on such factors as the nature and extent of the rights that the holder has under the law of the Party. Among the licenses, authorizations, permits, and similar instruments that do not have the characteristics of an investment are those that do not create any rights protected under domestic law. For greater certainty, the foregoing is without prejudice to whether any asset associated with the license, authorization, permit, or similar instrument has the characteristics of an investment.) (The term "investment" does not include an order or judgment entered in a judicial or administrative action.) and
- (h) other tangible or intangible, movable or immovable property, and related property rights, such as leases, mortgages, liens, and pledges;

investment agreement means a written agreement ("written agreement" refers to an agreement in writing, executed by both parties, that creates an exchange of rights and obligations, binding on both parties under the law applicable under Article 10.22.2. For greater certainty, (a) a unilateral act of an administrative or judicial authority, such as a permit, license, or authorization issued by a Party solely in its regulatory capacity or a decree, order, or judgment; and (b) an administrative or judicial consent decree or order, shall not be considered a written agreement) that takes effect on or after the date of entry into force of this Agreement between a national authority (for purposes of this definition, "national authority" means an authority at the central level of government) of a Party and a covered investment or an investor of another Party that grants the covered investment or investor rights:

- (a) with respect to natural resources or other assets that a national authority controls; and
  - (b) upon which the covered investment or the investor relies in establishing or acquiring a covered investment other than the written agreement itself;
- investment authorization (for greater certainty, actions taken by a Party to enforce laws of general application, such as competition laws, are not encompassed within this definition) means an authorization that the foreign investment authority of a Party grants to a covered investment or an investor of another Party;

investor of a non-Party means, with respect to a Party, an investor that attempts to make, is making, or has made an investment in the territory of that Party, that is not an investor of a Party;

investor of a Party means a Party or state enterprise thereof, or a national or an enterprise of a Party, that attempts to make, is making, or has made an investment in the territory of another Party; provided, however, that a natural person who is a dual national shall be deemed to be exclusively a national of the State of his or her dominant and effective nationality;

national means a natural person who has the nationality of a Party according to Annex 2.1 (Country-Specific Definitions);

New York Convention means the United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards, done at New York, June 10, 1958;

non-disputing Party means a Party that is not a party to an investment dispute;

protected information means confidential business information or information that is privileged or otherwise protected from disclosure under a Party's law;

respondent means the Party that is a party to an investment dispute;

Secretary-General means the Secretary-General of ICSID;

tribunal means an arbitration tribunal established under Article 10.19 or 10.25; and

UNCITRAL Arbitration Rules means the arbitration rules of the United Nations Commission on International Trade Law.

#### Annex 10-A

##### Public Debt

The rescheduling of the debts of a Central American Party or the Dominican Republic, or of such Party's institutions owned or controlled through ownership interests by such Party, owed to the United States and the rescheduling of any of such Party's debts owed to creditors in general are not subject to any provision of Section A other than Articles 10.3 and 10.4.

#### Annex 10-B

##### Customary International Law

The Parties confirm their shared understanding that "customary international law" generally and as specifically referenced in Articles 10.5, 10.6, and Annex 10-C results from a general and consistent practice of States that they follow from a sense of legal obligation. With regard to Article 10.5, the customary international law minimum standard of treatment of aliens refers to all customary international law principles that protect the economic rights and interests of aliens.

#### Annex 10-C

##### Expropriation

The Parties confirm their shared understanding that:

1. Article 10.7.1 is intended to reflect customary international law concerning the obligation of States with respect to expropriation.
2. An action or a series of actions by a Party cannot constitute an expropriation unless it interferes with a tangible or intangible property right or property interest in an investment.
3. Article 10.7.1 addresses two situations. The first is direct expropriation, where an investment is nationalized or otherwise directly expropriated through formal transfer of

title or outright seizure.

4. The second situation addressed by Article 10.7.1 is indirect expropriation, where an action or series of actions by a Party has an effect equivalent to direct expropriation without formal transfer of title or outright seizure.

(a) The determination of whether an action or series of actions by a Party, in a specific fact situation, constitutes an indirect expropriation, requires a case-by-case, fact-based inquiry that considers, among other factors:

(i) the economic impact of the government action, although the fact that an action or series of actions by a Party has an adverse effect on the economic value of an investment, standing alone, does not establish that an indirect expropriation has occurred;

(ii) the extent to which the government action interferes with distinct, reasonable investment-backed expectations; and

(iii) the character of the government action.

(b) Except in rare circumstances, nondiscriminatory regulatory actions by a Party that are designed and applied to protect legitimate public welfare objectives, such as public health, safety, and the environment, do not constitute indirect expropriations.

#### Annex 10-D

##### Treatment in Case of Strife

1. No investor may submit to arbitration under Section B a claim alleging that Guatemala has breached Article 10.6.2 as a result of an armed movement or civil disturbance and that the investor or the investor's enterprise has incurred loss or damage by reason of or arising out of such movement or disturbance.

2. No investor of Guatemala may submit to arbitration under Section B a claim alleging that any other Party has breached Article 10.6.2(b).

3. The limitation set out in paragraph 1 is without prejudice to other limitations existing in Guatemala's law with respect to an investor's claim that Guatemala has breached Article 10.6.2.

#### Annex 10-E

##### Submission of a Claim to Arbitration

1. An investor of the United States may not submit to arbitration under Section B a claim that a Central American Party or the Dominican Republic has breached an obligation under Section A either:

(a) on its own behalf under Article 10.16.1(a), or

(b) on behalf of an enterprise of a Central American Party or the Dominican Republic that is a juridical person that the investor owns or controls directly or indirectly under Article 10.16.1(b), if the investor or the enterprise, respectively, has alleged that breach of an obligation under Section A in proceedings before a court or administrative tribunal of a Central American Party or the Dominican Republic.

2. For greater certainty, if an investor of the United States elects to submit a claim of the type described in paragraph 1 to a court or administrative tribunal of a Central American Party or the Dominican Republic, that election shall be definitive, and the investor may not thereafter submit the claim to arbitration under Section B.

3. Notwithstanding Article 10.18, an investor of the United States may not submit to arbitration under Section B a claim relating to an investment in sovereign debt instruments with a maturity of less than one year unless one year has elapsed from the

date of the events giving rise to the claim.

#### Annex 10-F

##### Appellate Body or Similar Mechanism

1. Within three months of the date of entry into force of this Agreement, the Commission shall establish a Negotiating Group to develop an appellate body or similar mechanism to review awards rendered by tribunals under this Chapter. Such appellate body or similar mechanism shall be designed to provide coherence to the interpretation of investment provisions in the Agreement. The Commission shall direct the Negotiating Group to take into account the following issues, among others:

- (a) the nature and composition of an appellate body or similar mechanism;
- (b) the applicable scope and standard of review;
- (c) transparency of proceedings of an appellate body or similar mechanism;
- (d) the effect of decisions by an appellate body or similar mechanism;
- (e) the relationship of review by an appellate body or similar mechanism to the arbitral rules that may be selected under Articles 10.16 and 10.25; and
- (f) the relationship of review by an appellate body or similar mechanism to existing domestic laws and international law on the enforcement of arbitral awards.

2. The Commission shall direct the Negotiating Group to provide to the Commission, within one year of establishment of the Negotiating Group, a draft amendment to the Agreement that establishes an appellate body or similar mechanism. On approval of the draft amendment by the Parties, in accordance with Article 22.2 (Amendments), the Agreement shall be so amended.

#### Annex 10-G

##### Service of Documents on a Party Under Section B

###### Costa Rica

Notices and other documents in disputes under Section B shall be served on Costa Rica by delivery to:

Dirección de Aplicación de Acuerdos  
Comerciales Internacionales  
Ministerio de Comercio Exterior  
San José, Costa Rica

###### The Dominican Republic

Notices and other documents in disputes under Section B shall be served on the Dominican Republic by delivery to:

Dirección de Comercio Exterior y Administración de Tratados Comerciales Internacionales  
Secretaría de Estado de Industria y Comercio  
Santo Domingo, República Dominicana

###### El Salvador

Notices and other documents in disputes under Section B shall be served on El Salvador by delivery to:

Dirección de Administración de Tratados Comerciales  
Ministerio de Economía  
Alameda Juan Pablo II y Calle Guadalupe  
Edificio C1-C2, Plan Maestro Centro de Gobierno

San Salvador, El Salvador

Guatemala

Notices and other documents in disputes under Section B shall be served on Guatemala by delivery to:

Ministerio de Economía  
Ciudad de Guatemala, Guatemala

Honduras

Notices and other documents in disputes under Section B shall be served on Honduras by delivery to:

Dirección General de Integración Económica y Política Comercial  
Secretaría de Estado en los Despachos de Industria y Comercio  
Boulevard José Cecilio del Valle  
Edificio San José, antiguo edificio de Fenaduanah  
Tegucigalpa, Honduras

Nicaragua

Notices and other documents in disputes under Section B shall be served on Nicaragua by delivery to:

Dirección de Integración y Administración de Tratados, or its successor  
Ministerio de Fomento, Industria y Comercio  
Managua, Nicaragua

United States

Notices and other documents in disputes under Section B shall be served on the United States by delivery to:

Executive Director (L/EX)  
Office of the Legal Adviser  
Department of State  
Washington, D.C. 20520  
United States of America

## Chapter Eleven

### Cross-Border Trade in Services

#### Article 11.1: Scope and Coverage

1. This Chapter applies to measures adopted or maintained by a Party affecting cross border trade in services by service suppliers of another Party. Such measures include measures affecting:
  - (a) the production, distribution, marketing, sale, and delivery of a service;
  - (b) the purchase or use of, or payment for, a service;
  - (c) the access to and use of distribution, transport, or telecommunications networks and services in connection with the supply of a service;
  - (d) the presence in its territory of a service supplier of another Party; and
  - (e) the provision of a bond or other form of financial security as a condition for the supply of a service.
2. For purposes of this Chapter, “measures adopted or maintained by a Party” means measures adopted or maintained by:
  - (a) central, regional, or local governments and authorities; and
  - (b) non-governmental bodies in the exercise of powers delegated by central, regional, or local governments or authorities.
3. Articles 11.4, 11.7, and 11.8 also apply to measures by a Party affecting the supply of a service in its territory by an investor of another Party as defined in Article 10.28 (Definitions) or a covered investment. (The Parties understand that nothing in this Chapter, including this paragraph, is subject to investor-state dispute settlement pursuant to Section B of Chapter Ten (Investment)).
4. This Chapter does not apply to:
  - (a) financial services, as defined in Article 12.20 (Definitions), except as provided in paragraph 3;
  - (b) air services, including domestic and international air transportation services, whether scheduled or non-scheduled, and related services in support of air services, other than:
    - (i) aircraft repair and maintenance services during which an aircraft is withdrawn from service, and
    - (ii) specialty air services;
  - (c) procurement; or
  - (d) subsidies or grants provided by a Party, including government-supported loans, guarantees and insurance.
5. This Chapter does not impose any obligation on a Party with respect to a national of another Party seeking access to its employment market, or employed on a permanent basis in its territory, and does not confer any right on that national with respect to that access or employment.
6. This Chapter does not apply to services supplied in the exercise of governmental authority. A “service supplied in the exercise of governmental authority” means any service that is supplied neither on a commercial basis, nor in competition with one or more service suppliers.

#### Article 11.2: National Treatment

1. Each Party shall accord to service suppliers of another Party treatment no less favorable than that it accords, in like circumstances, to its own service suppliers.
2. The treatment to be accorded by a Party under paragraph 1 means, with respect to a regional level of government, treatment no less favorable than the most favorable

treatment accorded, in like circumstances, by that regional level of government to service suppliers of the Party of which it forms a part.

#### Article 11.3: Most-Favored-Nation Treatment

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

#### Article 11.4: Market Access

No Party may adopt or maintain, either on the basis of a regional subdivision or on the basis of its entire territory, measures that:

(a) impose limitations on:

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

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

(iii) the total number of service operations or on the total quantity of services output expressed in terms of designated numerical units in the form of quotas or the requirement of an economic needs test, (this clause does not cover measures of a Party that limit inputs for the supply of services) or

(iv) the total number of natural persons that may be employed in a particular service sector or that a service supplier may employ and who are necessary for, and directly related to, the supply of a specific service in the form of numerical quotas or the requirement of an economic needs test; or

(b) restrict or require specific types of legal entity or joint venture through which a service supplier may supply a service.

#### Article 11.5: Local Presence

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

#### Article 11.6: Non-conforming Measures

1. Articles 11.2, 11.3, 11.4, and 11.5 do not apply to:

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

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

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

(iii) a local level of government;

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

(c) an amendment to any non-conforming measure referred to in subparagraph (a) to the extent that the amendment does not decrease the conformity of the measure, as it existed immediately before the amendment, with Articles 11.2, 11.3, 11.4, and 11.5.

2. Articles 11.2, 11.3, 11.4, and 11.5 do not apply to any measure that a Party adopts or maintains with respect to sectors, sub-sectors or activities as set out in its Schedule to Annex II.

#### Article 11.7: Transparency in Developing and Applying Regulations (For greater

certainty, “regulations” includes regulations establishing or applying to licensing authorization or criteria)

Further to Chapter Eighteen (Transparency):

(a) each Party shall maintain or establish appropriate mechanisms for responding to inquiries from interested persons regarding its regulations relating to the subject matter of this Chapter;

(b) at the time it adopts final regulations relating to the subject matter of this Chapter, each Party shall, to the extent possible, including on request, address in writing substantive comments received from interested persons with respect to the proposed regulations; and

(c) to the extent possible, each Party shall allow a reasonable time between publication of final regulations and their effective date.

#### Article 11.8: Domestic Regulation

1. Where a Party requires authorization for the supply of a service, the Party’s competent authorities shall, within a reasonable time after the submission of an application considered complete under its laws and regulations, inform the applicant of the decision concerning the application. At the request of the applicant, the Party’s competent authorities shall provide, without undue delay, information concerning the status of the application. This obligation shall not apply to authorization requirements that are within the scope of Article 11.6.2.

2. With a view to ensuring that measures relating to qualification requirements and procedures, technical standards, and licensing requirements do not constitute unnecessary barriers to trade in services, each Party shall endeavor to ensure, as appropriate for individual sectors, that any such measures that it adopts or maintains are:

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

(b) not more burdensome than necessary to ensure the quality of the service; and

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

3. If the results of the negotiations related to Article VI:4 of the GATS (or the results of any similar negotiations undertaken in other multilateral fora in which the Parties participate) enter into effect for each Party, this Article shall be amended, as appropriate, after consultations between the Parties, to bring those results into effect under this Agreement. The Parties will coordinate on such negotiations as appropriate.

#### Article 11.9: Mutual Recognition

1. For the purposes of the fulfillment, in whole or in part, of its standards or criteria for the authorization, licensing, or certification of services suppliers, and subject to the requirements of paragraph 4, a Party may recognize the education or experience obtained, requirements met, or licenses or certifications granted in a particular country, including another Party and a non-Party. Such recognition, which may be achieved through harmonization or otherwise, may be based upon an agreement or arrangement with the country concerned or may be accorded autonomously.

2. Where a Party recognizes, autonomously or by agreement or arrangement, the education or experience obtained, requirements met, or licenses or certifications granted in the territory of another Party or a non-Party, nothing in Article 11.3 shall be

construed to require the Party to accord such recognition to the education or experience obtained, requirements met, or licenses or certifications granted in the territory of any other Party.

3. A Party that is a party to an agreement or arrangement of the type referred to in paragraph 1, whether existing or future, shall afford adequate opportunity for another Party, if that other Party is interested, to negotiate its accession to such an agreement or arrangement or to negotiate a comparable one with it. Where a Party accords recognition autonomously, it shall afford adequate opportunity for another Party to demonstrate that education, experience, licenses, or certifications obtained or requirements met in that other Party's territory should be recognized.

4. No Party may accord recognition in a manner that would constitute a means of discrimination between countries in the application of its standards or criteria for the authorization, licensing, or certification of services suppliers, or a disguised restriction on trade in services.

5. Annex 11.9 applies to measures adopted or maintained by a Party relating to the licensing or certification of professional service suppliers as set out in that Annex.

#### Article 11.10: Transfers and Payments

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

2. Each Party shall permit such transfers and payments relating to the cross-border supply of services to be made in a freely usable currency at the market rate of exchange prevailing at the time of transfer.

3. Notwithstanding paragraphs 1 and 2, a Party may prevent a transfer or payment through the equitable, non-discriminatory, and good faith application of its laws relating to:

- (a) bankruptcy, insolvency, or the protection of the rights of creditors;
- (b) issuing, trading, or dealing in securities, futures, options, or derivatives;
- (c) financial reporting or record keeping of transfers when necessary to assist law enforcement or financial regulatory authorities;
- (d) criminal or penal offenses; or
- (e) ensuring compliance with orders or judgments in judicial or administrative proceedings.

#### Article 11.11: Implementation

The Parties shall consult annually, or as otherwise agreed, to review the implementation of this Chapter and consider other issues of mutual interest.

#### Article 11.12: Denial of Benefits

1. A Party may deny the benefits of this Chapter to a service supplier of another Party if the service is being supplied by an enterprise owned or controlled by persons of a non-Party, and the denying Party:

- (a) does not maintain diplomatic relations with the non-Party; or
- (b) adopts or maintains measures with respect to the non-Party that prohibit transactions with the enterprise or that would be violated or circumvented if the benefits of this Chapter were accorded to the enterprise.

2. Subject to Articles 18.3 (Notification and Provision of Information) and 20.4 (Consultations), a Party may deny the benefits of this Chapter to a service supplier of

another Party that is an enterprise of such other Party if the enterprise has no substantial business activities in the territory of any Party, other than the denying Party, and persons of a non-Party, or the denying Party, own or control the enterprise.

#### Article 11.13: Specific Commitments

##### 1. Express Delivery Services:

(a) The Parties affirm that measures affecting express delivery services are subject to this Agreement.

(b) For purposes of this Agreement, express delivery services means the collection, transport, and delivery, of documents, printed matter, parcels, goods, or other items on an expedited basis, while tracking and maintaining control of these items throughout the supply of the service. Express delivery services do not include

(i) air transport services,

(ii) services supplied in the exercise of governmental authority, or

(iii) maritime transport services (For greater certainty, for the United States, express delivery services do not include delivery of letters subject to the Private Express Statutes (18 U.S.C. § 1693 et seq., 39 U.S.C. § 601 et seq.), but do include delivery of letters subject to the exceptions to, or suspensions promulgated under, those statutes, which permit private delivery of extremely urgent letters).

(c) The Parties express their desire to maintain at least the level of market openness they provided for express delivery services existing on the date this Agreement is signed.

(d) Neither a Central American Party nor the Dominican Republic may adopt or maintain any restriction on express delivery services that is not in existence on the date this Agreement is signed. Each such Party confirms that it does not intend to direct revenues from its postal monopoly to benefit express delivery services as defined in subparagraph (b). Under title 39 of the United States Code, an independent government agency determines whether postal rates meet the requirement that each class of mail or type of mail service bear the direct and indirect postal costs attributable to that class or type plus that portion of all other costs of the U.S. Postal Service reasonably assignable to such class or type.

(e) Each Party shall ensure that, where its monopoly supplier of postal services competes, either directly or through an affiliated company, in the supply of express delivery services outside the scope of its monopoly rights, such a supplier does not abuse its monopoly position to act in its territory in a manner inconsistent with the Party's obligations under Articles 11.2, 11.3, 11.4, 10.3 (National Treatment), or 10.4 (Most-Favored-Nation Treatment). The Parties also reaffirm their obligations under Article VIII of the GATS (or greater certainty, the Parties reaffirm that nothing in this Article is subject to investor-state dispute settlement pursuant to Section B of Chapter Ten (Investment)).

2. A Party's Section of Annex 11.13 sets out specific commitments by that Party.

#### Article 11.14: Definitions

For purposes of this Chapter:

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

(a) from the territory of one Party into the territory of another Party;

(b) in the territory of one Party by a person of that Party to a person 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 by an investor of another Party as defined in Article 10.28 (Definitions) or a covered investment;

enterprise means an “enterprise” as defined in Article 2.1 (Definitions of General Application), and a branch of an enterprise;

enterprise of a Party means an enterprise constituted or organized under the laws of that Party, and a branch located in the territory of that Party and carrying out business activities there;

professional services means services, the provision of which requires specialized post-secondary education, or equivalent training or experience, and for which the right to practice is granted or restricted by a Party, but does not include services provided by trades-persons or vessel and aircraft crew members;

service supplier of a Party means a person of a Party that seeks to supply or supplies a service; (The Parties understand that for purposes of Articles 11.2 and 11.3, “service suppliers” has the same meaning as “services and service suppliers” in the GATS).

and

specialty air services means any non-transportation air services, such as aerial fire fighting, sightseeing, spraying, surveying, mapping, photography, parachute jumping, glider towing, and helicopter-lift for logging and construction, and other airborne agricultural, industrial, and inspection services.

## Annex 11.9

### Professional Services

#### Development of Professional Standards

1. The Parties shall encourage the relevant bodies in their respective territories to develop mutually acceptable standards and criteria for licensing and certification of professional service suppliers and to provide recommendations on mutual recognition to the Commission.
2. The standards and criteria referred to in paragraph 1 may be developed with regard to the following matters:
  - (a) education – accreditation of schools or academic programs;
  - (b) examinations – qualifying examinations for licensing, including alternative methods of assessment such as oral examinations and interviews;
  - (c) experience – length and nature of experience required for licensing;
  - (d) conduct and ethics – standards of professional conduct and the nature of disciplinary action for non-conformity with those standards;
  - (e) professional development and re-certification – continuing education and ongoing requirements to maintain professional certification;
  - (f) scope of practice – extent of, or limitations on, permissible activities;
  - (g) local knowledge – requirements for knowledge of such matters as local laws, regulations, language, geography, or climate; and
  - (h) consumer protection – alternatives to residency requirements, including bonding, professional liability insurance, and client restitution funds, to provide for the protection of consumers.
3. On receipt of a recommendation referred to in paragraph 1, the Commission shall review the recommendation within a reasonable time to determine whether it is consistent with this Agreement. Based on the Commission’s review, each Party shall

encourage its respective competent authorities, where appropriate, to implement the recommendation within a mutually agreed time.

#### Temporary licensing

4. Where the Parties agree, each Party shall encourage the relevant bodies in its territory to develop procedures for the temporary licensing of professional service suppliers of another Party.

#### Review

5. The Commission shall review the implementation of this Annex at least once every three years.

### Annex 11.13

#### Specific Commitments

##### Section A: Costa Rica

1. Costa Rica shall repeal articles 2 and 9 of Law No. 6209, entitled Ley de Protección al Representante de Casas Extranjeras, dated 9 March 1978, and its regulation, and item b) of article 361 of the Código de Comercio, Law No. 3284 of 24 April 1964, effective on the date of entry into force of this Agreement.

2. Subject to paragraph 1, Costa Rica shall enact a new legal regime that shall become applicable to contracts of representation, distribution, or production, and:

(a) shall apply principles of general contract law to such contracts;

(b) shall be consistent with the obligations of this Agreement and the principle of freedom of contract;

(c) shall treat such contracts as establishing an exclusive relationship only if the contract explicitly states that the relationship is exclusive;

(d) shall provide that the termination of such contracts either on their termination dates or in the circumstances described in subparagraph (e) is just cause for a goods or service supplier of another Party to terminate the contract or allow the contract to expire without renewal; and

(e) will allow contracts with no termination date to be terminated by any of the parties by giving ten months advance termination notice.

3. The absence of an express provision for settlement of disputes in a contract of representation, distribution, or production shall give rise to a presumption that the parties intended to settle any disputes through binding arbitration. Such arbitration may take place in Costa Rica. However, the presumption of an intent to submit to arbitration shall not apply where any of the parties objects to arbitration.

4. The United States and Costa Rica shall encourage parties to existing contracts of representation, distribution, or production to renegotiate such contracts so as to make them subject to the new legal regime enacted in accordance with paragraph 2.

5. In any case, the repeal of articles 2 and 9 of Law No. 6209 shall not impair any vested right, when applicable, derived from that legislation and recognized under Article 34 of the Constitución Política de la República de Costa Rica.

6. Costa Rica shall, to the maximum extent possible, encourage and facilitate the use of arbitration for the settlement of disputes in contracts of representation, distribution, or production. To this end, Costa Rica shall endeavor to facilitate the operation of arbitration centers and other effective means of alternative resolution of claims arising pursuant to Law No. 6209 or the new legal regime enacted in accordance with paragraph 2, and shall encourage the development of rules for such arbitrations that provide, to the greatest extent possible, for the prompt, low-cost, and fair resolution of such claims.

7. For purposes of this Section:

- (a) contract of representation, distribution, or production has the same meaning as under Law No. 6209; and
- (b) termination date means the date provided in the contract for the contract to end, or the end of a contract extension period agreed upon by the parties to the contract.

#### Section B: The Dominican Republic

1. The Dominican Republic shall not apply Law No. 173 to any covered contract signed after the date of entry into force of this Agreement unless the contract explicitly provides for the application of Law No. 173 and in place of Law No. 173 shall:

- (a) apply principles of the Código Civil of the Dominican Republic to the covered contract;
- (b) treat the covered contract in a manner consistent with the obligations of this Agreement and the principle of freedom of contract;
- (c) treat the termination of the covered contract, either on its termination date or pursuant to subparagraph (d), as just cause for a goods or service supplier to terminate the contract or allow the contract to expire without renewal;
- (d) if the covered contract has no termination date, allow it to be terminated by any of the parties by giving six months advance termination notice;
- (e) provide that after the termination of the covered contract or the decision not to renew it:
  - (i) if the covered contract contains an indemnification provision, including a provision providing for no indemnification, the indemnification shall be based on such provision;
  - (ii) if the covered contract contains no such provision, any indemnification shall be based on actual economic damages and not on a statutory formula;
  - (iii) the principal shall honor any pending warranties; and
  - (iv) the principal shall compensate the distributor for the value of any inventory that the distributor is unable to sell by reason of the termination or decision not to renew the contract. The value of inventory shall include any customs duties, surcharges, freight expenses, internal movement costs, and inventory carrying costs paid by the distributor;
- (f) allow disputes arising from the covered contract to be resolved through binding arbitration; and
- (g) allow the parties to the covered contract to establish in the contract the mechanisms and forums that will be available in the case of disputes.

Nothing in subparagraph (c) shall prevent parties from demanding indemnification, when appropriate, in the form, type, and amount agreed in the contract.

2. If Law No. 173 applies to a covered contract, either because the contract was signed before the entry into force of this Agreement or the contract explicitly provides for the application of Law No. 173, and the contract is registered with the Banco Central in accordance with Article 10 of Law No. 173, the Dominican Republic shall provide, consistent with articles 46 and 47 of the Constitución de la República Dominicana, that:

- (a) the amount of an indemnity for termination of a covered contract based on the factors listed in Article 3 of Law No. 173 shall be no greater than would be available to the claimant under the Código Civil of the Dominican Republic;
- (b) during or after the conciliation process under Article 7 of Law No. 173, the parties to a contract may agree to resolve the dispute through binding arbitration; and
- (c) the Government of the Dominican Republic and the conciliation authorities shall take all appropriate steps to encourage the resolution of disputes arising under covered

contracts through binding arbitration.

3. For all covered contracts,

(a) a goods or service supplier shall not be required to pay damages or an indemnity for terminating a covered contract for just cause or allowing such a contract to expire without renewal for just cause; and

(b) a contract shall be interpreted as establishing an exclusive distributorship only to the extent that the terms of the contract explicitly state that the distributor has exclusive rights to distribute a product or service.

4. The requirement that the parties to a contract seek a negotiated settlement of any dispute through conciliation, and all other provisions of Law No. 173, shall retain all their validity and force for all contractual relations not subject to paragraph 1.

5. For purposes of this Section:

(a) covered contract means a concession contract, as defined in Law No. 173, to which a goods or service supplier of the United States or any enterprise controlled by such supplier is a party;

(b) Law No. 173 means Law No. 173, entitled "Ley sobre Protección a los Agentes Importadores de Mercancías y Productos," dated April 6, 1966, and its modifications; and

(c) termination date means the date provided in the contract, or the end of a period of extension of a contract agreed upon by the parties to the contract.

#### Section C: El Salvador

1. Articles 394 through 399-B of the Código de Comercio shall apply only to contracts that were entered into after such Articles entered into force.

2. Articles 394 through 399-B of the Código de Comercio shall not apply to any distribution contract that a person of the United States enters into after the date of entry into force of this Agreement, as long as the contract so provides.

3. Parties to a distribution contract shall be permitted to establish in the contract the mechanisms and forums that will be available in the case of disputes.

4. If a distribution contract makes specific provision for indemnification, including a provision providing for no indemnification, Article 397 of the Código de Comercio shall not apply to that contract.

5. Under Salvadoran law, a distribution contract shall be treated as exclusive only if the contract states so expressly.

6. El Salvador shall encourage parties to distribution contracts made after the date of entry into force of this Agreement to include provisions providing for binding arbitration of disputes and specifying methods for determining any indemnity.

7. For purposes of this Section, distribution contract has the same meaning as under Articles 394 through 399-B of the Código de Comercio.

#### Section D: Guatemala

1. The Parties recognize that Guatemala, through Decree 8-98 of the Congreso de la República, which reformed the Código de Comercio de Guatemala, repealed Decree 78-71, which regulated contracts of agency, distribution, or representation, and created a new regime for agents of commerce, distributors, and representatives.

2. During the year following the date of entry into force of this Agreement, the United States and Guatemala shall encourage parties to contracts without a fixed termination date that remain subject to Decree 78-71 to renegotiate such contracts. The new

contracts shall be based on the terms and conditions established by mutual agreement of the parties and on the provisions of the Código de Comercio de Guatemala, which shall regulate the activities of agents of commerce, distributors, and representatives. The United States and Guatemala shall also encourage parties to other contracts of agency, distribution, or representation that remain subject to Decree 78-71 to renegotiate such contracts so as to make them subject to the new regime referenced in paragraph 1.

3. The absence of an express provision for settlement of disputes in a contract of agency, distribution, or representation shall, to the extent consistent with the Constitución Política de la República de Guatemala, give rise to a rebuttable presumption that the parties intended to settle any disputes through binding arbitration.

4. The United States and Guatemala shall encourage the parties to contracts of agency, distribution, or representation to settle any disputes through binding arbitration. In particular, if the amount and form of any indemnification payment is not established in the contract and a party wishes to terminate the contract, the parties may agree to arbitration to establish the amount, if any, of the indemnity.

5. For purposes of this Section:

(a) termination date means the date provided in the contract for the contract to end, or the end of a contract extension period agreed upon by the parties to the contract; and

(b) contract of agency, distribution, or representation has the same meaning as under Decree 78-71.

#### Section E: Honduras

1. The obligations set out in paragraphs 2, 3, and 4 shall not apply to:

(a) express conditions included in a contract of representation, distribution, or agency; or

(b) to contractual relations entered into before the date of entry into force of this Agreement.

2. Honduras may not require a goods or service supplier of another Party:

(a) to supply such goods or services in Honduras by means of a representative, agent, or distributor, except as otherwise provided by law for reasons of health, safety, or consumer protection;

(b) to offer or introduce goods or services in the territory of Honduras through existing concessionaires for such goods or services unless a contract between them requires an exclusive relationship; or

(d) to pay damages or an indemnity for terminating a contract of representation, or agency for just cause or allowing such a contract to expire without renewal for just cause.

3. Honduras may not require that a representative, agent, or distributor be a national of Honduras or an enterprise controlled by nationals of Honduras;

4. Honduras shall provide that:

(a) the fact that a contract of representation, distribution, or agency has reached its termination date shall be considered just cause for a goods or service supplier of another Party to terminate the contract or allow the contract to expire without renewal; and

(b) any damages or indemnity for terminating a contract of representation, distribution, or agency, or allowing it to expire without renewal, without just cause shall be based on the general law of contracts.

Nothing in subparagraph (b) shall be construed to require Honduras to adopt any

measure that affects the right of the parties to demand indemnification, when appropriate, in the form, type, and amount agreed in the contract.

5. Honduras shall provide that:

(a) if the amount and form of any indemnification payment is not established in a contract of representation, distribution, or agency and a party wishes to terminate the contract;

(i) the parties may agree to resolve any dispute regarding such payment in the Center for Conciliation and Arbitration of Honduras, or if the parties agree otherwise, to another arbitration center; and

(ii) in such proceeding general principles of contract law will be applied;

(b) Decree Law No. 549 shall apply to a contract only if:

(i) the representative, distributor, or agent has registered with the Secretaría de Estado en los Despachos de Industria y Comercio, which shall be possible only if it is party to a written contract of representation, distribution, or agency; and

(ii) the contract was entered into while such law was in effect; and

(c) in any decision awarding an indemnity calculated under Article 14 of Decree Law No. 549, the amount shall be calculated as of the date of entry into force of this Agreement, expressed in terms of Honduran lempiras as of that date, and converted into U.S. dollars at the exchange rate in effect on the date of the decision.

6. Under Honduran law, a contract of representation, distribution, or agency is exclusive only if the contract states so expressly.

7. For purposes of this Section:

(a) termination date means the date provided in the contract for the contract to end, at 12:00 p.m. on that day, or the end of a contract extension period agreed upon by the parties to the contract; and

(b) contract of representation, distribution, or agency has the same meaning as under Decree Law No. 549.

## Chapter Twelve

### Financial Services

#### Article 12.1: Scope and Coverage

1. This Chapter applies to measures adopted or maintained by a Party relating to:
  - (a) financial institutions of another Party;
  - (b) investors of another Party, and investments of such investors, in financial institutions in the Party's territory; and
  - (c) cross-border trade in financial services.
2. Chapters Ten (Investment) and Eleven (Cross-Border Trade in Services) apply to measures described in paragraph 1 only to the extent that such Chapters or Articles of such Chapters are incorporated into this Chapter.
  - (a) Articles 10.7 (Expropriation and Compensation), 10.8 (Transfers), 10.11 (Investment and Environment), 10.12 (Denial of Benefits), 10.14 (Special Formalities and Information Requirements), and 11.12 (Denial of Benefits) are hereby incorporated into and made a part of this Chapter.
  - (b) Section B of Chapter Ten (Investor-State Dispute Settlement) is hereby incorporated into and made a part of this Chapter solely for claims that a Party has breached Article 10.7, 10.8, 10.12, or 10.14, as incorporated into this Chapter.
  - (c) Article 11.10 (Transfers and Payments) is incorporated into and made a part of this Chapter to the extent that cross-border trade in financial services is subject to obligations pursuant to Article 12.5.
3. This Chapter does not apply to measures adopted or maintained by a Party relating to:
  - (a) activities or services forming part of a public retirement plan or statutory system of social security; or
  - (b) activities or services conducted for the account or with the guarantee or using the financial resources of the Party, including its public entities, except that this Chapter shall apply if a Party allows any of the activities or services referred to in subparagraph (a) or (b) to be conducted by its financial institutions in competition with a public entity or a financial institution.
4. (a) Subject to subparagraph (c), for two years beginning on the date of entry into force of this Agreement, this Chapter shall not apply to:
  - (i) measures adopted or maintained by the Dominican Republic relating to financial institutions of Costa Rica, El Salvador, Honduras, or Nicaragua to the extent they supply banking services; investors of Costa Rica, El Salvador, Honduras, or Nicaragua, and investments of such investors, in such financial institutions in the territory of the Dominican Republic; or cross-border trade in banking services between the Dominican Republic and Costa Rica, El Salvador, Honduras, or Nicaragua; or
  - (ii) measures adopted or maintained by Costa Rica, El Salvador, Honduras, or Nicaragua relating to financial institutions of the Dominican Republic to the extent they supply banking services; investors of the Dominican Republic, and investments of such investors, in such financial institutions in the territory of Costa Rica, El Salvador, Honduras, or Nicaragua; or cross-border trade in banking services between Costa Rica, El Salvador, Honduras, or Nicaragua and the Dominican Republic;
  - (iii) measures adopted or maintained by the Dominican Republic relating to financial institutions of Guatemala; investors of Guatemala, and investments of such investors, in such financial institutions in the territory of the Dominican Republic; or cross-border trade in financial services between the Dominican Republic and Guatemala; or

(iv) measures adopted or maintained by Guatemala relating to financial institutions of the Dominican Republic; investors of the Dominican Republic, and investments of such investors, in such financial institutions in the territory of Guatemala; or cross-border trade in financial services between Guatemala and the Dominican Republic.

(b) During the two-year period referred to in subparagraph (a), the Dominican Republic and each Central American Party shall seek to agree on those measures described in subparagraph (a) that shall be considered non-conforming measures pursuant to Article 12.9 and that shall be reflected in their respective Schedules to Annex III for purposes of modifying their rights and obligations with respect to each other under this Chapter.

(c) If the Commission approves any such agreement during this period, each relevant Party's schedule shall be modified accordingly. Subparagraph (a) shall cease to apply as between the Dominican Republic and the relevant Central American Party on the date the modification takes effect.

#### Article 12.2: National Treatment

1. Each Party shall accord to investors of another Party treatment no less favorable than that it accords to its own investors, in like circumstances, with respect to the establishment, acquisition, expansion, management, conduct, operation, and sale or other disposition of financial institutions and investments in financial institutions in its territory.

2. Each Party shall accord to financial institutions of another Party and to investments of investors of another Party in financial institutions treatment no less favorable than that it accords to its own financial institutions, and to investments of its own investors in financial institutions, in like circumstances, with respect to the establishment, acquisition, expansion, management, conduct, operation, and sale or other disposition of financial institutions and investments.

3. For purposes of the national treatment obligations in Article 12.5.1, a Party shall accord to cross-border financial service suppliers of another Party treatment no less favorable than that it accords to its own financial service suppliers, in like circumstances, with respect to the supply of the relevant service.

#### Article 12.3: Most-Favored-Nation Treatment

1. Each Party shall accord to investors of another Party, financial institutions of another Party, investments of investors in financial institutions, and cross-border financial service suppliers of another Party treatment no less favorable than that it accords to the investors, financial institutions, investments of investors in financial institutions, and cross-border financial service suppliers of any other Party or of a non-Party, in like circumstances.

2. A Party may recognize prudential measures of another Party or of a non-Party in the application of measures covered by this Chapter. Such recognition may be:

- (a) accorded unilaterally;
- (b) achieved through harmonization or other means; or
- (c) based upon an agreement or arrangement with another Party or a non-Party.

3. A Party according recognition of prudential measures under paragraph 2 shall provide adequate opportunity to another Party to demonstrate that circumstances exist in which there are or would be equivalent regulation, oversight, implementation of regulation, and, if appropriate, procedures concerning the sharing of information between the relevant Parties.

4. Where a Party accords recognition of prudential measures under paragraph 2(c) and the circumstances set out in paragraph 3 exist, the Party shall provide adequate opportunity to another Party to negotiate accession to the agreement or arrangement, or to negotiate a comparable agreement or arrangement.

#### Article 12.4: Market Access for Financial Institutions

No Party may adopt or maintain, with respect to financial institutions of another Party, either on the basis of a regional subdivision or on the basis of its entire territory, measures that:

(a) impose limitations on:

- (i) the number of financial institutions whether in the form of numerical quotas, monopolies, exclusive service suppliers, or the requirements of an economic needs test;
- (ii) the total value of financial service transactions or assets in the form of numerical quotas or the requirement of an economic needs test;
- (iii) the total number of financial service operations or on the total quantity of financial services output expressed in terms of designated numerical units in the form of quotas or the requirement of an economic needs test; or
- (iv) the total number of natural persons that may be employed in a particular financial service sector or that a financial institution may employ and who are necessary for, and directly related to, the supply of a specific financial service in the form of numerical quotas or the requirement of an economic needs test; or

(b) restrict or require specific types of legal entity or joint venture through which a financial institution may supply a service. For purposes of this Article, “financial institutions of another Party” includes financial institutions that investors of another Party seek to establish in the territory of the Party.

#### Article 12.5: Cross-Border Trade

1. Each Party shall permit, under terms and conditions that accord national treatment, cross-border financial service suppliers of another Party to supply the services specified in Annex 12.5.1.

2. Each Party shall permit persons located in its territory, and its nationals wherever located, to purchase financial services from cross-border financial service suppliers of another Party located in the territory of that other Party or of any other Party. This obligation does not require a Party to permit such suppliers to do business or solicit in its territory. Each Party may define “doing business” and “solicitation” for purposes of this obligation, provided that those definitions are not inconsistent with paragraph 1.

3. Without prejudice to other means of prudential regulation of cross-border trade in financial services, a Party may require the registration of cross-border financial service suppliers of another Party and of financial instruments.

#### Article 12.6: New Financial Services<sup>1</sup>

Each Party shall permit a financial institution of another Party to supply any new financial service that the Party would permit its own financial institutions, in like circumstances, to supply without additional legislative action by the Party. Notwithstanding Article 12.4(b), a Party may determine the institutional and juridical form through which the new financial service may be supplied and may require authorization for the supply of the service. Where a Party requires authorization to supply a new financial service, a decision shall be made within a reasonable time and the authorization may only be

refused for prudential reasons.

#### Article 12.7: Treatment of Certain Information

Nothing in this Chapter requires a Party to furnish or allow access to:

- (a) information related to the financial affairs and accounts of individual customers of financial institutions or cross-border financial service suppliers; or
- (b) any confidential information the disclosure of which would impede law enforcement or otherwise be contrary to the public interest or prejudice legitimate commercial interests of particular enterprises.

Article 12.8: Senior Management and Boards of Directors (The Parties understand that nothing in Article 12.6 prevents a financial institution of a Party from applying to another Party to request it to consider authorizing the supply of a financial service that is not supplied in the territory of any Party. The application shall be subject to the law of the Party to which the application is made and, for greater certainty, shall not be subject to the obligations of Article 12.6)

1. No Party may require financial institutions of another Party to engage individuals of any particular nationality as senior managerial or other essential personnel.
2. No Party may require that more than a minority of the board of directors of a financial institution of another Party be composed of nationals of the Party, persons residing in the territory of the Party, or a combination thereof.

#### Article 12.9: Non-Conforming Measures

1. Articles 12.2 through 12.5 and 12.8 do not apply to:
  - (a) any existing non-conforming measure that is maintained by a Party at
    - (i) the central level of government, as set out by that Party in its Schedule to Annex III,
    - (ii) a regional level of government, as set out by that Party in its Schedule to Annex III,or
  - (iii) a local level of government;
  - (b) the continuation or prompt renewal of any non-conforming measure referred to in subparagraph (a); or
  - (c) an amendment to any non-conforming measure referred to in subparagraph (a) to the extent that the amendment does not decrease the conformity of the measure, as it existed immediately before the amendment, with Article 12.2, 12.3, 12.4, or 12.8 (for greater certainty, Article 12.5 does not apply to an amendment to any non-conforming measure referred to in subparagraph (a) to the extent that the amendment does not decrease the conformity of the measure, as it existed on the date of entry into force of this Agreement, with Article 12.5).
2. Annex 12.9.2 sets out certain specific commitments by each Party.
3. Annex 12.9.3 sets out, solely for purposes of transparency, supplementary information regarding certain aspects of financial services measures of a Party that the Party considers are not inconsistent with its obligations under this Chapter.
4. Articles 12.2 through 12.5 and 12.8 do not apply to any measure that a Party adopts or maintains with respect to sectors, subsectors, or activities, as set out in its Schedule to Annex III.
5. A non-conforming measure set out in a Party's Schedule to Annex I or II as a measure to which Article 10.3 (National Treatment), 10.4 (Most-Favored-Nation Treatment), 11.2 (National Treatment), 11.3 (Most-Favored-Nation Treatment), or 11.4 (Market

Access) does not apply shall be treated as a non-conforming measure to which Article 12.2, 12.3, or 12.4, as the case may be, does not apply, to the extent that the measure, sector, subsector, or activity set out in the Schedule is covered by this Chapter.

#### Article 12.10: Exceptions

1. Notwithstanding any other provision of this Chapter or Chapters Ten (Investment), Thirteen (Telecommunications), including specifically Article 13.16 (Relationship to Other Chapters), or Fourteen (Electronic Commerce), and Article 11.1.3 (Scope and Coverage) with respect to the supply of financial services in the territory of a Party by an investor of another Party or a covered investment, a Party shall not be prevented from adopting or maintaining measures for prudential reasons,(it is understood that the term “prudential reasons” includes the maintenance of the safety, soundness, integrity, or financial responsibility of individual financial institutions or cross-border financial service suppliers) including for the protection of investors, depositors, policy holders, or persons to whom a fiduciary duty is owed by a financial institution or cross-border financial service supplier, or to ensure the integrity and stability of the financial system. Where such measures do not conform with the provisions of this Agreement referred to in this paragraph, they shall not be used as a means of avoiding the Party’s commitments or obligations under such provisions.
2. Nothing in this Chapter or Chapters Ten (Investment), Thirteen (Telecommunications), including specifically Article 13.16 (Relationship to Other Chapters), or Fourteen (Electronic Commerce), and Article 11.1.3 (Scope and Coverage) with respect to the supply of financial services in the territory of a Party by an investor of another Party or a covered investment, applies to non-discriminatory measures of general application taken by any public entity in pursuit of monetary and related credit policies or exchange rate policies. This paragraph shall not affect a Party’s obligations under Article 10.9 (Performance Requirements) with respect to measures covered by Chapter Ten (Investment) or under Article 10.8 (Transfers) or 11.10 (Transfers and Payments).
3. Notwithstanding Articles 10.8 (Transfers) and 11.10 (Transfers and Payments), as incorporated into this Chapter, a Party may prevent or limit transfers by a financial institution or cross-border financial service supplier to, or for the benefit of, an affiliate of or person related to such institution or supplier, through the equitable, non discriminatory, and good faith application of measures relating to maintenance of the safety, soundness, integrity, or financial responsibility of financial institutions or cross border financial service suppliers. This paragraph does not prejudice any other provision of this Agreement that permits a Party to restrict transfers.
4. For greater certainty, nothing in this Chapter shall be construed to prevent the adoption or enforcement by any Party of measures necessary to secure compliance with laws or regulations that are not inconsistent with this Chapter, including those relating to the prevention of deceptive and fraudulent practices or to deal with the effects of a default on financial services contracts, subject to the requirement that such measures are not applied in a manner which would constitute a means of arbitrary or unjustifiable discrimination between countries where like conditions prevail, or a disguised restriction on investment in financial institutions or cross-border trade in financial services.

#### Article 12.11: Transparency

1. The Parties recognize that transparent regulations and policies governing the

activities of financial institutions and cross-border financial service suppliers are important in facilitating both access of foreign financial institutions and foreign cross border financial service suppliers to, and their operations in, each other's markets. Each Party commits to promote regulatory transparency in financial services.

2. In lieu of Article 18.2.2 (Publication), each Party shall, to the extent practicable:

(a) publish in advance any regulations of general application relating to the subject matter of this Chapter that it proposes to adopt; and

(b) provide interested persons and Parties a reasonable opportunity to comment on the proposed regulations.

3. At the time it adopts final regulations, a Party should, to the extent practicable, address in writing substantive comments received from interested persons with respect to the proposed regulations.

4. To the extent practicable, each Party should allow reasonable time between publication of final regulations and their effective date.

5. Each Party shall ensure that the rules of general application adopted or maintained by self-regulatory organizations of the Party are promptly published or otherwise made available in such a manner as to enable interested persons to become acquainted with them.

6. Each Party shall maintain or establish appropriate mechanisms that will respond to inquiries from interested persons regarding measures of general application covered by this Chapter.

7. Each Party's regulatory authorities shall make available to interested persons the requirements, including any documentation required, for completing applications relating to the supply of financial services.

8. On the request of an applicant, a Party's regulatory authority shall inform the applicant of the status of its application. If the authority requires additional information from the applicant, it shall notify the applicant without undue delay.

9. A Party's regulatory authority shall make an administrative decision on a completed application of an investor in a financial institution, a financial institution, or a cross border financial service supplier of another Party relating to the supply of a financial service within 120 days, and shall promptly notify the applicant of the decision. An application shall not be considered complete until all relevant hearings are held and all necessary information is received. Where it is not practicable for a decision to be made within 120 days, the regulatory authority shall notify the applicant without undue delay and shall endeavor to make the decision within a reasonable time thereafter.

#### Article 12.12: Self-Regulatory Organizations

Where a Party requires a financial institution or a cross-border financial service supplier of another Party to be a member of, participate in, or have access to, a self-regulatory organization to provide a financial service in or into the territory of that Party, the Party shall ensure observance of the obligations of Articles 12.2 and 12.3 by such self regulatory organization.

#### Article 12.13: Payment and Clearing Systems

Under terms and conditions that accord national treatment, each Party shall grant financial institutions of another Party established in its territory access to payment and clearing systems operated by public entities, and to official funding and refinancing facilities available in the normal course of ordinary business. This paragraph is not

intended to confer access to the Party's lender of last resort facilities.

#### Article 12.14: Domestic Regulation

Except with respect to non-conforming measures listed in its Schedule to Annex III, each Party shall ensure that all measures of general application to which this Chapter applies are administered in a reasonable, objective, and impartial manner.

#### Article 12.15: Expedited Availability of Insurance Services

The Parties recognize the importance of maintaining and developing regulatory procedures to expedite the offering of insurance services by licensed suppliers.

#### Article 12.16: Financial Services Committee

1. The Parties hereby establish a Financial Services Committee. The principal representative of each Party shall be an official of the Party's authority responsible for financial services set out in Annex 12.16.1.
2. The Committee shall:
  - (a) supervise the implementation of this Chapter and its further elaboration;
  - (b) consider issues regarding financial services that are referred to it by a Party; and
  - (c) participate in the dispute settlement procedures in accordance with Article 12.19. All decisions of the Committee shall be taken by consensus, unless the Committee otherwise decides.
3. The Committee shall meet annually, or as otherwise agreed, to assess the functioning of this Agreement as it applies to financial services. The Committee shall inform the Commission of the results of each meeting.

#### Article 12.17: Consultations

1. A Party may request consultations with another Party regarding any matter arising under this Agreement that affects financial services. The other Party shall give sympathetic consideration to the request. The consulting Parties shall report the results of their consultations to the Committee.
2. Consultations under this Article shall include officials of the authorities specified in Annex 12.16.1.
3. Nothing in this Article shall be construed to require regulatory authorities participating in consultations under paragraph 1 to disclose information or take any action that would interfere with specific regulatory, supervisory, administrative, or enforcement matters.
4. Nothing in this Article shall be construed to require a Party to derogate from its relevant law regarding sharing of information among financial regulators or the requirements of an agreement or arrangement between financial authorities of two or more Parties.

#### Article 12.18: Dispute Settlement

1. Section A of Chapter Twenty (Dispute Settlement) applies as modified by this Article to the settlement of disputes arising under this Chapter.
2. The Parties shall establish within six months after the date of entry into force of this Agreement and maintain a roster of up to 28 individuals who are willing and able to serve as financial services panelists. Unless the Parties otherwise agree, the roster shall include up to three individuals who are nationals of each Party and up to seven individuals who are not nationals of any Party. The roster members shall be appointed

by consensus and may be reappointed. Once established, a roster shall remain in effect for a minimum of three years, and shall remain in effect thereafter until the Parties constitute a new roster. The Parties may appoint a replacement where a roster member is no longer available to serve.

3. Financial services roster members, as well as financial services panelists, shall:

(a) have expertise or experience in financial services law or practice, which may include the regulation of financial institutions;

(b) be chosen strictly on the basis of objectivity, reliability, and sound judgment;

(c) be independent of, and not be affiliated with or take instructions from, any Party; and

(d) comply with a code of conduct to be established by the Commission.

4. When a Party claims that a dispute arises under this Chapter, Article 20.9 (Panel Selection) shall apply, except that:

(a) where the disputing Parties so agree, the panel shall be composed entirely of panelists meeting the qualifications in paragraph 3; and

(b) in any other case,

(i) each disputing Party may select panelists meeting the qualifications set out in paragraph 3 or in Article 20.8 (Qualifications of Panelists), and

(ii) if the Party complained against invokes Article 12.10, the chair of the panel shall meet the qualifications set out in paragraph 3, unless the disputing Parties otherwise agree.

5. Notwithstanding Article 20.16 (Non-Implementation – Suspension of Benefits), where a panel finds a measure to be inconsistent with this Agreement and the measure under dispute affects:

(a) only the financial services sector, the complaining Party may suspend benefits only in the financial services sector;

(b) the financial services sector and any other sector, the complaining Party may suspend benefits in the financial services sector that have an effect equivalent to the effect of the measure in the Party's financial services sector; or

(c) only a sector other than the financial services sector, the complaining Party may not suspend benefits in the financial services sector.

#### Article 12.19: Investment Disputes in Financial Services

1. Where an investor of a Party submits a claim under Section B of Chapter Ten (Investment) against another Party and the respondent invokes Article 12.10, on request of the respondent, the tribunal shall refer the matter in writing to the Financial Services Committee for a decision. The tribunal may not proceed pending receipt of a decision or report under this Article.

2. In a referral pursuant to paragraph 1, the Financial Services Committee shall decide the issue of whether and to what extent Article 12.10 is a valid defense to the claim of the investor. The Committee shall transmit a copy of its decision to the tribunal and to the Commission. The decision shall be binding on the tribunal.

3. Where the Financial Services Committee has not decided the issue within 60 days of the receipt of the referral under paragraph 1, the respondent or the Party of the claimant may request the establishment of an arbitral panel under Article 20.6 (Request for an Arbitral Panel). The panel shall be constituted in accordance with Article 12.18. The panel shall transmit its final report to the Committee and to the tribunal. The report shall be binding on the tribunal.

4. The Financial Services Committee may decide that, for purposes of a referral pursuant to paragraph 1, the financial services authorities of the relevant Parties shall make the decision described in paragraph 2 and transmit that decision to the tribunal and the Commission. In that case, a request may be made under paragraph 3 if the relevant Parties have not made the decision described in paragraph 2 within 60 days of their receipt of the referral under paragraph 1.

5. Where no request for the establishment of a panel pursuant to paragraph 3 has been made within ten days of the expiration of the 60-day period referred to in paragraph 3, the tribunal may proceed to decide the matter.

6. For purposes of this Article, tribunal means a tribunal established under Article 10.19 (Selection of Arbitrators).

#### Article 12.20: Definitions

For purposes of this Chapter:

cross-border financial service supplier of a Party means a person of a Party that is engaged in the business of supplying a financial service within the territory of the Party and that seeks to supply or supplies a financial service through the cross-border supply of such services;

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

- (a) from the territory of one Party into the territory of another Party,
  - (b) in the territory of one Party by a person of that Party to a person of another Party,
- or

(c) by a national of one Party in the territory of another Party, but does not include the supply of a financial service in the territory of a Party by an investment in that territory;

financial institution means any financial intermediary or other enterprise that is authorized to do business and regulated or supervised as a financial institution under the law of the Party in whose territory it is located;

financial institution of another Party means a financial institution, including a branch, located in the territory of a Party that is controlled by persons of another Party;

financial service means any service of a financial nature. Financial services include all insurance and insurance-related services, and all banking and other financial services (excluding insurance), as well as services incidental or auxiliary to a service of a financial nature. Financial services include the following activities: Insurance and insurance related services

(a) Direct insurance (including co-insurance):

(i) life,

(ii) non-life;

(b) Reinsurance and retrocession;

(c) Insurance intermediation, such as brokerage and agency; and

(d) Services auxiliary to insurance, such as consultancy, actuarial, risk assessment, and claim settlement services. Banking and other financial services (excluding insurance)

(e) Acceptance of deposits and other repayable funds from the public;

(f) Lending of all types, including consumer credit, mortgage credit, factoring and financing of commercial transactions;

(g) Financial leasing;

(h) All payment and money transmission services, including credit, charge, and debit

cards, travelers checks, and bankers drafts;

(i) Guarantees and commitments;

(j) Trading for own account or for account of customers, whether on an exchange, in an over-the-counter market, or otherwise, the following:

(i) money market instruments (including checks, bills, and certificates of deposits);

(ii) foreign exchange;

(iii) derivative products including, but not limited to, futures and options;

(iv) exchange rate and interest rate instruments, including products such as swaps, forward rate agreements;

(v) transferable securities,

(vi) other negotiable instruments and financial assets, including bullion;

(k) Participation in issues of all kinds of securities, including underwriting and placement as agent (whether publicly or privately) and provision of services related to such issues;

(l) Money broking;

(m) Asset management, such as cash or portfolio management, all forms of collective investment management, pension fund management, custodial, depository, and trust services;

(n) Settlement and clearing services for financial assets, including securities, derivative products, and other negotiable instruments;

(o) Provision and transfer of financial information, and financial data processing and related software by suppliers of other financial services; and

(p) Advisory, intermediation, and other auxiliary financial services on all the activities listed in subparagraphs (e) through (o), including credit reference and analysis, investment and portfolio research and advice, advice on acquisitions and on corporate restructuring and strategy;

financial service supplier of a Party means a person of a Party that is engaged in the business of supplying a financial service within the territory of that Party;

investment means "investment" as defined in Article 10.28 (Definitions), except that, with respect to "loans" and "debt instruments" referred to in that Article:

(a) a loan to or debt instrument issued by a financial institution is an investment only where it is treated as regulatory capital by the Party in whose territory the financial institution is located; and

(b) a loan granted by or debt instrument owned by a financial institution, other than a loan to or debt instrument of a financial institution referred to in subparagraph (a), is not an investment; for greater certainty, a loan granted by or debt instrument owned by a cross-border financial service supplier, other than a loan to or debt instrument issued by a financial institution, is an investment if such loan or debt instrument meets the criteria for investments set out in Article 10.28;

investor of a Party means a Party or state enterprise thereof, or a person of a Party, that attempts to make, is making, or has made an investment in the territory of another Party; provided, however, that a natural person who is a dual national shall be deemed to be exclusively a national of the State of his or her dominant and effective nationality;

new financial service means a financial service not supplied in the Party's territory that is supplied within the territory of another Party, and includes any new form of delivery of a financial service or the sale of a financial product that is not sold in the Party's territory;

person of a Party means "person of a Party" as defined in Article 2.1 (Definitions of General Application) and, for greater certainty, does not include a branch of an enterprise of a non-Party;

public entity means a central bank or monetary authority of a Party, or any financial institution owned or controlled by a Party; and  
self-regulatory organization means any non-governmental body, including any securities or futures exchange or market, clearing agency, or other organization or association, that exercises its own or delegated regulatory or supervisory authority over financial service suppliers or financial institutions.

#### Annex 12.5.1

##### Cross-Border Trade

##### Section A: Costa Rica

##### Banking and Other Financial Services (Excluding Insurance)

1. For Costa Rica, Article 12.5.1 applies with respect to the provision and transfer of financial information and financial data processing and related software as referred to in subparagraph (o) of the definition of financial service, and advisory and other auxiliary services, excluding intermediation, relating to banking and other financial services as referred to in subparagraph (p) of the definition of financial service. (It is understood that advisory services includes portfolio management advice but not other services related to portfolio management, and that auxiliary services does not include those services referred to in subparagraphs (e) through (o) of the definition of financial service).

##### Section B: The Dominican Republic

##### Insurance and Insurance-Related Services

1. For the Dominican Republic, Article 12.5.1 applies to the cross-border supply of or trade in financial services as defined in subparagraph (a) of the definition of cross-border supply of financial services with respect to:

(a) insurance of risk relating to:

(i) maritime shipping and commercial aviation and space launching and freight (including satellites), with such insurance to cover any or all of the following: the goods being transported, the vehicle transporting the goods and any liability arising therefrom; and

(ii) goods in international transit;

(b) reinsurance and retrocession;

(c) brokerage of insurance risks relating to paragraphs (a) and (b); and

(d) consultancy, risk assessment, actuarial, and claims settlement services.

2. For the Dominican Republic, Article 12.5.1 applies to the cross-border supply of or trade in financial services as defined in subparagraph (c) of the definition of cross-border supply of financial services with respect to insurance services. (It is understood that the commitment for cross-border movement of persons is limited to those insurance and insurance-related services listed in paragraph 1).

##### Banking and Other Financial Services (Excluding Insurance)

3. For the Dominican Republic, Article 12.5.1 applies with respect to the provision and transfer of financial information and financial data processing and related software as referred to in subparagraph (o) of the definition of financial service, and advisory and other auxiliary services, excluding intermediation, relating to banking and other financial services as referred to in subparagraph (p) of the definition of financial service. (It is understood that advisory services includes portfolio management advice but not other services related to portfolio management, and that auxiliary services does not include those services referred to in subparagraphs (e) through (o) of the definition of financial

service).

#### Section C: El Salvador

##### Insurance and Insurance-Related Services

1. For El Salvador, Article 12.5.1 applies to the cross-border supply of or trade in financial services as defined in subparagraph (a) of the definition of cross-border supply of financial services with respect to:

(a) insurance of risk relating to:

(i) maritime shipping and commercial aviation and space launching and freight (including satellites), with such insurance to cover any or all of the following: the goods being transported, the vehicle transporting the goods, and any liability arising therefrom, and

(ii) goods in international transit;

(b) reinsurance and retrocession;

(c) brokerage of insurance risks relating to paragraphs (a) and (b); and

(d) consultancy, risk assessment, actuarial, and claims settlement services.

2. For El Salvador, Article 12.5.1 applies to the cross-border supply of or trade in financial services as defined in subparagraph (c) of the definition of cross-border supply of financial services with respect to insurance services. (It is understood that the commitment for cross-border movement of persons is limited to those insurance and insurance-related services listed in paragraph 1).

##### Banking and Other Financial Services (Excluding Insurance)

3. For El Salvador, Article 12.5.1 applies with respect to:

(a) provision and transfer of financial information as described in subparagraph (o) of the definition of financial service;

(b) financial data processing as described in subparagraph (o) of the definition of financial service, subject to prior authorization from the relevant regulator, when it is required; (It is understood that where the financial information or financial data referred to in subparagraphs (a) and (b) involve personal data, the treatment of such personal data shall be in accordance with El Salvador's law regulating the protection of such data) and

(c) advisory and other auxiliary financial services, excluding intermediation, relating to banking and other financial services as described in subparagraph (p) of the definition of financial service. (It is understood that advisory services includes portfolio management advice but not other services related to portfolio management, and that auxiliary services does not include those services referred to in subparagraphs (e) through (o) of the definition of financial service).

#### Section D: Guatemala

##### Insurance and Insurance-Related Services

1. For Guatemala, Article 12.5.1 applies to the cross-border supply of or trade in financial services as defined in subparagraph (a) of the definition of cross-border supply of financial services with respect to:

(a) insurance of risk relating to:

(i) maritime shipping and commercial aviation and space launching and freight (including satellites), with such insurance to cover any or all of the following: the goods being transported, the vehicle transporting the goods, and any liability arising therefrom, and

(ii) goods in international transit;

(b) reinsurance and retrocession;

(c) insurance intermediation such as brokerage and agency only for the services indicated in paragraphs (a) and (b); and  
(d) services auxiliary to insurance as referred to in subparagraph (d) of the definition of financial service.

2. For Guatemala, Article 12.5.1 applies to the cross-border supply of or trade in financial services as defined in subparagraph (c) of the definition of cross-border supply of financial services with respect to insurance services. (It is understood that the commitment for cross-border movement of persons is limited to those insurance and insurance-related services listed in paragraph 1).

#### Banking and Other Financial Services (Excluding Insurance)

3. For Guatemala, Article 12.5.1 applies with respect to the provision and transfer of financial information and financial data processing and related software as referred to in subparagraph (o) of the definition of financial service, and advisory and other auxiliary services, excluding intermediation, relating to banking and other financial services as referred to in subparagraph (p) of the definition of financial service. (It is understood that advisory services includes portfolio management advice but not other services related to portfolio management, and that auxiliary services does not include those services referred to in subparagraphs (e) through (o) of the definition of financial service).

### Section E: Honduras

#### Insurance and Insurance-Related Services

1. For Honduras, Article 12.5.1 applies to the cross-border supply of or trade in financial services as defined in subparagraph (a) of the definition of cross-border supply of financial services with respect to:

(a) insurance of risk relating to:

(i) maritime shipping and commercial aviation and space launching and freight (including satellites), with such insurance to cover any or all of the following: the goods being transported, the vehicle transporting the goods, and any liability arising therefrom, and  
(ii) goods in international transit;

(b) reinsurance and retrocession;

(c) insurance intermediation such as brokerage and agency only for the services indicated in paragraphs (a) and (b); and

(d) services auxiliary to insurance as referred to in subparagraph (d) of the definition of financial service.

2. For Honduras, Article 12.5.1 applies to the cross-border supply of or trade in financial services as defined in subparagraph (c) of the definition of cross-border supply of financial services with respect to insurance services. (It is understood that the commitment for cross-border movement of persons is limited to those insurance and insurance-related services listed in paragraph 1).

#### Banking and Other Financial Services (Excluding Insurance)

3. For Honduras, Article 12.5.1 applies with respect to the provision and transfer of financial information and financial data processing and related software as referred to in subparagraph (o) of the definition of financial service, and advisory and other auxiliary services, excluding intermediation, relating to banking and other financial services as referred to in subparagraph (p) of the definition of financial service. (It is understood that advisory services includes portfolio management advice but not other services related to portfolio management, and that auxiliary services does not include those

services referred to in subparagraphs (e) through (o) of the definition of financial service).

## Section F: Nicaragua

### Insurance and Insurance-Related Services

1. For Nicaragua, Article 12.5.1 applies to the cross-border supply of or trade in financial services as defined in subparagraph (a) of the definition of cross-border supply of financial services with respect to:

(a) insurance of risk relating to:

(i) maritime shipping and commercial aviation and space launching and freight (including satellites), with such insurance to cover any or all of the following: the goods being transported, the vehicle transporting the goods, and any liability arising therefrom, and

(ii) goods in international transit;

(b) reinsurance and retrocession;

(c) brokerage of insurance risks relating to paragraphs (a)(i) and (a)(ii); and

(d) services auxiliary to insurance as referred to in subparagraph (d) of the definition of financial services. (For greater certainty, it is understood that these auxiliary services will only be provided to an insurance supplier).

2. For Nicaragua, Article 12.5.1 applies to the cross-border supply of or trade in financial services as defined in subparagraph (c) of the definition of cross-border supply of financial services with respect to insurance services. (It is understood that the commitment for cross-border movement of persons is limited to those insurance and insurance-related services listed in paragraph 1).

### Banking and Other Financial Services (Excluding Insurance)

3. For Nicaragua, Article 12.5.1 applies with respect to:

(a) the provision and transfer of financial information as described in subparagraph (o) of the definition of financial service;

(b) financial data processing as described in subparagraph (o) of the definition of financial service, subject to prior authorization from the relevant regulator, as required;

(It is understood that Nicaragua's law regulating protection of information applies where the financial information or financial data processing referred to in subparagraphs (a) and (b) involves such protected information. Protected information includes, but is not limited to, information regulated under the concept of banking secrecy and personal information) and

(c) advisory and other auxiliary financial services, excluding intermediation and credit reference and analysis, relating to banking and other financial services as described in subparagraph (p) of the definition of financial service. (It is understood that advisory services includes portfolio management advice but not other services related to portfolio management, and that auxiliary services does not include those services referred to in subparagraphs (e) through (o) of the definition of financial service).

## Section G: United States

### Insurance and Insurance-Related Services

1. For the United States, Article 12.5.1 applies to the cross-border supply of or trade in financial services as defined in subparagraph (a) of the definition of cross-border supply of financial services with respect to:

(a) insurance of risks relating to:

(i) maritime shipping and commercial aviation and space launching and freight (including

satellites), with such insurance to cover any or all of the following: the goods being transported, the vehicle transporting the goods, and any liability arising therefrom, and (ii) goods in international transit; and (b) reinsurance and retrocession, services auxiliary to insurance as referred to in subparagraph (d) of the definition of financial service, and insurance intermediation such as brokerage and agency as referred to in subparagraph (c) of the definition of financial service.

2. For the United States, Article 12.5.1 applies to the cross-border supply of or trade in financial services as defined in subparagraph (c) of the definition of cross-border supply of financial services with respect to insurance services.

#### Banking and Other Financial Services (Excluding Insurance)

3. For the United States, Article 12.5.1 applies with respect to the provision and transfer of financial information and financial data processing and related software as referred to in subparagraph (o) of the definition of financial service, and advisory and other auxiliary services, excluding intermediation, relating to banking and other financial services as referred to in subparagraph (p) of the definition of financial service. (It is understood that advisory services includes portfolio management advice but not other services related to portfolio management, and that auxiliary services does not include those services referred to in subparagraphs (e) through (o) of the definition of financial service).

### Annex 12.9.2

#### Specific Commitments

#### Section A: Costa Rica

#### Portfolio Management

1. Costa Rica shall allow a financial institution (other than a trust company) organized outside its territory to provide investment advice and portfolio management services, excluding (a) custodial services, (b) trustee services, and (c) execution services that are not related to managing a collective investment scheme, to a collective investment scheme located in its territory. This commitment is subject to Article 12.1 and to Article 12.5.3.

2. Notwithstanding paragraph 1, Costa Rica may require that the ultimate responsibility for the management of a collective investment scheme be borne by a “sociedad administradora de fondos de inversión” constituted according to the Ley Reguladora del Mercado de Valores, No. 7732 of December 17, 1997 in the case of investment funds or an “operadora de pensiones” constituted according to the Ley de Protección al Trabajador, No. 7983 of February 18, 2000 in the case of pension funds and complementary pension funds.

3. For purposes of paragraphs 1 and 2, collective investment scheme means an investment fund constituted according to the Ley Reguladora del Mercado de Valores, No. 7732 of December 17, 1997, or a pension fund or a complementary pension fund constituted according to the Ley de Protección al Trabajador, No. 7983 of February 18, 2000.

#### Expedited Availability of Insurance

4. Costa Rica should endeavor to consider policies or procedures such as: not requiring product approval for insurance other than insurance sold to individuals or compulsory insurance; allowing introduction of products unless those products are disapproved within a reasonable period of time; and not imposing limitations on the number or

frequency of product introductions.

#### Section B: The Dominican Republic Portfolio Management

1. The Dominican Republic shall allow a financial institution (other than a trust company), organized outside its territory, to provide investment advice and portfolio management services, excluding (a) custodial services, (b) trustee services, and (c) execution services that are not related to managing a collective investment scheme, to a collective investment scheme located in its territory. This commitment is subject to Articles 12.1 and 12.5.3.

2. The Parties recognize that the Dominican Republic does not currently have legislation regulating collective investment schemes. Notwithstanding paragraph 1, and no later than four years after the date of entry into force of this Agreement, the Dominican Republic shall implement paragraph 1 by adopting a Special Law regulating collective investment schemes, which shall contain a definition of collective investment scheme as specified in paragraph 3.

3. For purposes of paragraphs 1 and 2, collective investment scheme will have the meaning provided under the Special Law that the Dominican Republic adopts pursuant to paragraph 2.

#### Expedited Availability of Insurance

4. It is understood that the Dominican Republic requires prior product approval before the introduction of a new insurance product. The Dominican Republic shall provide that once an enterprise seeking approval for such a product files information with the Dominican Republic's regulatory authority, the regulator shall grant approval or issue disapproval in accordance with the Dominican Republic's law for the sale of the new product within 30 days. It is understood that the Dominican Republic does not maintain any limitations on the number or frequency of new product introductions.

#### Section C: El Salvador Portfolio Management

1. El Salvador shall allow a financial institution (other than a trust company), organized outside its territory, to provide investment advice and portfolio management services, excluding (a) custodial services, (b) trustee services, and (c) execution services that are not related to managing a collective investment scheme, to a collective investment scheme located in the territory of El Salvador. This commitment is subject to Article 12.1 and to Article 12.5.3.

2. The Parties recognize that El Salvador does not currently have legislation regulating collective investment schemes. Notwithstanding paragraph 1, and no later than four years after the date of entry into force of this Agreement, El Salvador will implement paragraph 1 by adopting a Special Law regulating collective investment schemes, which shall contain a definition of collective investment scheme as specified in paragraph 3.

3. For purposes of paragraphs 1 and 2, collective investment scheme will have the meaning provided under the Special Law that El Salvador adopts pursuant to paragraph 2.

#### Foreign Banking

4. El Salvador shall allow banks organized under the laws of El Salvador to establish branches in the United States, subject to their compliance with relevant U.S. law. The Salvadoran regulatory agency will develop and issue prudential and other requirements

that such banks must meet in order for them to obtain authorization to apply for the establishment of branches in the United States.

#### Expedited Availability of Insurance

5. It is understood that El Salvador requires prior product approval before the introduction of a new insurance product. El Salvador shall provide that once an enterprise seeking approval for such a product files information with El Salvador's supervisory authority, the regulator shall grant approval or issue disapproval in accordance with El Salvador's law for the sale of the new product within 60 days. It is understood that El Salvador does not maintain any limitations on the number or frequency of new product introductions.

### Section D: Guatemala

#### Portfolio Management

1. Guatemala shall allow a financial institution (other than a trust company), organized outside its territory, to provide investment advice and portfolio management services, excluding (a) custodial services, (b) trustee services, and (c) execution services not related to managing a collective investment scheme, to a collective investment scheme located in its territory. This commitment is subject to Article 12.1 and to Article 12.5.3.

2. The Parties recognize that Guatemala does not currently allow insurance companies to manage collective investment schemes. At such time as Guatemala allows insurance companies to manage collective investment schemes, Guatemala shall comply with paragraph 1 with regard to management of such schemes by insurance companies.

3. For purposes of paragraphs 1 and 2, collective investment scheme means an investment made in accordance with Articles 74, 75, 76, 77, and 79 of the Ley del Mercado de Valores y Mercancías, Decree No. 34-96 of the Congreso de la República.

#### Expedited Availability of Insurance

4. It is understood that Guatemala requires prior product approval before the introduction of a new insurance product. Guatemala shall provide that once an enterprise seeking approval for such a product files the information with Guatemala's supervisory authority, the authority shall grant approval or issue disapproval in accordance with Guatemala's law for the sale of the new product within 60 days. It is understood that Guatemala does not maintain any limitations on the number or frequency of product introductions.

### Section E: Honduras

#### Portfolio Management

1. Honduras shall allow a financial institution (other than a trust company), organized outside its territory, to provide investment advice and portfolio management services, excluding (a) custodial services, (b) trustee services, and (c) execution services that are not related to managing a collective investment scheme, to a collective investment scheme located in its territory. This commitment is subject to Article 12.1 and to Article 12.5.3.

2. Notwithstanding paragraph 1, Honduras may require a collective investment scheme located in its territory to retain ultimate responsibility for the management of such collective investment scheme or the funds that it manages.

3. For purposes of paragraphs 1 and 2, collective investment scheme will have the meaning set out in any future laws, regulations, or guidance defining "collective

investment scheme.” Expedited Availability of Insurance

4. It is understood that Honduras requires prior product approval before the introduction of a new insurance product. Honduras shall provide that once an enterprise seeking approval for such a product files the information with the Comisión Nacional de Bancos y Seguros, the Commission shall grant approval according to its law or issue disapproval for the sale of the new product within 30 days. It is understood that Honduras does not maintain any limitations on the number or frequency of product introductions.

#### Section F: Nicaragua

##### Portfolio Management

1. Nicaragua shall allow a financial institution (other than a trust company), organized outside its territory, to provide investment advice and portfolio management services, excluding (a) custodial services, (b) trustee services, and (c) execution services that are not related to managing a collective investment scheme or pension fund, to managers of a collective investment scheme or pension fund located in its territory. This commitment is subject to Article 12.1 and to Article 12.5.3.

2. Notwithstanding paragraph 1, Nicaragua may require that the ultimate responsibility for the management of collective investment schemes and pension funds be borne, respectively, by the managers of such schemes and funds established in its territory.

3. The Parties recognize that Nicaragua does not currently have legislation establishing collective investment schemes and that its legislation relating to pension funds is not fully implemented. Notwithstanding paragraph 1, at such time as Nicaragua adopts legislation, regulations, or administrative guidance establishing collective investment schemes, Nicaragua shall comply with paragraph 1 with respect to collective investment schemes and provide a definition of collective investment scheme to be added to paragraph 5. Notwithstanding paragraph 1, at such time as Nicaragua undertakes further implementation relating to pension funds, Nicaragua shall comply with the obligations of paragraph 1 of this provision with respect to pension funds.

4. The Parties recognize that Nicaragua does not currently allow insurance companies to manage collective investment schemes. Notwithstanding paragraph 1, at such time as Nicaragua allows insurance companies to manage a collective investment scheme, Nicaragua shall comply with paragraph 1 with regard to management of collective investment schemes by insurance companies.

5. For purposes of paragraphs 1 through 3, pension fund has the meaning established in the Ley del Sistema de Ahorro para Pensiones, Law No. 340 (published in La Gaceta, Diario Oficial, No. 72 of 11 April 2000) and its implementing regulations.

##### Expedited Availability of Insurance

6. Nicaragua should endeavor to maintain existing opportunities or may wish to consider policies or procedures such as: not requiring product approval for insurance other than sold to individuals or compulsory insurance; allowing introduction of products unless those products are disapproved within a reasonable period of time; and not imposing limitations on the number or frequency of product introductions.

##### Insurance Branching

7. Notwithstanding the nonconforming measures of Nicaragua in Annex III, Section B, referring to insurance market access, excluding any portion of those non-conforming measures referring to financial conglomerates and social services, no later than four years after the date of entry into force of this Agreement, Nicaragua shall allow U.S. insurance suppliers to establish in its territory through branches. Nicaragua may choose

how to regulate branches, including their characteristics, structure, relationship to their parent company, capital requirements, technical reserves, and obligations regarding risk capital and their investments.

#### Section G: United States

##### Portfolio Management

1. The United States shall allow a financial institution (other than a trust company), organized outside its territory, to provide investment advice and portfolio management services, excluding (a) custodial services, (b) trustee services, and (c) execution services that are not related to managing a collective investment scheme, to a collective investment scheme located in its territory. This commitment is subject to Article 12.1 and to Article 12.5.3.

2. For purposes of paragraph 1, collective investment scheme means an investment company registered with the Securities and Exchange Commission under the Investment Company Act of 1940.

##### Expedited Availability of Insurance

3. The United States should endeavor to maintain existing opportunities or may wish to consider policies or procedures such as: not requiring product approval for insurance other than insurance sold to individuals or compulsory insurance; allowing introduction of products unless those products are disapproved within a reasonable period of time; and not imposing limitations on the number or frequency of product introductions.

#### Section H: Specific Commitments of Costa Rica on Insurance Services

##### I. Preamble

The Government of the Republic of Costa Rica: reaffirming its decision to ensure that the process of opening its insurance services sector must be based on its Constitution; emphasizing that such process shall be to the benefit of the consumer and shall be accomplished gradually and based on prudential regulation; recognizing its commitment to modernize the Instituto Nacional de Seguros (INS) and the Costa Rican legal framework in the insurance sector; undertakes through this Annex the following specific commitments on insurance services.

II. Modernization of INS and the Costa Rican Legal Framework in the Insurance Sector  
By no later than January 1, 2007, Costa Rica shall establish an independent insurance regulatory authority which shall be separate from and not accountable to any supplier of insurance services. The decisions and the procedures used by the regulatory authority shall be impartial with respect to all market participants. The insurance regulatory authority shall have adequate powers, legal protection, and financial resources to exercise its functions and powers, (the regulatory authority shall act consistently with the core principles of the International Association of Insurance Supervisors) and treat confidential information appropriately.

##### III. Gradual Market Access Opening Commitments

1. Cross-Border Commitments Costa Rica shall allow insurance service providers of any Party, on a non-discriminatory basis, to effectively compete to supply directly to the consumer insurance services on a cross-border basis as provided below:

A. By no later than the date of entry into force of this Agreement, Costa Rica shall permit the following:

(i) pursuant to Article 12.5.2, persons located in its territory, and its nationals wherever located, to purchase any and all lines of insurance (except compulsory automobile

insurance (for purposes of this commitment, “compulsory automobile insurance” has the meaning given to that term in Article 48 of the Ley de Tránsito por Vías Públicas Terrestres, Law No. 7331 of 13 April 1993) and occupational risk insurance (as referred to in the last paragraph of Article 73 of the Constitución Política de la República de Costa Rica. Occupational risk insurance is a compulsory insurance that covers workers under a subordinate labor relationship for accidents or illnesses occurring as a consequence of their occupation, as well as the direct, immediate, and evident effects of such accidents and illnesses))(for greater certainty, Costa Rica is not required to modify its regulation of compulsory automobile insurance and occupational risk insurance, provided that such regulation is consistent with the obligations undertaken in this Agreement, including this Annex) from cross-border insurance service suppliers of another Party located in the territory of that other Party or of another Party. This obligation will not require Costa Rica to permit such suppliers to do business or solicit in its territory. Costa Rica may define “doing business” and “solicitation” for purposes of this obligation, as long as such definitions are not inconsistent with Article 12.5.1; and (ii) pursuant to Article 12.5.1, the cross-border supply of or trade in financial services as defined in subparagraph (a) of the definition of cross-border supply of financial services in Article 12.20 with respect to:

(a) insurance risk relating to:

(i) space launching of freight (including satellite), maritime shipping and commercial aviation, with such insurance to cover any or all of the following: the goods being transported, the vehicle transporting the goods and any liability arising therefrom; and

(ii) goods in international transit;

(b) retrocession and reinsurance;

(c) services necessary to support global accounts; (For purposes of this subclause,

(a) services necessary to support global accounts means that the coverage of a master (global) insurance policy written in a territory other than Costa Rica for a multinational client by an insurer of a Party extends to the operations of the multinational client in Costa Rica; and

(b) a multinational client is any foreign enterprise majority owned by a foreign manufacturer or service provider doing business in Costa Rica).

(d) services auxiliary to insurance as referred to in subparagraph (d) of the definition of financial service; (This clause applies only to the lines of insurance set out in III.1.A.(ii)(a), (b), and (c)) and

(e) insurance intermediation, provided by brokers and agents outside Costa Rica, such as brokerage and agency as referred to in subparagraph (c) of the definition of financial services. (This clause applies only to the lines of insurance set out in III.1.A.(ii)(a), (b), and (c)).

B. By July 1, 2007:

(a) Costa Rica shall permit the establishment of representative offices; and

(b) Article 12.5.1 shall apply to the cross-border supply of or trade in financial services as defined in subparagraph (a) of the definition of cross-border supply of financial services in Article 12.20 with respect to:

(i) services auxiliary to insurance as referred to in subparagraph (d) of the definition of financial service; (This clause applies to all lines of insurance).

(ii) insurance intermediation such as brokerage and agency as referred to in subparagraph (c) of the definition of financial services; (This clause applies to all lines of insurance) and

(iii) surplus lines. (Surplus lines of insurance means lines of insurance (products covering specific sets of risks with specific characteristics, features, and services) that meet the following criteria:

(a) lines of insurance other than those that INS supplies as of the date of signature of this Agreement, or lines of insurance that are substantially the same as such lines; and  
(b) that are sold either (i) to customers with premiums in excess of 10,000 U.S. dollars per year, or (ii) to enterprises, or (iii) to customers with a particular net worth or revenues of a particular size or number of employees.

As of January 1, 2008, surplus lines shall be defined as insurance coverage not available from an admitted company in the regular market)

C. For Costa Rica, Article 12.5.1 applies to the cross-border supply of or trade in financial services as defined in subparagraph (c) of the definition of cross-border supply of financial services in Article 12.20 with respect to insurance services.

## 2. Right of Establishment for Insurance Providers

Costa Rica shall, on a non-discriminatory basis, allow insurance service suppliers of any Party, to establish and effectively compete to supply directly to the consumer insurance services in its territory as provided below:

(a) any and all lines of insurance (for greater certainty, social security services referred to in the first, second, and third paragraphs of article 73 of the Constitución Política de la República de Costa Rica and provided by the Caja Costarricense de Seguro Social as of the date of signature of this Agreement are not subject to any commitment included in this Annex) (except compulsory automobile and occupational risk insurance), no later than January 1, 2008; and

(b) any and all lines of insurance, no later than January 1, 2011. For purposes of this commitment Costa Rica shall allow insurance service suppliers to be established through any juridical form, as provided in Article 12.4(b). It is understood that Costa Rica may establish prudential solvency and integrity requirements, which shall be in line with comparable international regulatory practice.

### Annex 12.9.3

#### Additional Information Regarding Financial Services Measures

Each Party indicated below has provided the following descriptive and explanatory information regarding certain aspects of its financial services measures solely for purposes of transparency.

#### Section A: Costa Rica

Administrators of pension funds can invest up to 25 per cent of the equity of the fund in securities issued by foreign financial institutions. This limit can be increased up to 50 per cent, provided that real yields of investments of the complementary pension regime are equivalent or lower than international yields.

#### Section B: The Dominican Republic

##### Banking Services and Other Financial Services (Insurance Excluded)

###### 1. Multipurpose Banks and Credit Entities

(a) In conformity with the Ley Monetaria y Financiera, No. 183-02, November 21, 2002, authorization for the operation of multipurpose banks (commercial banks) and credit entities (savings and credit banks and credit corporations) requires the presentation before the Junta Monetaria of an opinion of the Superintendencia de Bancos based on

documents presented by the applicant entity. The Junta Monetaria may authorize the establishment of subsidiaries as well as branch offices, provided there is adequate coordination and exchange of information with the supervising authorities of the country of origin.

(b) Under no circumstances shall preferred shares grant their holders a greater voting right than common shares, nor shall holders of preferred shares collect dividends in advance of or independently from the results of the business year.

(c) For the purposes of opening a new entity, documentation establishing the existence and origin of the amount contributed shall be presented before the Superintendencia de Bancos. Such amount shall be temporarily deposited in the Banco Central for the execution of the initial investment plan and may be used to pay for the acquisition of fixed assets and the necessary expenses of facilities and initiation of operations.

(d) Multipurpose banks (commercial banks) and credit entities are not allowed to decrease their paid-up capital without previous authorization of the Superintendencia de Bancos. The payment of dividends is subject to compliance with the requirements established by the Junta Monetaria.

(e) Savings and Credit Banks may only contract obligations abroad and grant loans in foreign currency with the prior authorization of the Junta Monetaria.

(f) Representative offices of foreign banks not located in the territory of the Dominican Republic may not perform financial intermediation activities.

## 2. Exchange Agents

A prior authorization from the Junta Monetaria is needed to act as an Exchange Agent.

## 3. Securities and Goods Exchanges

(a) All commodities exchanges must receive prior approval from the Consejo Nacional de Valores.

(b) Securities intermediaries must be authorized to operate by the Superintendencia de Valores.

(c) Securities Exchanges shall be represented in securities negotiations by natural persons known as securities brokers who are holders of a credential granted by the corresponding exchange and registered in the securities market. To register in the Registro del Mercado de Valores, securities and individuals must comply with Law No. 19-00. Exchanges shall be allowed to sell or rent the right to operate in an exchange, with the previous approval of the corresponding exchange and the Superintendencia de Valores.

(d) Securities intermediaries existing before Law No. 19-00 went into effect, that are members of commodities exchanges and engage solely in the trading of commodities (securities representatives for commodities), must comply with the requirements of the law no later than five years from the date it went into effect.

## Services of Insurance and Reinsurance

4. According to Ley sobre Seguros y Fianzas en la República Dominicana, No.146-02, July 22, 2001, a foreign enterprise that wishes to or has the intention of operating in the insurance business, the reinsurance business, or both, within the Dominican Republic must formulate its request to the Superintendencia de Seguros, expressing the fields in which it intends to operate in the Dominican Republic, attaching the following documents:

(a) certification regarding the enterprise's domiciles, that of its head office, and the domicile in the Dominican Republic, which must be previously established;

(b) the profit and loss general statement of its operations during the past five years,

duly approved according to the insurance legislation of the country of origin;

- (c) certification of the names and nationalities of the senior managers or directors;
- (d) copy of the proxy given to the legal representative in the Dominican Republic;
- (e) certification of the State or Government entity in charge of the operations performed by the insurance enterprise or enterprises in which their head office or head offices are located; and
- (f) certification of the agreement or agreements taken by the competent authority of the enterprise stating the decision to extend its business to the Dominican Republic, and that it shall be responsible for its obligations, whether derived from its operations in the Dominican Republic or from the law, with both the goods it owns in the territory of the Dominican Republic, and also with the goods it has in other countries as far as the laws of such countries allow; and that it will submit to the laws and courts of the Dominican Republic, expressly renouncing all rights that might oppose them. This certification must be translated into Spanish and be duly processed so that it is fully valid in the Dominican Republic.

5. Applications for insurance, policies, certificates, provisional warrants, modifications or endorsements, renewal certificates, and other documents related to insurance contracts, as well as performance bonds, should be written in plain and simple Spanish for ease of understanding.

Reinsurance Located in the Territory of Another Party

6. The Superintendencia de Seguros will communicate to the applicant within a period not to exceed 30 days, its decision with regard to the required authorization. If, after this period, the Superintendencia de Seguros has not reached a decision to this effect, it will be understood that no objection exists to consider the applicant entity as an accepted reinsurer.

Pensions

7. In conformity with Ley que Crea el Sistema Dominicano de Seguridad Social, No. 87 01 May 9, 2001, the resources of the pension funds must be invested exclusively in the territory of the Dominican Republic. Foreign investments in this sector are subject to special rules issued by the Consejo Nacional de Seguridad Social.

Section C: El Salvador

With regard to banking:

(a) Holding companies and other foreign financial institutions are subject to consolidated supervision in accordance with relevant international practice. The Superintendencia del Sistema Financiero, subject to the opinion of the Banco Central, shall issue instructions for determining eligible institutions.

(b) Banks and other foreign financial institutions must satisfy requirements of prudential regulation and supervision in their countries of origin in accordance with relevant international practice.

(c) To be authorized to establish a branch in El Salvador, a foreign bank must meet the following criteria:

(i) Establishment: To obtain the authorization to establish a branch, a foreign bank must:

(A) prove that its head office is legally established in accordance with the laws of the country where it is constituted, that such country subjects the bank to prudential regulation and surveillance in accordance with international usage on the issue, and that it is classified as a first-rate bank by an internationally recognized risk rating company;

(B) prove that under the laws of the country where it is constituted and its own regulations, it can approve the establishment of branches, agencies, and offices that satisfy the requirements established by the Ley de Bancos and that both the head office and the government authority in charge of oversight of this entity in such country have appropriately authorized the entity's operation in El Salvador;

(C) agree to maintain permanently in El Salvador at least one representative with full powers to perform all activities and contracts to be entered into and executed in El Salvador. The power must be granted clearly and precisely so as to bind the represented entity, so that it is wholly responsible in the country and internationally for all actions taken and contracts signed in El Salvador and so that it satisfies all the requirements established under the laws of El Salvador and the laws of the country where the foreign entity is constituted;

(D) agree to locate and maintain in El Salvador the amount of capital and capital reserves that the Ley de Bancos requires of El Salvador banks;

(E) certify that it has been in operation for at least five years and that the results of its operations have been satisfactory, based on reports of the oversight entity in the country where the foreign bank is constituted and of internationally recognized risk rating companies; and

(F) expressly submit to the laws, courts, and authorities of El Salvador, with regard to the acts it performs and the contracts it signs, or those that have effect in El Salvador.

(ii) In such cases, the Superintendencia del Sistema Financiero shall sign cooperation memoranda with the regulatory agency of the country where the investing entity is established.

(iii) Foreign banks authorized to operate in El Salvador shall be subject to inspection and oversight by the Superintendencia del Sistema Financiero, shall enjoy the same rights and privileges, and will be subject to the same laws and standards that apply to domestic banks.

#### Section D: Honduras

1. Banking and savings and loan associations may not provide credits to natural persons or juridical persons domiciled abroad unless the Banco Central de Honduras authorizes the credits.

2. A branch of a foreign bank is not required to have its own Board of Directors or Administrative Council, but must have at least two representatives domiciled in Honduras. Such representatives are responsible for the general direction and administration of the business and have the legal authority to act in Honduras and to execute and to be responsible for the branch's own operations.

3. The founding members of financial institutions organized under the laws of Honduras must be natural persons.

4. The operation, function, servicing, and issuance of any new financial product with a direct and immediate relation to banking or lending must have the approval of the Comisión Nacional de Bancos y Seguros.

5. Shares in a foreign investment fund may be marketed in the territory of Honduras only if there is a reciprocity agreement at the government level or at the level of the relevant supervisory authorities of the country of origin of the investment fund and the country in which its shares are marketed.

6. Corporations that classify risk and choose to organize under Honduran law must be constituted as sociedades anónimas and must have in Honduras a permanent legal

representative with a power of attorney sufficiently broad to undertake any legal act needed for the supply of risk classification services in Honduras.

#### Section E: Nicaragua

1. Nicaragua reserves the right to deny an operating license to a financial institution or group (other than an insurance financial institution or group) in the event that another Party has denied or cancelled an operating license to such financial institution or group.

2. To maintain a branch in Nicaragua, a bank constituted and organized in a foreign country must:

(a) be legally authorized and allowed by its bylaws to operate in that foreign country and to establish branches in other foreign countries;

(b) prior to establishing such branch, present a certification issued by the supervising authority of the country in which the bank is constituted and organized, indicating that authority's concurrence that the bank may establish a branch in Nicaragua; and

(c) assign the branch capital that meets minimum requirements.

Such a branch must have its domicile in Nicaragua.

3. To maintain a branch in Nicaragua, a non-banking financial institution organized and constituted under the laws of a foreign country must:

(a) be legally authorized and allowed by its bylaws to operate in the country in which it is organized and constituted and to establish branches abroad;

(b) prior to establishing such branch, present a certification issued by the supervising authority of the country in which such institution is constituted and organized, indicating that authority's concurrence with the establishment of a branch in Nicaragua by such institution;

(c) assign such branch capital meeting the minimum requirements; and

(d) in the case of a FONCITUR, the capital and all of the funds of the FONCITUR must be invested in Nicaragua, in projects registered with the Instituto Nicaraguense de Turismo.

Such a branch must have its domicile in Nicaragua.

4. For purposes of this paragraph and paragraph 3:

(a) non-banking financial institution means an institution that operates as a recipient of deposits from the public, as a stock exchange or institution related to a stock exchange; as Almacenes Generales de Depósitos con carácter financiero; as leasing entities; and as FONCITURs; and

(b) FONCITUR means a Fondo de Capital de Inversión Turística.

5. A representative office of a foreign bank may place funds in Nicaragua in the form of loans and investments, and act as information centers for their clients, but is prohibited from accepting deposits from the public in Nicaragua.

6. The administrator of a pension fund may invest abroad a maximum of 30 percent of the assets of the fund. However, the Superintendencia de Pensiones reserves the right to vary the investment limits applicable to pension funds administrators at the foreign and national level.

#### Annex 12.16.1

##### Financial Services Committee

The authority of each Party responsible for financial services is:

(a) in the case of Costa Rica, the Consejo Nacional de Supervisión del Sistema Financiero (CONASSIF) and the Ministerio de Comercio Exterior for banking and other financial

services and for insurance;

(b) in the case of the Dominican Republic, the Banco Central de la República Dominicana in consultation with the Superintendencia de Bancos, the Superintendencia de Seguros, the Superintendencia de Valores, and the Superintendencia de Pensiones, as appropriate,

(c) in the case of El Salvador, the Ministerio de Economía, in consultation with the corresponding competent authority (Superintendencia del Sistema Financiero, Superintendencia de Valores, Superintendencia de Pensiones and the Banco Central de Reserva);

(d) in the case of Guatemala, the Superintendencia de Bancos for banking and other financial services, the Ministerio de Economía for insurance and securities, and any other institutions approved by those authorities to participate within the Financial Services Committee;

(e) in the case of Honduras, the Banco Central de Honduras, the Comisión Nacional de Bancos y Seguros, and the Secretaría de Estado en los Despachos de Industria y Comercio;

(f) in the case of Nicaragua, the Ministerio de Fomento, Industria y Comercio, the Superintendencia de Bancos y otras Instituciones Financieras, the Superintendencia de Pensiones, and the Ministerio de Hacienda y Crédito Público, for banking and other financial services and for insurance; and

(g) in the case of the United States, the Department of Treasury for banking and other financial services and the Office of the United States Trade Representative, in coordination with the Department of Commerce and other agencies, for insurance, or their successors.

## Chapter Thirteen

Telecommunications (In place of the obligations established in this Chapter, Costa Rica shall undertake the specific commitments set out in Annex 13).

### Article 13.1: Scope and Coverage

1. This Chapter applies to:

- (a) measures adopted or maintained by a Party relating to access to and use of public telecommunications services;
- (b) measures adopted or maintained by a Party relating to obligations of suppliers of public telecommunications services;
- (c) other measures relating to public telecommunications networks or services; and
- (d) measures adopted or maintained by a Party relating to the supply of information services.

2. Except to ensure that enterprises operating broadcast stations and cable systems have continued access to and use of public telecommunications services, this Chapter does not apply to any measure adopted or maintained by a Party relating to broadcast or cable distribution of radio or television programming.

3. Nothing in this Chapter shall be construed to:

- (a) require a Party or require a Party to compel any enterprise to establish, construct, acquire, lease, operate, or provide telecommunications networks or services where such networks or services are not offered to the public generally;
- (b) require a Party to compel any enterprise exclusively engaged in the broadcast or cable distribution of radio or television programming to make available its broadcast or cable facilities as a public telecommunications network; or
- (c) prevent a Party from prohibiting persons operating private networks from using their networks to supply public telecommunications networks or services to third parties.

### Article 13.2: Access to and Use of Public Telecommunications Services

1. Each Party shall ensure that enterprises of another Party have access to and use of any public telecommunications service, including leased circuits, offered in its territory or across its borders, on reasonable and non-discriminatory terms and conditions, including as set out in paragraphs 2 through 6.

2. Each Party shall ensure that such enterprises are permitted to:

- (a) purchase or lease, and attach terminal or other equipment that interfaces with a public telecommunications network;
- (b) provide services to individual or multiple end-users over leased or owned circuits;
- (c) connect owned or leased circuits with public telecommunications networks and services in the territory, or across the borders, of that Party or with circuits leased or owned by another person;
- (d) perform switching, signaling, processing, and conversion functions; and
- (e) use operating protocols of their choice.

3. Each Party shall ensure that enterprises of another Party may use public telecommunications services for the movement of information in its territory or across its borders and for access to information contained in databases or otherwise stored in machine-readable form in the territory of any Party.

4. Notwithstanding paragraph 3, a Party may take such measures as are necessary to:

- (a) ensure the security and confidentiality of messages; or
- (b) protect the privacy of non-public personal data of subscribers to public

telecommunications services, subject to the requirement that such measures are not applied in a manner that would constitute a means of arbitrary or unjustifiable discrimination or disguised restriction on trade in services.

5. Each Party shall ensure that no condition is imposed on access to and use of public telecommunications networks or services, other than that necessary to:

(a) safeguard the public service responsibilities of suppliers of public telecommunications networks or services, in particular their ability to make their networks or services available to the public generally; or

(b) protect the technical integrity of public telecommunications networks or services.

6. Provided that conditions for access to and use of public telecommunications networks or services satisfy the criteria set out in paragraph 5, such conditions may include:

(a) a requirement to use specified technical interfaces, including interface protocols, for interconnection with such networks or services; and

(b) a licensing, permit, registration, or notification procedure which, if adopted or maintained, is transparent and provides for the processing of applications filed thereunder in accordance with the Party's national law or regulation.

#### Article 13.3: Obligations Relating to Suppliers of Public

Telecommunications Services (This Article is subject to Annex 13.3. Paragraphs 2 through 4 of this Article do not apply with respect to suppliers of commercial mobile services. Nothing in this Article shall be construed to preclude a Party from imposing the requirements set out in this Article on suppliers of commercial mobile services)  
Interconnection

1. (a) Each Party shall ensure that suppliers of public telecommunications services in its territory provide, directly or indirectly, interconnection with the suppliers of public telecommunications services of another Party.

(b) In carrying out subparagraph (a), each Party shall ensure that suppliers of public telecommunications services in its territory take reasonable steps to protect the confidentiality of commercially sensitive information of, or relating to, suppliers and end users of public telecommunications services and only use such information for the purpose of providing those services.

(c) Each Party shall provide its telecommunications regulatory body the authority to require public telecommunications suppliers to file their interconnection contracts.

#### Resale

2. Each Party shall ensure that suppliers of public telecommunications services do not impose unreasonable or discriminatory conditions or limitations on the resale of those services.

#### Number Portability

3. Each Party shall ensure that suppliers of public telecommunications services in its territory provide number portability to the extent technically feasible, on a timely basis, and on reasonable terms and conditions. (In complying with this paragraph, the Dominican Republic, El Salvador, Guatemala, Honduras, and Nicaragua may take into account the economic feasibility of providing number portability).

#### Dialing Parity

4. Each Party shall ensure that suppliers of public telecommunications services in its territory provide dialing parity to suppliers of public telecommunications services of another Party, and afford suppliers of public telecommunications services of another Party non-discriminatory access to telephone numbers and related services with no

unreasonable dialing delays.

Article 13.4: Additional Obligations Relating to Major Suppliers of Public Telecommunications Services (This Article is subject to Annex 13.3. This Article does not apply with respect to suppliers of commercial mobile services. This Article is without prejudice to any rights or obligations that a Party may have under the GATS, and nothing in this Article shall be construed to preclude a Party from imposing the requirements set out in this Article on suppliers of commercial mobile services)

#### Treatment by Major Suppliers

1. Each Party shall ensure that major suppliers in its territory accord suppliers of public telecommunications services of another Party treatment no less favorable than such major suppliers accord to their subsidiaries, their affiliates, or non-affiliated service suppliers regarding:

(a) the availability, provisioning, rates, or quality of like public telecommunications services; and

(b) the availability of technical interfaces necessary for interconnection.

#### Competitive Safeguards

2. (a) Each Party shall maintain (for purposes of paragraph 2, “maintain” a measure includes the actual implementation of such measure, as appropriate) appropriate measures for the purpose of preventing suppliers who, alone or together, are a major supplier in its territory from engaging in or continuing anti-competitive practices.

(b) The anti-competitive practices referred to in subparagraph (a) include in particular:

(i) engaging in anti-competitive cross-subsidization;

(ii) using information obtained from competitors with anti-competitive results; and

(iii) not making available, on a timely basis, to suppliers of public telecommunications services, technical information about essential facilities and commercially relevant information which are necessary for them to provide public telecommunications services.

#### Resale

3. Each Party shall ensure that major suppliers in its territory:

(a) offer for resale, at reasonable rates,(for purposes of subparagraph (a), wholesale rates set pursuant to a Party’s law and regulations satisfy the standard of reasonableness) to suppliers of public telecommunications services of another Party, public telecommunications services that such major suppliers provide at retail to end users that are not suppliers of public telecommunications services; and

(b) do not impose unreasonable or discriminatory conditions or limitations on the resale of such services. (Where provided in its law or regulations, a Party may prohibit a reseller that obtains, at wholesale rates, a public telecommunications service available at retail to only a limited category of subscribers from offering the service to a different category of subscribers).

#### Unbundling of Network Elements

4. (a) Each Party shall provide its telecommunications regulatory body the authority to require major suppliers in its territory to offer access to network elements on an unbundled basis on terms, conditions, and at cost-oriented rates that are reasonable, non-discriminatory, and transparent for the supply of public telecommunications services.

(b) Each Party may determine the network elements required to be made available in its territory, and the suppliers that may obtain such elements, in accordance with its law and regulations.

## Interconnection

### 5. (a) General Terms and Conditions

Each Party shall ensure that major suppliers in its territory provide interconnection for the facilities and equipment of suppliers of public telecommunications services of another Party:

- (i) at any technically feasible point in the major supplier's network;
- (ii) under non-discriminatory terms, conditions (including technical standards and specifications), and rates;
- (iii) of a quality no less favorable than that provided by such major suppliers for their own like services, for like services of non-affiliated service suppliers, or for their subsidiaries or other affiliates;
- (iv) in a timely fashion, on terms, conditions (including technical standards and specifications), and, subject to Annex 13.4.5, cost-oriented rates that are transparent, reasonable, having regard to economic feasibility, and sufficiently unbundled so that the suppliers need not pay for network components or facilities that they do not require for the service to be provided; and
- (v) on request, at points in addition to the network termination points offered to the majority of users, subject to charges that reflect the cost of construction of necessary additional facilities.

### (b) Options for Interconnecting with Major Suppliers

Each Party shall ensure that suppliers of public telecommunications services of another Party may interconnect their facilities and equipment with those of major suppliers in its territory pursuant to at least one of the following options:

- (i) a reference interconnection offer or another standard interconnection offer containing the rates, terms, and conditions that the major suppliers offer generally to suppliers of public telecommunications services; or
- (ii) the terms and conditions of an interconnection agreement in force or through negotiation of a new interconnection agreement.

### (c) Public Availability of Interconnection Offers

Each Party shall require major suppliers in its territory to make publicly available reference interconnection offers or other standard interconnection offers containing the rates, terms, and conditions that the major suppliers offer generally to suppliers of public telecommunications services.

### (d) Public Availability of the Procedures for Interconnection Negotiations

Each Party shall make publicly available the applicable procedures for interconnection negotiations with major suppliers in its territory.

### (e) Public Availability of Interconnection Agreements Concluded with Major Suppliers

- (i) Each Party shall require major suppliers in its territory to file all interconnection agreements to which they are party with its telecommunications regulatory body or other relevant body.
- (ii) Each Party shall make publicly available interconnection agreements in force between major suppliers in its territory and other suppliers of public telecommunications services in its territory.

## Provisioning and Pricing of Leased Circuits Services

6. (a) Each Party shall ensure that major suppliers in its territory provide enterprises of another Party leased circuits services that are public telecommunications services on terms, conditions, and at rates that are reasonable and non-discriminatory.

(b) In carrying out subparagraph (a), each Party shall provide its telecommunications

regulatory body the authority to require major suppliers in its territory to offer leased circuits services that are public telecommunications services to enterprises of another Party at flat-rate, cost-oriented prices.

#### Co-location

7. (a) Subject to subparagraphs (b) and (c), each Party shall ensure that major suppliers in its territory provide to suppliers of public telecommunications services of another Party physical co-location of equipment necessary for interconnection on terms, conditions, and at cost-oriented rates that are reasonable, non-discriminatory, and transparent.

(b) Where physical co-location is not practical for technical reasons or because of space limitations, each Party shall ensure that major suppliers in its territory:

(i) provide an alternative solution, or

(ii) facilitate virtual co-location in its territory, on terms, conditions, and at cost-oriented rates that are reasonable, non-discriminatory, and transparent.

(c) Each Party may specify in its law or regulations which premises are subject to subparagraphs (a) and (b).

#### Access to Rights-of-Way

8. Subject to Annex 13.4.8, each Party shall ensure that major suppliers in its territory afford access to their poles, ducts, conduits, and rights-of-way to suppliers of public telecommunications services of another Party on terms, conditions, and at rates that are reasonable and non-discriminatory.

#### Article 13.5: Submarine Cable Systems

Each Party shall ensure reasonable and non-discriminatory treatment for access to submarine cable systems (including landing facilities) in its territory, where a supplier is authorized to operate a submarine cable system as a public telecommunications service.

#### Article 13.6: Conditions for the Supply of Information Services

1. No Party may require an enterprise in its territory that it classifies (for purposes of applying this provision, each Party may, through its telecommunications regulatory body, classify which services in its territory are information services) as a supplier of information services and that supplies such services over facilities that it does not own to:

(a) supply such services to the public generally;

(b) cost-justify its rates for such services;

(c) file a tariff for such services;

(d) interconnect its networks with any particular customer for the supply of such services; or

(e) conform with any particular standard or technical regulation for interconnection other than for interconnection to a public telecommunications network.

2. Notwithstanding paragraph 1, a Party may take the actions described in subparagraphs (a) through (e) to remedy a practice of a supplier of information services that the Party has found in a particular case to be anti-competitive under its law or regulations, or to otherwise promote competition or safeguard the interests of consumers.

Article 13.7: Independent Regulatory Bodies (Each Party shall endeavor to ensure that its telecommunications regulatory body has adequate resources to carry out its

functions) and Government-Owned  
Telecommunications Suppliers

1. Each Party shall ensure that its telecommunications regulatory body is separate from, and not accountable to, any supplier of public telecommunications services. To this end, each Party shall ensure that its telecommunications regulatory body does not hold a financial interest or maintain an operating role in any such supplier.
2. Each Party shall ensure that the decisions and procedures of its telecommunications regulatory body are impartial with respect to all interested persons. To this end, each Party shall ensure that any financial interest that it holds in a supplier of public telecommunications services does not influence the decisions and procedures of its telecommunications regulatory body.
3. No Party may accord more favorable treatment to a supplier of public telecommunications services or to a supplier of information services than that accorded to a like supplier of another Party on the ground that the supplier receiving more favorable treatment is owned, wholly or in part, by the national government of the Party.

Article 13.8: Universal Service

Each Party shall administer any universal service obligation that it maintains in a transparent, non-discriminatory, and competitively neutral manner and shall ensure that its universal service obligation is not more burdensome than necessary for the kind of universal service that it has defined.

Article 13.9: Licenses and Other Authorizations

1. Where a Party requires a supplier of public telecommunications services to have a license, concession, permit, registration, or other type of authorization, the Party shall make publicly available:
  - (a) all applicable licensing or authorization criteria and procedures it applies;
  - (b) the time it normally requires to reach a decision concerning an application for a license, concession, permit, registration, or other type of authorization; and
  - (c) the terms and conditions of all licenses or authorizations it has issued.
2. Each Party shall ensure that, on request, an applicant receives the reasons for the denial of a license, concession, permit, registration, or other type of authorization.

Article 13.10: Allocation and Use of Scarce Resources

1. Each Party shall administer its procedures for the allocation and use of scarce telecommunications resources, including frequencies, numbers, and rights-of-way, in an objective, timely, transparent, and non-discriminatory manner.
2. Each Party shall make publicly available the current state of allocated frequency bands but shall not be required to provide detailed identification of frequencies allocated for specific government uses.
3. For greater certainty, a Party's measures regarding the allocation and assignment of spectrum and regarding frequency management are not measures that are per se inconsistent with Article 11.4 (Market Access), which is applied to Chapter Ten (Investment) through Article 11.1.3 (Scope and Coverage). Accordingly, each Party retains the right to establish and apply its spectrum and frequency management policies, which may limit the number of suppliers of public telecommunications services, provided that it does so in a manner that is consistent with this Agreement. Each Party also retains the right to allocate frequency bands taking into account present and future

needs.

#### Article 13.11: Enforcement

Each Party shall provide its competent authority with the authority to establish and enforce the Party's measures relating to the obligations set out in Articles 13.2 through 13.5. Such authority shall include the ability to impose effective sanctions, which may include financial penalties, injunctive relief (on an interim or final basis), or the modification, suspension, and revocation of licenses or other authorizations.

#### Article 13.12: Resolution of Domestic Telecommunications Disputes

Further to Articles 18.4 (Administrative Proceedings) and 18.5 (Review and Appeal), each Party shall ensure the following:

##### Recourse to Telecommunications Regulatory Bodies

(a) (i) Each Party shall ensure that enterprises of another Party may seek review by a telecommunications regulatory body or other relevant body to resolve disputes regarding the Party's measures relating to a matter set out in Articles 13.2 through 13.5.

(ii) Each Party shall ensure that suppliers of public telecommunications services of another Party that have requested interconnection with a major supplier in the Party's territory may seek review, within a reasonable and publicly available period of time after the supplier requests interconnection, by a telecommunications regulatory body (in the United States, this body may be a state regulatory authority) to resolve disputes regarding the terms, conditions, and rates for interconnection with such major supplier.

##### Reconsideration

(b) Each Party shall ensure that any enterprise that is aggrieved or whose interests are adversely affected by a determination or decision of the Party's telecommunications regulatory body may petition the body to reconsider that determination or decision. No Party may permit such a petition to constitute grounds for non-compliance with the determination or decision of the telecommunications regulatory body unless an appropriate authority stays such determination or decision.

##### Judicial Review

(c) Each Party shall ensure that any enterprise that is aggrieved or whose interests are adversely affected by a determination or decision of the Party's telecommunications regulatory body may obtain judicial review of such determination or decision by an independent judicial authority.

#### Article 13.13: Transparency

Further to Articles 18.2 (Publication) and 18.3 (Notification and Provision of Information), each Party shall ensure that:

(a) rulemakings, including the basis for such rulemakings, of its telecommunications regulatory body and end-user tariffs filed with its telecommunications regulatory body are promptly published or otherwise made publicly available;

(b) interested persons are provided with adequate advance public notice of, and the opportunity to comment on, any rulemaking that its telecommunications regulatory body proposes; and

(c) its measures relating to public telecommunications services are made publicly available, including measures relating to:

(i) tariffs and other terms and conditions of service;

- (ii) procedures relating to judicial and other adjudicatory proceedings;
- (iii) specifications of technical interfaces;
- (iv) bodies responsible for preparing, amending, and adopting standards-related measures affecting access and use;
- (v) conditions for attaching terminal or other equipment to the public telecommunications network; and
- (vi) notification, permit, registration, or licensing requirements, if any.

#### Article 13.14: Flexibility in the Choice of Technologies

No Party may prevent suppliers of public telecommunications services from having the flexibility to choose the technologies that they use to supply their services, including commercial mobile wireless services, subject to requirements necessary to satisfy legitimate public policy interests.

#### Article 13.15: Forbearance

The Parties recognize the importance of relying on market forces to achieve wide choices in the supply of telecommunications services. To this end, each Party may forbear from applying a regulation to a service that the Party classifies as a public telecommunications service, if its telecommunications regulatory body determines that:

- (a) enforcement of such regulation is not necessary to prevent unreasonable or discriminatory practices;
- (b) enforcement of such regulation is not necessary for the protection of consumers; and
- (c) forbearance is consistent with the public interest, including promoting and enhancing competition between suppliers of public telecommunications services.

#### Article 13.16: Relationship to Other Chapters

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

#### Article 13.17: Definitions

For purposes of this Chapter:

commercial mobile services means public telecommunications services supplied through mobile wireless means;

cost-oriented means based on cost, and may include a reasonable profit, and may involve different cost methodologies for different facilities or services;

dialing parity means the ability of an end-user to use an equal number of digits to access a like public telecommunications service, regardless of the public telecommunications service supplier chosen by such end-user;

end-user means a final consumer of or subscriber to a public telecommunications service, including a service supplier other than a supplier of public telecommunications services;

enterprise means an "enterprise" as defined in Article 2.1 (Definitions of General Application), and includes a branch of an enterprise;

essential facilities means facilities of a public telecommunications network or service that:

- (a) are exclusively or predominantly supplied by a single or limited number of suppliers; and
- (b) cannot feasibly be economically or technically substituted in order to supply a

service;

information service means the offering of a capability for generating, acquiring, storing, transforming, processing, retrieving, utilizing, or making available information via telecommunications, and includes electronic publishing, but does not include any use of any such capability for the management, control, or operation of a telecommunications system or the management of a telecommunications service;

interconnection means linking with suppliers providing public telecommunications services in order to allow the users of one supplier to communicate with users of another supplier and to access services provided by another supplier;

leased circuits means telecommunications facilities between two or more designated points that are set aside for the dedicated use of or availability to a particular customer or other users of the customer's choosing;

major supplier means a supplier of public telecommunications services that has the ability to materially affect the terms of participation (having regard to price and supply) in the relevant market for public telecommunications services as a result of:

(a) control over essential facilities; or

(b) use of its position in the market;

network element means a facility or equipment used in supplying a public telecommunications service, including features, functions, and capabilities provided by means of such facility or equipment;

non-discriminatory means treatment no less favorable than that accorded to any other user of like public telecommunications services in like circumstances;

number portability means the ability of end-users of public telecommunications services to retain, at the same location, telephone numbers without impairment of quality, reliability, or convenience when switching between like suppliers of public telecommunications services;

physical co-location means physical access to and control over space in order to install, maintain, or repair equipment, at premises owned or controlled and used by a supplier to supply public telecommunications services;

public telecommunications service means any telecommunications service that a Party requires, explicitly or in effect, to be offered to the public generally. Such services may include, inter alia, telephone and data transmission typically involving customer supplied information between two or more points without any end-to-end change in the form or content of the customer's information, but does not include information services;

reference interconnection offer means an interconnection offer extended by a major supplier and filed with or approved by a telecommunications regulatory body that is sufficiently detailed to enable a supplier of public telecommunications services that is willing to accept its rates, terms, and conditions to obtain interconnection without having to engage in negotiations with the major supplier;

telecommunications means the transmission and reception of signals by any electromagnetic means, including by photonic means;

telecommunications regulatory body means a national body responsible for the regulation of telecommunications; and

user means an end-user or a supplier of public telecommunications services.

## Annex 13

### Specific Commitments of Costa Rica on Telecommunications Services

#### I. Preamble

The Government of the Republic of Costa Rica: acknowledging the unique nature of the Costa Rican social policy on telecommunications, and reaffirming its decision to ensure that the process of opening its telecommunications services sector must be based on its Constitution; emphasizing that such process shall be to the benefit of the user and shall be based on the principles of graduality, selectivity, and regulation, and in strict conformity with the social objectives of universality and solidarity in the supply of telecommunications services; and recognizing its commitment to strengthen and modernize the Instituto Costarricense de Electricidad (ICE) as a market participant in a competitive telecommunications marketplace while ensuring that the use of its infrastructure shall be remunerated and to develop a regulatory body to oversee market development; undertakes through this Annex the following specific commitments on telecommunications services.

#### II. Modernization of ICE

Costa Rica shall enact a new legal framework to strengthen ICE, through its appropriate modernization, no later than December 31, 2004.

#### III. Selective and Gradual Market Opening Commitments

##### 1. Market Access Standstill

Costa Rica shall allow service providers of another Party to supply telecommunications services on terms and conditions that are no less favorable than those established by or granted pursuant to its legislation in force on January 27, 2003.

##### 2. Gradual and Selective Opening of Certain Telecommunications Services

(a) As provided in Annex I, Costa Rica shall allow telecommunications services providers of another Party, on a non-discriminatory basis, to effectively compete to supply directly to the customer, through the technology of their choice, the following telecommunications services in its territory: (If Costa Rica requires a license for the provision of a listed service, Costa Rica shall make licenses available within the timeframes specified in this subparagraph)

(i) private network services, (Private network services (closed-user group services) mean networks provided for communications with no interconnection to the public switched telecommunications network at either end. Nothing in this Annex shall be construed to prevent Costa Rica from prohibiting persons operating private networks from using their networks to supply public telecommunications networks or services to third parties) no later than January 1, 2006;

(ii) Internet services, (Internet services shall include electronic mail, retrieval and processing of on-line information and databases and electronic data exchange services, and offering the ability to access the Internet) no later than January 1, 2006; and

(iii) mobile wireless services, ( Mobile wireless services mean voice, data, and/or broadband services provided by radio electric means in specifically allocated bands, using mobile or fixed terminal equipment, using cellular, PCS (Personal Communications Service), satellite, or any other similar technology that may be developed in the future for these services) no later than January 1, 2007.

(b) Subparagraph (a) shall also apply to any other telecommunications service that Costa Rica may decide to allow in the future.

#### IV. Regulatory Principles (For greater certainty, this section does not create market access rights or obligations)

The regulatory framework on telecommunications services that the Government of Costa Rica shall have in force as of January 1, 2006, shall conform, among others, to the following provisions:

## 1. Universal Service

Costa Rica has the right to define the kind of universal service obligations it wishes to maintain. Such obligations will not be regarded as anti-competitive per se, provided they are administered in a transparent, non-discriminatory, and competitively neutral manner and are not more burdensome than necessary for the kind of universal service defined.

## 2. Independence of the Regulatory Authority

Costa Rica shall establish or maintain a regulatory authority for telecommunications services, which shall be separate from and not accountable to any supplier of telecommunications services. Costa Rica shall ensure that its telecommunications regulatory authority is authorized to impose effective sanctions to enforce domestic measures relating to the obligations set out in this Annex. This regulatory authority may include jurisdiction over spectrum management, universal service, tariffing, and licensing of new market entrants. The decisions and the procedures of the regulatory authority shall be impartial with respect to all market participants.

## 3. Transparency

Costa Rica shall ensure that applicable procedures for interconnection to a major supplier and either its interconnection agreements or referenced interconnection offers are made publicly available. Costa Rica shall also make publicly available all licensing or authorization criteria and procedures required for telecommunications service suppliers, and the terms and conditions of all licenses or authorizations issued.

## 4. Allocation and Use of Scarce Resources

Costa Rica shall ensure that procedures for the allocation and use of limited resources, including frequencies, numbers, and rights of way, are administered in an objective, timely, transparent, and non-discriminatory manner by a competent domestic authority. (The competent domestic authority shall be separate from and not accountable to any supplier of telecommunications services). The Republic of Costa Rica shall issue licenses for use of spectrum directly to the service providers, in accordance with article 121, item 14 of the Constitución Política de la República de Costa Rica.

## 5. Regulated Interconnection

(a) Costa Rica shall ensure that public telecommunications services suppliers of another Party are provided interconnection with a major supplier in a timely fashion, under non-discriminatory terms, conditions, (for purposes of subparagraph (a), conditions include technical regulations and specifications, as well as the quality of interconnection) and cost-oriented rates that are transparent, reasonable, and having regard to economic feasibility.

(b) Costa Rica shall also ensure that a service supplier requesting interconnection with a major supplier has recourse to an independent domestic body, (the independent domestic body shall be separate from and not accountable to any supplier of telecommunications services) which may be the regulatory authority referred to in paragraph 2, to resolve disputes regarding appropriate terms, conditions, and rates for interconnection within a reasonable time.

## 6. Access to and Use of the Network

(a) Costa Rica shall ensure that enterprises of another Party have access to and use of any public telecommunications services, including leased circuits, offered in its territory or across its borders, on reasonable and non-discriminatory terms and conditions and are permitted to:

(i) purchase or lease and attach terminal or other equipment that interfaces with a public telecommunications network;

- (ii) provide services to individual or multiple end-users over leased or owned circuits;
  - (iii) connect owned or leased circuits with public telecommunications networks and services in its territory, or across Costa Rica's borders or with circuits leased or owned by another person;
  - (iv) perform switching, signaling, processing, and conversion functions, and use operating protocols of their choice; and
  - (v) use public telecommunications services for the movement of information contained in databases or otherwise stored in machine-readable form in the territory of any Party.
- (b) Notwithstanding subparagraph (a), Costa Rica may take such measures as are necessary to ensure the security and confidentiality of messages or to protect the privacy of non-public personal data of subscribers to public telecommunications services, subject to the requirement that such measures are not applied in a manner that would constitute a means of arbitrary or unjustifiable discrimination or disguised restriction on trade in services.
- (c) Costa Rica shall also ensure that no condition is imposed on access to and use of public telecommunications networks or services, other than that necessary to safeguard the public service responsibilities of providers of public telecommunications networks or services, in particular their ability to make their networks or services available to the public generally, or protect the technical integrity of public telecommunications networks or services.

#### 7. Provision of Information Services

(a) Costa Rica may not require an enterprise of another Party in its territory that it classifies (the telecommunications regulatory authority will have the competence within its territory to classify the services included in the information services category) as a supplier of information services and that supplies such services over facilities that it does not own to:

- (i) supply such services to the public generally;
- (ii) cost-justify rates for such services;
- (iii) file tariffs for such services;
- (iv) interconnect its networks with any particular customer for the supply of such services; or
- (v) conform to any particular standard or technical regulation for interconnection other than that for interconnection to a public telecommunications network.

(b) Notwithstanding subparagraph (a), Costa Rica may take any action referred to in clauses (i) through (v) to remedy a practice of a supplier of information services that it has found in a particular case to be anti-competitive under its law or regulations, or to otherwise promote competition or safeguard the interests of consumers.

#### 8. Competition

Costa Rica shall maintain appropriate measures for the purpose of preventing suppliers who, alone or together, are a major supplier from engaging in anti-competitive practices, such as not making available, on a timely basis, to suppliers of public telecommunications services, technical information about essential facilities and commercially relevant information that is necessary for them to provide public telecommunications services.

#### 9. Submarine Cable Systems

Costa Rica shall ensure reasonable and non-discriminatory treatment for access to submarine cable systems (including landing facilities) in its territory, where a supplier is authorized to operate such submarine cable system as a public telecommunications service.

## 10. Flexibility in the Choice of Technologies

Costa Rica may not prevent suppliers of public telecommunications services from having the flexibility to choose the technologies that they use to supply their services, subject to requirements necessary to satisfy legitimate public policy interests.

### Annex 13.3

#### Rural Telephone Suppliers

1. A state regulatory authority in the United States may exempt a rural local exchange carrier, as defined in section 251(f)(2) of the Communications Act of 1934, as amended, from the obligations contained in paragraphs 2 through 4 of Article 13.3 and from the obligations contained in Article 13.4.
2. Article 13.4 does not apply to rural telephone companies in the United States, as defined in section 3(37) of the Communications Act of 1934, as amended, unless a state regulatory authority orders otherwise.
3. El Salvador, Guatemala, Honduras, and Nicaragua may designate and exempt a rural telephone company in its territory from paragraphs 2 through 4 of Article 13.3 and from Article 13.4, provided that the rural telephone company supplies public telecommunications services to fewer than two percent of the subscriber lines installed in the Party's territory. The number of subscriber lines supplied by a rural telephone company includes all subscriber lines supplied by the company, and by its owners, subsidiaries, and affiliates.
4. Nothing in this Annex shall be construed to preclude a Party from imposing the requirements set out in Article 13.4 on rural telephone companies.

### Annex 13.4.5

#### Interconnection

1. For any Party that does not have an existing commitment under the GATS to ensure that a major supplier in its territory provides interconnection at cost-oriented rates, the obligation under Article 13.4.5 to ensure the provision of cost-oriented interconnection shall become effective:
  - (a) two years after the date of entry into force of this Agreement; or
  - (b) January 1, 2007, whichever is earlier.
2. During the transition period, each such Party shall ensure that major suppliers of public telecommunications services in its territory:
  - (a) do not charge interconnection rates above the rates charged on December 31, 2003; and
  - (b) proportionally reduce interconnection rates as necessary to ensure that a cost oriented interconnection rate has been achieved by the end of the transition period.

### Annex 13.4.8

#### Access to Rights-of-Way

Article 13.4.8 shall apply with respect to El Salvador beginning when its law provides that poles, ducts, conducts, and rights-of-way constitute essential resources.

## Chapter Fourteen

### Electronic Commerce

#### Article 14.1: General

1. The Parties recognize the economic growth and opportunity that electronic commerce

provides, the importance of avoiding barriers to its use and development, and the applicability of WTO rules to measures affecting electronic commerce.

2. For greater certainty, nothing in this Chapter shall be construed to prevent a Party from imposing internal taxes, directly or indirectly, on digital products, provided they are imposed in a manner consistent with this Agreement.

#### Article 14.2: Electronic Supply of Services

For greater certainty, the Parties affirm that measures affecting the supply of a service using electronic means fall within the scope of the obligations contained in the relevant provisions of Chapters Ten (Investment), Eleven (Cross-Border Trade in Services), and Twelve (Financial Services), subject to any exceptions or non-conforming measures set out in this Agreement, which are applicable to such obligations.

#### Article 14.3: Digital Products

1. No Party may impose customs duties, fees, or other charges on or in connection with the importation or exportation of digital products by electronic transmission.

2. For purposes of determining applicable customs duties, each Party shall determine the customs value of an imported carrier medium bearing a digital product based on the cost or value of the carrier medium alone, without regard to the cost or value of the digital product stored on the carrier medium.

3. No Party may accord less favorable treatment to some digital products transmitted electronically than it accords to other like digital products transmitted electronically:

(a) on the basis that

(i) the digital products receiving less favorable treatment are created, produced, published, stored, transmitted, contracted for, commissioned, or first made available on commercial terms outside its territory; or

(ii) the author, performer, producer, developer, or distributor of such digital products is a person of another Party or non-Party,

or

(b) so as otherwise to afford protection to the other like digital products that are created, produced, published, stored, transmitted, contracted for, commissioned, or first made available on commercial terms in its territory. (For greater certainty, this paragraph does not provide any right to a non-Party or a person of a non-Party).

4. No Party may accord less favorable treatment to digital products transmitted electronically:

(a) that are created, produced, published, stored, transmitted, contracted for, commissioned, or first made available on commercial terms in the territory of another Party than it accords to like digital products transmitted electronically that are created, produced, published, stored, transmitted, contracted for, commissioned, or first made available on commercial terms in the territory of a non-Party; or

(b) whose author, performer, producer, developer, or distributor is a person of another Party than it accords to like digital products transmitted electronically whose author, performer, producer, developer, or distributor is a person of a non-Party.

5. Paragraphs 3 and 4 do not apply to any non-conforming measure described in Articles 10.13 (Non-Conforming Measures), 11.6 (Non-Conforming Measures), or 12.9 (Non-Conforming Measures).

#### Article 14.4: Transparency

Each Party shall publish or otherwise make available to the public its laws, regulations, and other measures of general application that pertain to electronic commerce.

#### Article 14.5: Cooperation

Recognizing the global nature of electronic commerce, the Parties affirm the importance of:

- (a) working together to overcome obstacles encountered by small and medium enterprises in using electronic commerce;
- (b) sharing information and experiences on laws, regulations, and programs in the sphere of electronic commerce, including those related to data privacy, consumer confidence in electronic commerce, cyber-security, electronic signatures, intellectual property rights, and electronic government;
- (c) working to maintain cross-border flows of information as an essential element in fostering a vibrant environment for electronic commerce;
- (d) encouraging the private sector to adopt self-regulation, including through codes of conduct, model contracts, guidelines, and enforcement mechanisms that foster electronic commerce; and
- (e) actively participating in hemispheric and multilateral fora to promote the development of electronic commerce.

#### Article 14.6: Definitions

For purposes of this Chapter:

carrier medium means any physical object capable of storing the digital codes that form a digital product by any method now known or later developed, and from which a digital product can be perceived, reproduced, or communicated, directly or indirectly, and includes an optical medium, a floppy disk, and a magnetic tape;

digital products means computer programs, text, video, images, sound recordings, and other products that are digitally encoded; (For greater certainty, digital products do not include digitized representations of financial instruments).

electronic means means employing computer processing; and

electronic transmission or transmitted electronically means the transfer of digital products using any electromagnetic or photonic means.

## Chapter Fifteen

### Intellectual Property Rights

#### Article 15.1: General Provisions

1. Each Party shall, at a minimum, give effect to this Chapter. A Party may, but shall not be obliged to, implement in its domestic law more extensive protection and enforcement of intellectual property rights than is required under this Chapter, provided that such protection and enforcement does not contravene this Chapter.

2. Each Party shall ratify or accede to the following agreements by the date of entry into force of this Agreement:

(a) the WIPO Copyright Treaty (1996); and

(b) the WIPO Performances and Phonograms Treaty (1996).

3. Each Party shall ratify or accede to the following agreements by January 1, 2006:

(a) the Patent Cooperation Treaty, as revised and amended (1970); and

(b) the Budapest Treaty on the International Recognition of the Deposit of Microorganisms for the Purposes of Patent Procedure (1980).

4. Each Party shall ratify or accede to the following agreements by January 1, 2008:

(a) the Convention Relating to the Distribution of Programme-Carrying Signals Transmitted by Satellite (1974); and

(b) the Trademark Law Treaty (1994).

5. (a) Each Party shall ratify or accede to the International Convention for the Protection of New Varieties of Plants (1991) (UPOV Convention 1991). (The Parties recognize that the UPOV Convention 1991 contains exceptions to the breeder's right, including for acts done privately and for non-commercial purposes, such as private and non-commercial acts of farmers. Further, the Parties recognize that the UPOV Convention 1991 provides for restrictions to the exercise of a breeder's right for reasons of public interest, provided that the Parties take all measures necessary to ensure that the breeder receives equitable remuneration. The Parties also understand that each Party may avail itself of these exceptions and restrictions. Finally, the Parties understand that there is no conflict between the UPOV Convention 1991 and a Party's ability to protect and conserve its genetic resources). Nicaragua shall do so by January 1, 2010. Costa Rica shall do so by June 1, 2007. All other Parties shall do so by January 1, 2006.

(b) Subparagraph (a) shall not apply to any Party that provides effective patent protection for plants by the date of entry into force of this Agreement. Such Parties shall make all reasonable efforts to ratify or accede to the UPOV Convention 1991.

6. Each Party shall make all reasonable efforts to ratify or accede to the following agreements:

(a) the Patent Law Treaty (2000);

(b) the Hague Agreement Concerning the International Registration of Industrial Designs (1999); and

(c) the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks (1989).

7. Further to Article 1.3 (Relation to Other Agreements), the Parties affirm their existing rights and obligations under the TRIPS Agreement and intellectual property agreements concluded or administered under the auspices of the World Intellectual Property Organization (WIPO) and to which they are party.

8. In respect of all categories of intellectual property covered in this Chapter, each Party shall accord to nationals (for purposes of Articles 15.1.8, 15.1.9, 15.4.2, and 15.7.1, a national of a Party shall also mean, in respect of the relevant right, an entity located in

that Party that would meet the criteria for eligibility for protection provided for in the agreements listed in Article 15.1.2 through 15.1.6 and the TRIPS Agreement) of the other Parties treatment no less favorable than it accords to its own nationals with regard to the protection (for purposes of this paragraph, “protection” shall include matters affecting the availability, acquisition, scope, maintenance, and enforcement of intellectual property rights as well as matters affecting the use of intellectual property rights specifically covered by this Chapter. Further, for purposes of this paragraph, “protection” shall also include the prohibition on circumvention of effective technological measures set out in Article 15.5.7 and the rights and obligations concerning rights management information set out in Article 15.5.8) and enjoyment of such intellectual property rights and any benefits derived from such rights.

9. A Party may derogate from paragraph 8 in relation to its judicial and administrative procedures, including any procedure requiring a national of another Party to designate for service of process an address in its territory or to appoint an agent in its territory, provided that such derogation:

(a) is necessary to secure compliance with laws and regulations that are not inconsistent with this Chapter; and

(b) is not applied in a manner that would constitute a disguised restriction on trade.

10. Paragraph 8 does not apply to procedures provided in multilateral agreements to which the Parties are party concluded under the auspices of WIPO in relation to the acquisition or maintenance of intellectual property rights.

11. Except as it provides otherwise, this Chapter gives rise to obligations in respect of all subject matter existing on the date of entry into force of this Agreement that is protected on that date in the Party where protection is claimed, or that meets or comes subsequently to meet the criteria for protection under this Chapter.

12. Except as otherwise provided in this Chapter, a Party shall not be required to restore protection to subject matter that on the date of entry into force of this Agreement has fallen into the public domain in the Party where the protection is claimed.

13. This Chapter does not give rise to obligations in respect of acts that occurred before the date of entry into force of this Agreement.

14. Each Party shall ensure that all laws, regulations, and procedures concerning the protection or enforcement of intellectual property rights shall be in writing and shall be published, (a Party may satisfy the requirement for publication by making the measure available to the public on the Internet) or where such publication is not practicable, made publicly available, in a national language in such a manner as to enable governments and right holders to become acquainted with them, with the object of making the protection and enforcement of intellectual property rights transparent.

15. Nothing in this Chapter shall be construed to prevent a Party from adopting measures necessary to prevent anticompetitive practices that may result from the abuse of the intellectual property rights set out in this Chapter, provided that such measures are consistent with this Chapter.

16. Recognizing the Parties’ commitment to trade capacity building as reflected in the establishment of the Committee on Trade Capacity Building under Article 19.4 (Committee on Trade Capacity Building) and the importance of trade capacity building activities, the Parties shall cooperate through that Committee in the following initial capacity-building priority activities, on mutually agreed terms and conditions, and subject to the availability of appropriated funds:

(a) educational and dissemination projects on the use of intellectual property as a

research and innovation tool, as well as on the enforcement of intellectual property rights;

(b) appropriate coordination, training, specialization courses, and exchange of information between the intellectual property offices and other institutions of the Parties; and

(c) enhancing the knowledge, development, and implementation of the electronic systems used for the management of intellectual property.

#### Article 15.2: Trademarks

1. Each Party shall provide that trademarks shall include collective, certification, and sound marks, and may include geographical indications and scent marks. A geographical indication is capable of constituting a mark to the extent that the geographical indication consists of any sign, or any combination of signs, capable of identifying a good or service as originating (for purposes of this Chapter, “originating” does not have the meaning ascribed to that term in Article 2.1 (Definitions of General Application)) in the territory of a Party, or a region or locality in that territory, where a given quality, reputation, or other characteristic of the good or service is essentially attributable to its geographical origin.

2. In view of the obligations of Article 20 of the TRIPS Agreement, each Party shall ensure that measures mandating the use of the term customary in common language as the common name for a good or service (“common name”) including, inter alia, requirements concerning the relative size, placement, or style of use of the trademark in relation to the common name, do not impair the use or effectiveness of trademarks used in relation to such goods.

3. Each Party shall provide that the owner of a registered trademark shall have the exclusive right to prevent all third parties not having the owner’s consent from using in the course of trade identical or similar signs, including geographical indications, for goods or services that are related to those goods or services in respect of which the owner’s trademark is registered, where such use would result in a likelihood of confusion. In case of the use of an identical sign, including a geographical indication, for identical goods or services, a likelihood of confusion shall be presumed.

4. Each Party may provide limited exceptions to the rights conferred by a trademark, such as fair use of descriptive terms, provided that such exceptions take account of the legitimate interest of the owner of the trademark and of third parties.

5. Article 6bis of the Paris Convention for the Protection of Industrial Property (1967) (Paris Convention) shall apply, mutatis mutandis, to goods or services that are not identical or similar to those identified by a well-known trademark, (in determining whether a trademark is well known, the reputation of the trademark need not extend beyond the sector of the public that normally deals with the relevant goods or services) whether registered or not, provided that use of that trademark in relation to those goods or services would indicate a connection between those goods or services and the owner of the trademark, and provided that the interests of the owner of the trademark are likely to be damaged by such use.

6. Each Party shall provide a system for the registration of trademarks, which shall include:

(a) providing to the applicant a communication in writing, which may be electronic, of the reasons for any refusal to register a trademark;

(b) an opportunity for the applicant to respond to communications from the trademark

authorities, to contest an initial refusal, and to appeal judicially a final refusal to register;  
(c) an opportunity for interested parties to petition to oppose a trademark application or to seek cancellation of a trademark after it has been registered; and  
(d) a requirement that decisions in opposition or cancellation proceedings be reasoned and in writing.

7. Each Party shall provide, to the maximum degree practical, a system for the electronic application, processing, registration, and maintenance of trademarks, and work to provide, to the maximum degree practical, a publicly available electronic database – including an on-line database – of trademark applications and registrations.

8. (a) Each Party shall provide that each registration or publication that concerns a trademark application or registration and that indicates goods or services shall indicate the goods or services by their common names, grouped according to the classes of the classification established by the Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks (1979), as revised and amended (Nice Classification).

(b) Each Party shall provide that goods or services may not be considered as being similar to each other solely on the ground that, in any registration or publication, they appear in the same class of the Nice Classification. Conversely, each Party shall provide that goods or services may not be considered as being dissimilar from each other solely on the ground that, in any registration or publication, they appear in different classes of the Nice Classification.

9. Each Party shall provide that initial registration and each renewal of registration of a trademark shall be for a term of no less than ten years.

10. No Party may require recordal of trademark licenses to establish the validity of the license, to assert any rights in a trademark, or for other purposes. (A Party may establish a means to allow licensees to record licenses for the purpose of providing notice to the public as to the existence of the license. However, no Party may make notice to the public a requirement for asserting any rights under the license).

### Article 15.3: Geographical Indications

#### Definition

1. For purposes of this Article, geographical indications are indications that identify a good as originating in the territory of a Party, or a region or locality in that territory, where a given quality, reputation, or other characteristic of the good is essentially attributable to its geographical origin. Any sign or combination of signs, in any form whatsoever, shall be eligible to be a geographical indication.

#### Procedures with Respect to Geographical Indications

2. Each Party shall provide the legal means to identify (for purposes of this paragraph, legal means to identify means a system that permits applicants to provide information on the quality, reputation, or other characteristics of the asserted geographical indication) and protect geographical indications of the other Parties that meet the criteria of paragraph 1. Each Party shall provide the means for persons of another Party to apply for protection or petition for recognition of geographical indications. Each Party shall accept applications and petitions from persons of another Party without the requirement for intercession by that Party on behalf of its persons.

3. Each Party shall process applications or petitions, as the case may be, for geographical indications with a minimum of formalities.

4. Each Party shall make its regulations governing filing of such applications or petitions,

as the case may be, readily available to the public.

5. Each Party shall ensure that applications or petitions, as the case may be, for geographical indications are published for opposition, and shall provide procedures for opposing geographical indications that are the subject of applications or petitions. Each Party shall also provide procedures to cancel any registration resulting from an application or a petition.

6. Each Party shall ensure that measures governing the filing of applications or petitions, as the case may be, for geographical indications set out clearly the procedures for these actions. Each Party shall make available contact information sufficient to allow (a) the general public to obtain guidance concerning the procedures for filing applications or petitions and the processing of those applications or petitions in general; and (b) applicants, petitioners, or their representatives to ascertain the status of, and to obtain procedural guidance concerning, specific applications and petitions.

#### Relationship between Trademarks and Geographical Indications

7. Each Party shall ensure that grounds for refusing protection or recognition of a geographical indication include the following:

(a) the geographical indication is likely to be confusingly similar to a trademark that is the subject of a good-faith pending application or registration; and

(b) the geographical indication is likely to be confusingly similar to a pre-existing trademark, the rights to which have been acquired in accordance with the Party's law.

(For purposes of this paragraph, the Parties understand that each Party has already established grounds for refusing protection of a trademark under its law, including that (a) the trademark is likely to be confusingly similar to a geographical indication that is the subject of a registration; and (b) the trademark is likely to be confusingly similar to a pre-existing geographical indication, the rights to which have been acquired in accordance with the Party's law).

#### Article 15.4: Domain Names on the Internet

1. In order to address trademark cyber-piracy, each Party shall require that the management of its country-code top-level domain (ccTLD) provides an appropriate procedure for the settlement of disputes based on the principles established in the Uniform Domain-Name Dispute- Resolution Policy.

2. Each Party shall require that the management of its ccTLD provides on-line public access to a reliable and accurate database of contact information for domain-name registrants. In determining the appropriate contact information, the management of a Party's ccTLD may give due regard to the Party's laws protecting the privacy of its nationals.

#### Article 15.5: Obligations Pertaining to Copyright and Related Rights

1. Each Party shall provide that authors, performers, and producers of phonograms (references in this Chapter to "authors, performers, and producers of phonograms" include any successors in interest) have the right (with respect to copyrights and related rights in this Chapter, a right to authorize or prohibit or a right to authorize means an exclusive right) to authorize or prohibit all reproductions of their works, performances, or phonograms, in any manner or form, permanent or temporary (including temporary storage in electronic form). (The Parties understand that the reproduction right as set out in this paragraph and in Article 9 of the Berne Convention for the Protection of Literary and Artistic Works (1971) (Berne Convention) and the exceptions permitted

under the Berne Convention and Article 15.5.10(a) fully apply in the digital environment, in particular to the use of works in digital form).

2. Each Party shall provide to authors, performers, and producers of phonograms the right to authorize the making available to the public of the original and copies of their works, performances, and phonograms (with respect to copyright and related rights in this Chapter, a “performance” refers to a performance fixed in a phonogram, unless otherwise specified) through sale or other transfer of ownership.

3. In order to ensure that no hierarchy is established between rights of authors, on the one hand, and rights of performers and producers of phonograms, on the other hand, each Party shall establish that in cases where authorization is needed from both the author of a work embodied in a phonogram and a performer or producer owning rights in the phonogram, the need for the authorization of the author does not cease to exist because the authorization of the performer or producer is also required. Likewise, each Party shall establish that in cases where authorization is needed from both the author of a work embodied in a phonogram and of a performer or producer owning rights in the phonogram, the need for the authorization of the performer or producer does not cease to exist because the authorization of the author is also required.

4. Each Party shall provide that, where the term of protection of a work (including a photographic work), performance, or phonogram is to be calculated:

(a) on the basis of the life of a natural person, the term shall be not less than the life of the author and 70 years after the author’s death; and

(b) on a basis other than the life of a natural person, the term shall be:

(i) not less than 70 years from the end of the calendar year of the first authorized publication of the work, performance, or phonogram, or

(ii) failing such authorized publication within 50 years from the creation of the work, performance, or phonogram, not less than 70 years from the end of the calendar year of the creation of the work, performance, or phonogram.

5. Each Party shall apply the provisions of Article 18 of the Berne Convention and Article 14.6 of the TRIPS Agreement, *mutatis mutandis*, to the subject matter, rights, and obligations provided for in this Article and Articles 15.6 and 15.7.

6. Each Party shall provide that for copyright and related rights:

(a) any person acquiring or holding any economic right in a work, performance, or phonogram may freely and separately transfer such right by contract; and

(b) any person acquiring or holding any such economic right by virtue of a contract, including contracts of employment underlying the creation of works and performances, and production of phonograms, shall be able to exercise such right in that person’s own name and enjoy fully the benefits derived from such right.

7. (a) In order to provide adequate legal protection and effective legal remedies against the circumvention of effective technological measures that authors, performers, and producers of phonograms use in connection with the exercise of their rights and that restrict unauthorized acts in respect of their works, performances, and phonograms, each Party shall provide that any person who:

(i) circumvents without authority any effective technological measure that controls access to a protected work, performance, phonogram, or other subject matter; or

(ii) manufactures, imports, distributes, offers to the public, provides, or otherwise traffics in devices, products, or components, or offers to the public or provides services, that:

(A) are promoted, advertised, or marketed for the purpose of circumvention of any

effective technological measure; or

(B) have only a limited commercially significant purpose or use other than to circumvent any effective technological measure; or

(C) are primarily designed, produced, or performed for the purpose of enabling or facilitating the circumvention of any effective technological measure, shall be liable and subject to the remedies provided for in Article 15.11.14. Each Party shall provide for criminal procedures and penalties to be applied when any person, other than a nonprofit library, archive, educational institution, or public non-commercial broadcasting entity, is found to have engaged willfully and for purposes of commercial advantage or private financial gain in any of the foregoing activities.

(b) In implementing subparagraph (a), no Party shall be obligated to require that the design of, or the design and selection of parts and components for, a consumer electronics, telecommunications, or computing product provide for a response to any particular technological measure, so long as the product does not otherwise violate any measures implementing subparagraph (a).

(c) Each Party shall provide that a violation of a measure implementing this paragraph is a separate civil cause of action or criminal offense, independent of any infringement that might occur under the Party's law on copyright and related rights.

(d) Each Party shall confine exceptions to any measures implementing the prohibition in subparagraph (a)(ii) on technology, products, services, or devices that circumvent effective technological measures that control access to, and, in the case of clause (i), that protect any of the exclusive rights of copyright or related rights in, a protected work, performance, or phonogram referred to in subparagraph (a)(ii), to the following activities, provided that they do not impair the adequacy of legal protection or the effectiveness of legal remedies against the circumvention of effective technological measures:

(i) noninfringing reverse engineering activities with regard to a lawfully obtained copy of a computer program, carried out in good faith with respect to particular elements of that computer program that have not been readily available to the person engaged in those activities, for the sole purpose of achieving interoperability of an independently created computer program with other programs;

(ii) noninfringing good faith activities, carried out by an appropriately qualified researcher who has lawfully obtained a copy, unfixed performance or display of a work, performance, or phonogram, and who has made a good faith effort to obtain authorization for such activities, to the extent necessary for the sole purpose of identifying and analyzing flaws and vulnerabilities of technologies for scrambling and descrambling of information;

(iii) the inclusion of a component or part for the sole purpose of preventing the access of minors to inappropriate on-line content in a technology, product, service, or device that itself is not prohibited under the measures implementing subparagraph (a)(ii); and

(iv) noninfringing good faith activities that are authorized by the owner of a computer, computer system, or computer network for the sole purpose of testing, investigating, or correcting the security of that computer, computer system, or computer network.

(e) Each Party shall confine exceptions to any measures implementing the prohibition referred to in subparagraph (a)(i) to the activities listed in subparagraph (d) and the following activities, provided that they do not impair the adequacy of legal protection or the effectiveness of legal remedies against the circumvention of effective technological measures:

(i) access by a nonprofit library, archive, or educational institution to a work, performance, or phonogram, not otherwise available to it, for the sole purpose of making acquisition decisions;

(ii) noninfringing activities for the sole purpose of identifying and disabling a capability to carry out undisclosed collection or dissemination of personally identifying information reflecting the on-line activities of a natural person in a way that has no other effect on the ability of any person to gain access to any work; and

(iii) noninfringing uses of a work, performance, or phonogram, in a particular class of works, performances, or phonograms, when an actual or likely adverse impact on those noninfringing uses is demonstrated in a legislative or administrative proceeding by substantial evidence; provided that in order for any such exception to remain in effect for more than four years, a Party must conduct a review before the expiration of the four-year period and at intervals of at least every four years thereafter, pursuant to which it is demonstrated in such a proceeding by substantial evidence that there is a continuing actual or likely adverse impact on the particular noninfringing use.

(f) Each Party may provide exceptions to any measures implementing the prohibitions referred to in subparagraph (a) for lawfully authorized activities carried out by government employees, agents, or contractors for law enforcement, intelligence, essential security, or similar governmental purposes.

(g) Effective technological measure means any technology, device, or component that, in the normal course of its operation, controls access to a protected work, performance, phonogram, or other protected subject matter, or protects any copyright or any rights related to copyright.

8. In order to provide adequate legal protection and effective legal remedies to protect rights management information:

(a) Each Party shall provide that any person who, without authority, and knowing, or, with respect to civil remedies, having reasonable grounds to know, that it would induce, enable, facilitate, or conceal an infringement of any copyright or related right,

(i) knowingly removes or alters any rights management information;

(ii) distributes or imports for distribution rights management information knowing that the rights management information has been removed or altered without authority; or

(iii) distributes, imports for distribution, broadcasts, communicates or makes available to the public copies of works, performances, or phonograms, knowing that rights management information has been removed or altered without authority, shall be liable and subject to the remedies provided for in Article 15.11.14. Each Party shall provide for criminal procedures and penalties to be applied when any person, other than a nonprofit library, archive, educational institution, or public non-commercial broadcasting entity, is found to have engaged willfully and for purposes of commercial advantage or private financial gain in any of the foregoing activities.

(b) Each Party shall confine exceptions to measures implementing subparagraph (a) to lawfully authorized activities carried out by government employees, agents, or contractors for law enforcement, intelligence, national defense, essential security, or similar governmental purposes.

(c) Rights management information means:

(i) information that identifies a work, performance, or phonogram, the author of the work, the performer of the performance, or the producer of the phonogram, or the owner of any right in the work, performance, or phonogram; or

(ii) information about the terms and conditions of the use of the work, performance, or

phonogram; or

(iii) any numbers or codes that represent such information, when any of these items is attached to a copy of the work, performance, or phonogram or appears in connection with the communication or making available of a work, performance, or phonogram to the public. Nothing in this paragraph shall obligate a Party to require the owner of any right in the work, performance, or phonogram to attach rights management information to copies of the work, performance, or phonogram, or to cause rights management information to appear in connection with a communication of the work, performance, or phonogram to the public.

9. In order to confirm that all agencies at the central level of government use computer software only as authorized, each Party shall issue appropriate laws, orders, regulations, or decrees to actively regulate the acquisition and management of software for such use. These measures may take the form of procedures such as preparing and maintaining inventories of software on agency computers and inventories of software licenses.

10. (a) With respect to Articles 15.5, 15.6, and 15.7, each Party shall confine limitations or exceptions to exclusive rights to certain special cases that do not conflict with a normal exploitation of the work, performance, or phonogram, and do not unreasonably prejudice the legitimate interests of the right holder.

(b) Notwithstanding subparagraph (a) and Article 15.7.3(b), no Party may permit the retransmission of television signals (whether terrestrial, cable, or satellite) on the Internet without the authorization of the right holder or right holders of the content of the signal and, if any, of the signal.

#### Article 15.6: Obligations Pertaining Specifically to Copyright

Without prejudice to Articles 11(1)(ii), 11bis(1)(i) and (ii), 11ter(1)(ii), 14(1)(ii), and 14bis(1) of the Berne Convention, each Party shall provide to authors the exclusive right to authorize or prohibit the communication to the public of their works, directly or indirectly, by wire or wireless means, including the making available to the public of their works in such a way that members of the public may access these works from a place and at a time individually chosen by them.

#### Article 15.7: Obligations Pertaining Specifically to Related Rights

1. Each Party shall accord the rights provided for in this Chapter with respect to performers and producers of phonograms to the performers and producers of phonograms who are nationals of another Party and to performances or phonograms first published or fixed in the territory of a Party. A performance or phonogram shall be considered first published in the territory of a Party in which it is published within 30 days of its original publication. (For purposes of this Article, fixation includes the finalization of the master tape or its equivalent).

2. Each Party shall provide to performers the right to authorize or prohibit:

(a) the broadcasting and communication to the public of their unfixed performances except where the performance is already a broadcast performance; and

(b) the fixation of their unfixed performances.

3. (a) Each Party shall provide to performers and producers of phonograms the right to authorize or prohibit the broadcasting or any communication to the public of their performances or phonograms, by wire or wireless means, including the making available to the public of those performances and phonograms in such a way that members of the

public may access them from a place and at a time individually chosen by them.

(b) Notwithstanding subparagraph (a) and Article 15.5.10, the application of this right to traditional free over-the-air noninteractive broadcasting, and exceptions or limitations to this right for such broadcasting, shall be a matter of domestic law.

(c) Each Party may adopt limitations to this right in respect of other noninteractive transmissions in accordance with Article 15.5.10, provided that the limitations do not prejudice the right of the performer or producer of phonograms to obtain equitable remuneration.

4. No Party may subject the enjoyment and exercise of the rights of performers and producers of phonograms provided for in this Chapter to any formality.

5. For purposes of this Article and Article 15.5, the following definitions apply with respect to performers and producers of phonograms:

(a) performers means actors, singers, musicians, dancers, and other persons who act, sing, deliver, declaim, play in, interpret, or otherwise perform literary or artistic works or expressions of folklore;

(b) phonogram means the fixation of the sounds of a performance or of other sounds, or of a representation of sounds, other than in the form of a fixation incorporated in a cinematographic or other audiovisual work;

(c) fixation means the embodiment of sounds, or of the representations thereof, from which they can be perceived, reproduced, or communicated through a device;

(d) producer of a phonogram means the person, or the legal entity, who or which takes the initiative and has the responsibility for the first fixation of the sounds of a performance or other sounds, or the representations of sounds;

(e) publication of a performance or a phonogram means the offering of copies of the fixed performance or the phonogram to the public, with the consent of the right holder, and provided that copies are offered to the public in reasonable quantity;

(f) broadcasting means the transmission by wireless means or satellite to the public of sounds or sounds and images, or of the representations thereof, including wireless transmission of encrypted signals where the means for decrypting are provided to the public by the broadcasting organization or with its consent; and

(g) communication to the public of a performance or a phonogram means the transmission to the public by any medium, otherwise than by broadcasting, of sounds of a performance or the sounds or the representations of sounds fixed in a phonogram. For purposes of paragraph 3, "communication to the public" includes making the sounds or representations of sounds fixed in a phonogram audible to the public.

#### Article 15.8: Protection of Encrypted Program-Carrying Satellite Signals

1. Each Party shall make it a criminal offense:

(a) to manufacture, assemble, modify, import, export, sell, lease, or otherwise distribute a tangible or intangible device or system, knowing or having reason to know that the device or system is primarily of assistance in decoding an encrypted program-carrying satellite signal without the authorization of the lawful distributor of such signal; and

(b) willfully to receive and further distribute a program-carrying signal that originated as an encrypted satellite signal knowing that it has been decoded without the authorization of the lawful distributor of the signal.

2. Each Party shall provide for civil remedies, including compensatory damages, for any person injured by any activity described in paragraph 1, including any person that holds an interest in the encrypted programming signal or its content.

#### Article 15.9: Patents

1. Each Party shall make patents available for any invention, whether a product or a process, in all fields of technology, provided that the invention is new, involves an inventive step, and is capable of industrial application. For purposes of this Article, a Party may treat the terms “inventive step” and “capable of industrial application” as being synonymous with the terms “non-obvious” and “useful,” respectively.
2. Nothing in this Chapter shall be construed to prevent a Party from excluding inventions from patentability as set out in Articles 27.2 and 27.3 of the TRIPS Agreement. Notwithstanding the foregoing, any Party that does not provide patent protection for plants by the date of entry into force of this Agreement shall undertake all reasonable efforts to make such patent protection available. Any Party that provides patent protection for plants or animals on or after the date of entry into force of this Agreement shall maintain such protection.
3. A Party may provide limited exceptions to the exclusive rights conferred by a patent, provided that such exceptions do not unreasonably conflict with a normal exploitation of the patent and do not unreasonably prejudice the legitimate interests of the patent owner, taking account of the legitimate interests of third parties.
4. Without prejudice to Article 5.A(3) of the Paris Convention, each Party shall provide that a patent may be revoked or cancelled only on grounds that would have justified a refusal to grant the patent. However, a Party may also provide that fraud, misrepresentation, or inequitable conduct may be the basis for revoking, canceling, or holding a patent unenforceable.
5. Consistent with paragraph 3, if a Party permits a third person to use the subject matter of a subsisting patent to generate information necessary to support an application for marketing approval of a pharmaceutical or agricultural chemical product, that Party shall provide that any product produced under such authority shall not be made, used, or sold in the territory of that Party other than for purposes related to generating information to meet requirements for approval to market the product once the patent expires, and if the Party permits exportation, the product shall only be exported outside the territory of that Party for purposes of meeting marketing approval requirements of that Party.
6. (a) Each Party, at the request of the patent owner, shall adjust the term of a patent to compensate for unreasonable delays that occur in granting the patent. For purposes of this paragraph, an unreasonable delay shall at least include a delay in the issuance of the patent of more than five years from the date of filing of the application in the territory of the Party, or three years after a request for examination of the application has been made, whichever is later, provided that periods attributable to actions of the patent applicant need not be included in the determination of such delays.  
(b) With respect to any pharmaceutical product that is covered by a patent, each Party shall make available a restoration of the patent term to compensate the patent owner for unreasonable curtailment of the effective patent term resulting from the marketing approval process related to the first commercial marketing of the product in that Party.
7. Each Party shall disregard information contained in public disclosures used to determine if an invention is novel or has an inventive step if the public disclosure (a) was made or authorized by, or derived from, the patent applicant, and (b) occurred within 12 months prior to the date of filing of the application in the territory of the Party.
8. Each Party shall provide patent applicants with at least one opportunity to submit

amendments, corrections, and observations in connection with their applications.

9. Each Party shall provide that a disclosure of a claimed invention shall be considered to be sufficiently clear and complete if it provides information that allows the invention to be made and used by a person skilled in the art, without undue experimentation, as of the filing date.

10. Each Party shall provide that a claimed invention is sufficiently supported by its disclosure if the disclosure reasonably conveys to a person skilled in the art that the applicant was in possession of the claimed invention as of the filing date.

11. Each Party shall provide that a claimed invention is industrially applicable if it has a specific, substantial, and credible utility.

#### Article 15.10: Measures Related to Certain Regulated Products

1. (a) If a Party requires, as a condition of approving the marketing of a new pharmaceutical or agricultural chemical product, the submission of undisclosed data concerning safety or efficacy, the Party shall not permit third persons, without the consent of the person who provided the information, to market a product on the basis of (1) the information, or (2) the approval granted to the person who submitted the information for at least five years for pharmaceutical products and ten years for agricultural chemical products from the date of approval in the Party. (Where a Party, on the date it implemented the TRIPS Agreement, had in place a system for protecting pharmaceutical or agricultural chemical products not involving new chemical entities from unfair commercial use that conferred a period of protection shorter than that specified in paragraph 1, that Party may retain such system notwithstanding the obligations of paragraph 1).

(b) If a Party permits, as a condition of approving the marketing of a new pharmaceutical or agricultural chemical product, third persons to submit evidence concerning the safety or efficacy of a product that was previously approved in another territory, such as evidence of prior marketing approval, the Party shall not permit third persons, without the consent of the person who previously obtained such approval in the other territory, to obtain authorization or to market a product on the basis of (1) evidence of prior marketing approval in the other territory, or

(2) information concerning safety or efficacy that was previously submitted to obtain marketing approval in the other territory, for at least five years for pharmaceutical products and ten years for agricultural chemical products from the date approval was granted in the Party's territory to the person who received approval in the other territory. In order to receive protection under this subparagraph, a Party may require that the person providing the information in the other territory seek approval in the territory of the Party within five years after obtaining marketing approval in the other territory.

(c) For purposes of this paragraph, a new product is one that does not contain a chemical entity that has been previously approved in the territory of the Party.

(d) For purposes of this paragraph, each Party shall protect such undisclosed information against disclosure except where necessary to protect the public, and no Party may consider information accessible within the public domain as undisclosed data.

Notwithstanding the foregoing, if any undisclosed information concerning safety and efficacy submitted to a Party, or an entity acting on behalf of a Party, for purposes of obtaining marketing approval is disclosed by such entity, the Party is still required to protect such information from unfair commercial use in the manner set forth in this

Article.

2. Where a Party permits, as a condition of approving the marketing of a pharmaceutical product, persons, other than the person originally submitting safety or efficacy information, to rely on evidence or information concerning the safety and efficacy of a product that was previously approved, such as evidence of prior marketing approval in the territory of a Party or in another country, that Party:

(a) shall implement measures in its marketing approval process to prevent such other persons from marketing a product covered by a patent claiming the previously approved product or its approved use during the term of that patent, unless by consent or acquiescence of the patent owner; and

(b) shall provide that the patent owner shall be informed of the request and the identity of any such other person who requests approval to enter the market during the term of a patent identified as claiming the approved product or its approved use.

#### Article 15.11: Enforcement of Intellectual Property Rights

##### General Obligations

1. Each Party understands that procedures and remedies required under this Article for enforcement of intellectual property rights are established in accordance with:

(a) the principles of due process that each Party recognizes; and

(b) the foundations of its own legal system.

2. This Article does not create any obligation:

(a) to put in place a judicial system for the enforcement of intellectual property rights distinct from that for the enforcement of law in general; or

(b) with respect to the distribution of resources for the enforcement of intellectual property rights and the enforcement of law in general.

The Parties understand that the decisions that a Party makes on the distribution of enforcement resources shall not excuse that Party from complying with this Chapter.

3. Each Party shall provide that final judicial decisions or administrative rulings of general applicability pertaining to the enforcement of intellectual property rights shall be in writing and shall state any relevant findings of fact and the reasoning or the legal basis on which the decisions and rulings are based. Each Party shall provide that such decisions or rulings shall be published, (a Party may satisfy the requirement for publication by making the document available to the public on the Internet) or where such publication is not practicable, otherwise made publicly available, in a national language in such a manner as to enable governments and right holders to become acquainted with them.

4. Each Party shall publicize information that it may collect on its efforts to provide effective enforcement of intellectual property rights in its civil, administrative, and criminal system, including any statistical information.

5. In civil, administrative, and criminal proceedings involving copyright or related rights, each Party shall provide that:

(a) the person whose name is indicated as the author, producer, performer, or publisher of the work, performance, or phonogram in the usual manner, shall, in the absence of proof to the contrary, be presumed to be the designated right holder in such work, performance, or phonogram; and

(b) it shall be presumed, in the absence of proof to the contrary, that the copyright or related right subsists in such subject matter.

Civil and Administrative Procedures and Remedies

6. Each Party shall make available to right holders (for the purpose of this Article, the term “right holder” shall include federations and associations as well as exclusive licensees and other duly authorized licensees, as appropriate, having the legal standing and authority to assert such rights. The term “licensee” shall include the licensee of any one or more of the exclusive intellectual property rights encompassed in a given intellectual property) civil judicial procedures concerning the enforcement of any intellectual property right.

7. Each Party shall provide that:

(a) in civil judicial proceedings concerning the enforcement of intellectual property rights, its judicial authorities shall have the authority to order the infringer to pay the right holder:

(i) damages adequate to compensate for the injury the right holder has suffered as a result of the infringement; and

(ii) at least in the case of copyright or related rights infringement and trademark counterfeiting, the profits of the infringer that are attributable to the infringement and are not taken into account in computing the amount of the damages referred to in clause (i); and

(b) in determining damages for infringement of intellectual property rights, its judicial authorities shall consider, inter alia, the value of the infringed-upon good or service based on the suggested retail price or other legitimate measure of value that the right holder presents.

8. In civil judicial proceedings, each Party shall, at least with respect to civil judicial proceedings concerning copyright or related rights infringement and trademark counterfeiting, establish or maintain pre-established damages as an alternative to actual damages. Such pre-established damages shall be set out in domestic law and determined by the judicial authorities in an amount sufficient to compensate the right holder for the harm caused by the infringement and constitute a deterrent to future infringements.

9. Each Party shall provide that its judicial authorities, except in exceptional circumstances, shall have the authority to order, at the conclusion of civil judicial proceedings concerning copyright or related rights infringement and trademark counterfeiting, that the prevailing party shall be awarded payment of court costs or fees and reasonable attorney’s fees by the losing party. Further, each Party shall provide that its judicial authorities, at least in exceptional circumstances, shall have the authority to order, at the conclusion of civil judicial proceedings concerning patent infringement, that the prevailing party be awarded payment of reasonable attorney’s fees by the losing party.

10. In civil judicial proceedings concerning copyright or related right infringement and trademark counterfeiting, each Party shall provide that its judicial authorities shall have the authority to order the seizure of suspected infringing goods, any related materials and implements, and, at least for trademark counterfeiting, documentary evidence relevant to the infringement.

11. Each Party shall provide that:

(a) its judicial authorities shall have the authority to order, at their discretion, the destruction of the goods that have been found to be pirated or counterfeit;

(b) its judicial authorities shall have the authority to order that materials and implements that have been used in the manufacture or creation of such pirated or counterfeit goods be, without compensation of any sort, promptly destroyed or, in

exceptional circumstances, without compensation of any sort, disposed of outside the channels of commerce in such a manner as to minimize the risks of further infringements. In considering requests for such destruction, the Party's judicial authorities may take into account, inter alia, the gravity of the infringement, as well as the interests of third parties holding ownership, possessory, contractual, or secured interests;

(c) the charitable donation of counterfeit trademark goods and goods that infringe copyright and related rights shall not be ordered by the judicial authorities without the authorization of the right holder, except that counterfeit trademark goods may in appropriate cases be donated to charity for use outside the channels of commerce when the removal of the trademark eliminates the infringing characteristic of the good and the good is no longer identifiable with the removed trademark. In no case shall the simple removal of the trademark unlawfully affixed be sufficient to permit the release of goods into the channels of commerce.

12. Each Party shall provide that in civil judicial proceedings concerning the enforcement of intellectual property rights, its judicial authorities shall have the authority to order the infringer to provide any information that the infringer possesses regarding any person involved in any aspect of the infringement and regarding the means of production or distribution channel for the infringing goods or services, including the identification of third persons that are involved in their production and distribution and their distribution channels, and to provide this information to the right holder. Each Party shall provide that its judicial authorities shall have the authority to impose sanctions, in appropriate cases, on a party to a proceeding that fails to abide by valid orders issued by such authorities.

13. To the extent that any civil remedy can be ordered as a result of administrative procedures on the merits of a case, each Party shall provide that such procedures conform to principles equivalent in substance to those provided for in this Chapter.

14. Each Party shall provide for civil remedies against the acts described in Article 15.5.7 and 15.5.8. Available civil remedies shall include at least:

(a) provisional measures, including seizure of devices and products suspected of being involved in the prohibited activity;

(b) actual damages (plus any profits attributable to the prohibited activity not taken into account in computing the actual damages) or pre-established damages as provided in paragraph 8;

(c) payment to the prevailing right holder, at the conclusion of civil judicial proceedings, of court costs and fees and reasonable attorney's fees by the party engaged in the prohibited conduct; and

(d) destruction of devices and products found to be involved in the prohibited activity, at the discretion of the judicial authorities, as provided in subparagraphs (a) and (b) of paragraph 11.

No Party may make damages available against a nonprofit library, archives, educational institution, or public broadcasting entity that sustains the burden of proving that it was not aware and had no reason to believe that its acts constituted a prohibited activity.

15. In civil judicial proceedings concerning the enforcement of intellectual property rights, each Party shall provide that its judicial authorities shall have the authority to order a party to desist from an infringement, inter alia, to prevent the entry into the channels of commerce in their jurisdiction of imported goods that involve the infringement of an intellectual property right, immediately after customs clearance of

such goods or to prevent their exportation.

16. In the event that a Party's judicial or other authorities appoint technical or other experts in civil proceedings concerning the enforcement of intellectual property rights and require that the parties bear the costs of such experts, the Party should seek to ensure that such costs are closely related, inter alia, to the quantity and nature of work to be performed and do not unreasonably deter recourse to such proceedings.

#### Provisional Measures

17. Each Party shall act on requests for relief *inaudita altera parte* and execute such requests expeditiously, in accordance with its rules of judicial procedure.

18. Each Party shall provide that its judicial authorities shall have the authority to require the plaintiff to provide any reasonably available evidence in order to satisfy themselves with a sufficient degree of certainty that the plaintiff's right is being infringed or that such infringement is imminent, and to order the plaintiff to provide a reasonable security or equivalent assurance set at a level sufficient to protect the defendant and to prevent abuse, and so as not to unreasonably deter recourse to such procedures.

19. In proceedings concerning the grant of provisional measures in relation to enforcement of a patent, each Party shall provide for a rebuttable presumption that the patent is valid.

#### Special Requirements Related to Border Measures

20. Each Party shall provide that any right holder initiating procedures for its competent authorities to suspend the release of suspected counterfeit or confusingly similar trademark goods, or pirated copyright goods (for purposes of paragraphs 20 through 25:

counterfeit trademark goods means any goods, including packaging, bearing without authorization a trademark which is identical to the trademark validly registered in respect of such goods, or which cannot be distinguished in its essential aspects from such a trademark, and which thereby infringes the rights of the owner of the trademark in question under the law of the country of importation; and

pirated copyright goods means any goods which are copies made without the consent of the right holder or person duly authorized by the right holder in the country of production and which are made directly or indirectly from an article where the making of that copy would have constituted an infringement of a copyright or a related right under the law of the country of importation) into free circulation is required to provide adequate evidence to satisfy the competent authorities that, under the laws of the country of importation, there is *prima facie* an infringement of the right holder's intellectual property right and to supply sufficient information that may reasonably be expected to be within the right holder's knowledge to make the suspected goods reasonably recognizable by the competent authorities. The requirement to provide sufficient information shall not unreasonably deter recourse to these procedures.

21. Each Party shall provide that its competent authorities shall have the authority to require a right holder initiating procedures for suspension to provide a reasonable security or equivalent assurance sufficient to protect the defendant and the competent authorities and to prevent abuse. Such security or equivalent assurance shall not unreasonably deter recourse to these procedures. Each Party shall provide that such security may take a form of an instrument issued by a financial services provider to hold the importer or owner of the imported merchandise harmless from any loss or damage resulting from any suspension of the release of goods in the event the competent authorities determine that the article is not an infringing good.

22. Where its competent authorities have made a determination that goods are counterfeit or pirated, a Party shall grant its competent authorities the authority to inform the right holder of the names and addresses of the consignor, the importer, and the consignee, and of the quantity of the goods in question.

23. Each Party shall provide that its competent authorities may initiate border measures ex officio, with respect to imported, exported, or in-transit merchandise suspected of infringing an intellectual property right, without the need for a formal complaint from a private party or right holder.

24. Each Party shall provide that goods that have been determined to be pirated or counterfeit by its competent authorities shall be destroyed, pursuant as appropriate to judicial order, unless the right holder consents to an alternate disposition, except that counterfeit trademark goods may in appropriate cases be donated to charity for use outside the channels of commerce, when the removal of the trademark eliminates the infringing characteristic of the good and the good is no longer identifiable with the removed trademark. In regard to counterfeit trademark goods, the simple removal of the trademark unlawfully affixed shall not be sufficient to permit the release of the goods into the channels of commerce. In no event shall the competent authorities be authorized to permit the exportation of counterfeit or pirated goods or to permit such goods to be subject to other customs procedures, except in exceptional circumstances.

25. Each Party shall provide that where an application fee or merchandise storage fee is assessed in connection with border measures to enforce an intellectual property right, the fee shall not be set at an amount that unreasonably deters recourse to such measures.

#### Criminal Procedures and Remedies

26. (a) Each Party shall provide for criminal procedures and penalties to be applied at least in cases of willful trademark counterfeiting or copyright or related rights piracy on a commercial scale. Willful copyright or related rights piracy on a commercial scale includes significant willful infringements of copyright or related rights, for purposes of commercial advantage or private financial gain, as well as willful infringements that have no direct or indirect motivation of financial gain, provided that there is more than a de minimis financial harm. Each Party shall treat willful importation or exportation of counterfeit or pirated goods as unlawful activities and provide for criminal penalties to the same extent as the trafficking or distribution of such goods in domestic commerce. (A Party may comply with this subparagraph in relation to exportation through its measures concerning distribution or trafficking).

(b) Specifically, each Party shall provide:

- (i) remedies that include sentences of imprisonment or monetary fines, or both, sufficient to provide a deterrent to future acts of infringement. Each Party shall establish policies or guidelines that encourage penalties to be imposed by judicial authorities at levels sufficient to provide a deterrent to future infringements;
- (ii) that its judicial authorities shall have the authority to order the seizure of suspected counterfeit or pirated goods, any related materials and implements that have been used in the commission of the offense, any assets traceable to the infringing activity, and any documentary evidence relevant to the offense. Each Party shall provide that items that are subject to seizure pursuant to any such judicial order need not be individually identified so long as they fall within general categories specified in the order;
- (iii) that its judicial authorities shall have the authority to order, among other measures, (1) the forfeiture of any assets traceable to the infringing activity, (2) the forfeiture and

destruction of all counterfeit or pirated goods, without compensation of any kind to the defendant, in order to prevent the re-entry of counterfeit and pirated goods into channels of commerce, and (3) with respect to willful copyright or related rights piracy, the forfeiture and destruction of materials and implements that have been used in the creation of the infringing goods; and

(iv) that its authorities may, at least in cases of suspected trademark counterfeiting or copyright piracy, conduct investigations or exercise other enforcement measures ex officio, without the need for a formal complaint by a private party or right holder, at least for the purpose of preserving evidence or preventing the continuation of the infringing activity.

#### Limitations on Liability for Service Providers

27. For the purpose of providing enforcement procedures that permit effective action against any act of infringement of copyright (for purposes of this paragraph, "copyright" shall also include related rights) covered under this Chapter, including expeditious remedies to prevent infringements, and criminal and civil remedies that constitute a deterrent to further infringements, each Party shall provide, consistent with the framework set out in this Article:

(a) legal incentives for service providers to cooperate with copyright owners in deterring the unauthorized storage and transmission of copyrighted materials; and  
(b) limitations in its law regarding the scope of remedies available against service providers for copyright infringements that they do not control, initiate or direct, and that take place through systems or networks controlled or operated by them or on their behalf, as set out in this subparagraph. (The Parties understand that this subparagraph is without prejudice to the availability of defenses to copyright infringement that are of general applicability).

(i) These limitations shall preclude monetary relief and provide reasonable restrictions on court-ordered relief to compel or restrain certain actions for the following functions and shall be confined to those functions:

(A) transmitting, routing, or providing connections for material without modification of its content, or the intermediate and transient storage of such material in the course thereof;

(B) caching carried out through an automatic process;

(C) storage at the direction of a user of material residing on a system or network controlled or operated by or for the service provider; and

(D) referring or linking users to an on-line location by using information location tools, including hyperlinks and directories.

(ii) These limitations shall apply only where the service provider does not initiate the chain of transmission of the material and does not select the material or its recipients (except to the extent that a function described in clause (i)(D) in itself entails some form of selection).

(iii) Qualification by a service provider for the limitations as to each function in clauses (i)(A) through (D) shall be considered separately from qualification for the limitations as to each other function, in accordance with the conditions for qualification set forth in clauses (iv) through (vii).

(iv) With respect to the function referred to in clause (i)(B), the limitations shall be conditioned on the service provider:

(A) permitting access to cached material in significant part only to users of its system or network who have met conditions on user access to that material;

(B) complying with rules concerning the refreshing, reloading, or other updating of the cached material when specified by the person making the material available on-line in accordance with a generally accepted industry standard data communications protocol for the system or network through which that person makes the material available;

(C) not interfering with technology consistent with industry standards accepted in the Party's territory used at the originating site to obtain information about the use of the material, and not modifying its content in transmission to subsequent users; and

(D) expeditiously removing or disabling access, on receipt of an effective notification of claimed infringement, to cached material that has been removed or access to which has been disabled at the originating site.

(v) With respect to functions referred to in clauses (i)(C) and (D), the limitations shall be conditioned on the service provider:

(A) not receiving a financial benefit directly attributable to the infringing activity, in circumstances where it has the right and ability to control such activity;

(B) expeditiously removing or disabling access to the material residing on its system or network on obtaining actual knowledge of the infringement or becoming aware of facts or circumstances from which the infringement was apparent, such as through effective notifications of claimed infringement in accordance with clause (ix); and

(C) publicly designating a representative to receive such notifications.

(vi) Eligibility for the limitations in this subparagraph shall be conditioned on the service provider:

(A) adopting and reasonably implementing a policy that provides for termination in appropriate circumstances of the accounts of repeat infringers; and

(B) accommodating and not interfering with standard technical measures accepted in the Party's territory that protect and identify copyrighted material, that are developed through an open, voluntary process by a broad consensus of copyright owners and service providers, that are available on reasonable and nondiscriminatory terms, and that do not impose substantial costs on service providers or substantial burdens on their systems or networks.

(vii) Eligibility for the limitations in this subparagraph may not be conditioned on the service provider monitoring its service, or affirmatively seeking facts indicating infringing activity, except to the extent consistent with such technical measures.

(viii) If the service provider qualifies for the limitations with respect to the function referred to in clause (i)(A), court-ordered relief to compel or restrain certain actions shall be limited to terminating specified accounts, or to taking reasonable steps to block access to a specific, non-domestic on-line location. If the service provider qualifies for the limitations with respect to any other function in clause (i), court-ordered relief to compel or restrain certain actions shall be limited to removing or disabling access to the infringing material, terminating specified accounts, and other remedies that a court may find necessary provided that such other remedies are the least burdensome to the service provider among comparably effective forms of relief. Each Party shall provide that any such relief shall be issued with due regard for the relative burden to the service provider and harm to the copyright owner, the technical feasibility and effectiveness of the remedy and whether less burdensome, comparably effective enforcement methods are available. Except for orders ensuring the preservation of evidence, or other orders having no material adverse effect on the operation of the service provider's communications network, each Party shall provide that such relief shall be available only where the service provider has received notice and an opportunity to appear before the

Party's judicial authority.

(ix) For purposes of the notice and take down process for the functions referred to in clauses (i)(C) and (D), each Party shall establish appropriate procedures for effective notifications of claimed infringement, and effective counter-notifications by those whose material is removed or disabled through mistake or misidentification. At a minimum, each Party shall require that an effective notification of claimed infringement be a written communication, physically or electronically signed by a person who represents, under penalty of perjury or other criminal penalty, that he is an authorized representative of a right holder in the material that is claimed to have been infringed, and containing information that is reasonably sufficient to enable the service provider to identify and locate material that the complaining party claims in good faith to be infringing and to contact that complaining party. At a minimum, each Party shall require that an effective counter-notification contain the same information, mutatis mutandis, as a notification of claimed infringement, and contain a statement that the subscriber making the counter-notification consents to the jurisdiction of the courts of the Party. Each Party shall also provide for monetary remedies against any person who makes a knowing material misrepresentation in a notification or counter-notification that causes injury to any interested party as a result of a service provider relying on the misrepresentation.

(x) If the service provider removes or disables access to material in good faith based on claimed or apparent infringement, each Party shall provide that the service provider shall be exempted from liability for any resulting claims, provided that, in the case of material residing on its system or network, it takes reasonable steps promptly to notify the person making the material available on its system or network that it has done so and, if such person makes an effective counter-notification and is subject to jurisdiction in an infringement suit, to restore the material on-line unless the person giving the original effective notification seeks judicial relief within a reasonable time.

(xi) Each Party shall establish an administrative or judicial procedure enabling copyright owners who have given effective notification of claimed infringement to obtain expeditiously from a service provider information in its possession identifying the alleged infringer.

(xii) Service provider means:

(A) for purposes of the function referred to in clause (i)(A), a provider of transmission, routing, or connections for digital on-line communications without modification of their content between or among points specified by the user of material of the user's choosing; and

(B) for purposes of the functions referred to in clause (i)(B) through (D), a provider or operator of facilities for on-line services or network access.

Additional Procedures and Remedies

28. Annex 15.11 applies between the Dominican Republic and the United States.

Article 15.12: Final Provisions

1. Except as otherwise provided in paragraph 2 and Article 15.1, each Party shall give effect to this Chapter on the date of entry into force of this Agreement.

2. As specified below, a Party may delay giving effect to certain provisions of this Chapter for no longer than the periods in this paragraph, beginning on the date of entry into force of the Agreement:

(a) in the case of Costa Rica:

- (i) with respect to Articles 15.4.1 and 15.9.6, one year;
- (ii) with respect to Article 15.8.1(b), 18 months;
- (iii) with respect to Articles 15.3.7 and 15.5.8(a)(ii), two years;
- (iv) with respect to Article 15.11.27, 30 months; and
- (v) with respect to Articles 15.5.7(a)(ii), 15.5.7(e), 15.5.7(f), 15.11.8, and 15.11.14, three years;
- (b) in the case of the Dominican Republic:
  - (i) with respect to Article 15.5.4, six months;
  - (ii) with respect to Articles 15.5.9 and 15.9.6, one year;
  - (iii) with respect to Article 15.2.1, 18 months;
  - (iv) with respect to Articles 15.3.7, and 15.11.27, two years; and
  - (v) with respect to Article 15.5.7(a)(ii), 15.5.7(e), and 15.5.7(f), three years.
- (c) in the case of El Salvador:
  - (d) (i) with respect to Article 15.11.27, one year;
  - (ii) with respect to Article 15.8.1(b), 18 months;
  - (iii) with respect to Article 15.11.23, two years;
  - (iv) with respect to Article 15.5.8(a)(ii), 30 months; and
  - (v) with respect to Articles 15.5.7(a)(ii), 15.5.7(e), 15.5.7(f), 15.11.8, and 15.11.14, three years;
- (d) in the case of Guatemala:
  - (i) with respect to Article 15.5.4, six months;
  - (ii) with respect to Articles 15.5.9 and 15.9.6, one year;
  - (iii) with respect to Article 15.8, 18 months;
  - (iv) with respect to Articles 15.2.1, 15.3.7, 15.4, 15.5.8(a)(ii), 15.11.20, 15.11.21, 15.11.22, and 15.11.25, two years;
  - (v) with respect to Article 15.11.27, 30 months;
  - (vi) with respect to Articles 15.5.7(a)(ii), 15.5.7(e), 15.5.7(f), 15.11.8, 15.11.14, and 15.11.24, three years; and
  - (vii) with respect to Article 15.11.23, four years;
- (e) in the case of Honduras:
  - (i) with respect to Articles 15.5.9 and 15.9.6, one year;
  - (ii) with respect to Article 15.8, 18 months;
  - (iii) with respect to Articles 15.2.1, 15.3.7, 15.4, 15.5.8(a)(ii), 15.11.20, 15.11.21, 15.11.22, and 15.11.25, two years;
  - (iv) with respect to Article 15.11.27, 30 months;
  - (v) with respect to Articles 15.5.7(a)(ii), 15.5.7(e), 15.5.7(f), 15.11.8, 15.11.14, and 15.11.24, three years; and
  - (vi) with respect to Article 15.11.23, four years; and
- (f) in the case of Nicaragua:
  - (i) with respect to Articles 15.5.9 and 15.9.6, one year;
  - (ii) with respect to Article 15.8.1(b), 18 months;
  - (iii) with respect to Articles 15.3.7, 15.4, 15.5.8(a)(ii), 15.11.20, 15.11.21, 15.11.22, and 15.11.25, two years;
  - (iv) with respect to Articles 15.5.7(a)(ii), 15.5.7(e), 15.5.7(f), 15.11.8, 15.11.14, 15.11.24, and 15.11.27, three years; and
  - (v) with respect to Article 15.11.23, four years.

## Procedures and Remedies Concerning Broadcast or Cable Transmissions or Retransmissions in the Dominican Republic

1. The Dominican Republic reaffirms its commitments under Chapter 15 to the application of administrative, civil, and criminal procedures and remedies in the case of broadcast or cable transmissions or retransmissions that are made without the authorization of the right holder or right holders of the content of the signal and, if any, of the signal.

2. The Dominican Republic shall provide that procedures and remedies are set out in its law for the temporary suspension of concessions or operating licenses, or both, for broadcast or cable transmissions or retransmissions in cases where the Oficina Nacional de Derecho de Autor (ONDA) or its other competent authorities determine that transmissions or retransmissions that are the subject of the concession or operating license have been made without the permission of the right holder or right holders of the content of the signal and, if any, of the signal. Such procedures shall conform to the requirements of Article 15.11 applicable to administrative enforcement, and shall include:

(a) an opportunity for right holders to make written requests to ONDA or other competent authorities for the temporary or permanent closure of establishments transmitting the unauthorized broadcast or cable transmissions (pursuant to Article 187 of the Ley sobre Derecho de Autor, No. 65-00, August 21, 2000, as implemented by Articles 116.4 and 116.5 of the Reglamento de Aplicación, No. 362-01, March 14, 2001), and for other sanctions available under its law, and to submit evidence in support of such requests;

(b) a requirement that holders of such concessions or operating licenses cooperate with ONDA or other competent authorities so that investigations and inspections concerning such a request can take place without delay, including by providing access to all documents relating to the transmissions or retransmissions; and

(c) a requirement that an administrative decision concerning such a request be rendered expeditiously and not later than 60 days after the date of the request. Such decisions shall be in writing and shall state the reasons on which they are based. Any closure shall become effective immediately following a decision requiring such closure. Temporary closure shall continue in effect for up to 30 days. Failure to cease transmission or retransmission following closure shall be considered a violation classified under Article 105(d) of the Ley General de Telecomunicaciones, No. 153-98, May 27, 1998, and shall be subject to all available sanctions authorized by that law.

The Dominican Republic shall further provide that ONDA or other competent authorities may initiate procedures for the temporary or permanent closure of establishments transmitting the unauthorized broadcast or cable transmissions and other sanctions available under national law ex officio, without the need for a written request from a private party or right holder.

3. The Dominican Republic shall provide that ONDA and its other competent authorities shall have sufficient resources to carry out the actions described in paragraph 2, and hereby reaffirms its obligations under Article 15.11.2(b).

4. INDOTEL shall exercise the powers conferred on it by the Ley General de Telecomunicaciones No. 153-98 to address copyright infringement in appropriate cases, consistent with the INDOTEL Resolution of January 30, 2004, sanctioning holders of cable transmission service authorizations who transmitted signals containing protected works or retransmitted signals issued by the entity originating the transmission without

authorization. If the level of sanctions imposed in the INDOTEL Resolution of January 30, 2004 is not effective in eliminating the problem, then INDOTEL shall increase sanctions to an effective level.

5. The Dominican Republic shall provide quarterly reporting of progress made in all judicial actions concerning television broadcasting piracy consistent with the understanding set out in an exchange of letters between the Dominican Republic and the United States on the date of signature of this Agreement.

## Chapter Sixteen

### Labor

#### Article 16.1: Statement of Shared Commitment

1. The Parties reaffirm their obligations as members of the International Labor Organization (ILO) and their commitments under the ILO Declaration on Fundamental Principles and Rights at Work and its Follow-Up (1998) (ILO Declaration). (The Parties recall that paragraph 5 of the ILO Declaration states that labor standards should not be used for protectionist trade purposes) Each Party shall strive to ensure that such labor principles and the internationally recognized labor rights set forth in Article 16.8 are recognized and protected by its law.
2. The Parties affirm their full respect for their Constitutions. Recognizing the right of each Party to establish its own domestic labor standards, and to adopt or modify accordingly its labor laws, each Party shall strive to ensure that its laws provide for labor standards consistent with the internationally recognized labor rights set forth in Article 16.8 and shall strive to improve those standards in that light.

#### Article 16.2: Enforcement of Labor Laws

1. (a) A Party shall not fail to effectively enforce its labor laws, through a sustained or recurring course of action or inaction, in a manner affecting trade between the Parties, after the date of entry into force of this Agreement.  
(b) Each Party retains the right to exercise discretion with respect to investigatory, prosecutorial, regulatory, and compliance matters and to make decisions regarding the allocation of resources to enforcement with respect to other labor matters determined to have higher priorities. Accordingly, the Parties understand that a Party is in compliance with subparagraph (a) where a course of action or inaction reflects a reasonable exercise of such discretion, or results from a bona fide decision regarding the allocation of resources.
2. The Parties recognize that it is inappropriate to encourage trade or investment by weakening or reducing the protections afforded in domestic labor laws. Accordingly, each Party shall strive to ensure that it does not waive or otherwise derogate from, or offer to waive or otherwise derogate from, such laws in a manner that weakens or reduces adherence to the internationally recognized labor rights referred to in Article 16.8 as an encouragement for trade with another Party, or as an encouragement for the establishment, acquisition, expansion, or retention of an investment in its territory.
3. Nothing in this Chapter shall be construed to empower a Party's authorities to undertake labor law enforcement activities in the territory of another Party.

#### Article 16.3: Procedural Guarantees and Public Awareness

1. Each Party shall ensure that persons with a legally recognized interest under its law in a particular matter have appropriate access to tribunals for the enforcement of the Party's labor laws. Such tribunals may include administrative, quasi-judicial, judicial, or labor tribunals, as provided in the Party's domestic law.
2. Each Party shall ensure that proceedings before such tribunals for the enforcement of its labor laws are fair, equitable, and transparent and, to this end, each Party shall ensure that:
  - (a) such proceedings comply with due process of law;
  - (b) any hearings in such proceedings are open to the public, except where the administration of justice otherwise requires;

(c) the parties to such proceedings are entitled to support or defend their respective positions, including by presenting information or evidence; and  
(d) such proceedings do not entail unreasonable charges or time limits or unwarranted delays.

3. Each Party shall provide that final decisions on the merits of the case in such proceedings are:

(a) in writing and state the reasons on which the decisions are based;  
(b) made available without undue delay to the parties to the proceedings and, consistent with its law, to the public; and  
(c) based on information or evidence in respect of which the parties were offered the opportunity to be heard.

4. Each Party shall provide, as appropriate, that parties to such proceedings have the right to seek review and, where warranted, correction of final decisions issued in such proceedings.

5. Each Party shall ensure that tribunals that conduct or review such proceedings are impartial and independent and do not have any substantial interest in the outcome of the matter.

6. Each Party shall provide that the parties to such proceedings may seek remedies to ensure the enforcement of their rights under its labor laws. Such remedies may include measures such as orders, fines, penalties, or temporary workplace closures, as provided in the Party's laws.

7. Each Party shall promote public awareness of its labor laws, including by:

(a) ensuring the availability of public information related to its labor laws and enforcement and compliance procedures; and  
(b) encouraging education of the public regarding its labor laws.

8. For greater certainty, decisions or pending decisions by each Party's administrative, quasi-judicial, judicial, or labor tribunals, as well as related proceedings, shall not be subject to revision or be reopened under the provisions of this Chapter.

#### Article 16.4: Institutional Arrangements

1. The Parties hereby establish a Labor Affairs Council, comprising cabinet-level or equivalent representatives of the Parties, or their designees.

2. The Council shall meet within the first year after the date of entry into force of this Agreement and thereafter as often as it considers necessary to oversee the implementation of and review progress under this Chapter, including the activities of the Labor Cooperation and Capacity Building Mechanism established under Article 16.5, and to pursue the labor objectives of this Agreement. Unless the Parties otherwise agree, each meeting of the Council shall include a session at which members of the Council have an opportunity to meet with the public to discuss matters relating to the implementation of this Chapter.

3. Each Party shall designate an office within its labor ministry that shall serve as a contact point with the other Parties, and with the public, for purposes of carrying out the work of the Council, including coordination of the Labor Cooperation and Capacity Building Mechanism. Each Party's contact point shall provide for the submission, receipt, and consideration of communications from persons of a Party on matters related to the provisions of this Chapter, and shall make such communications available to the other Parties and, as appropriate, to the public. Each Party shall review such communications, as appropriate, in accordance with domestic procedures. The Council shall develop

general guidelines for considering such communications.

4. Each Party may convene a new, or consult an existing, national labor advisory or consultative committee, comprising members of its public, including representatives of its labor and business organizations, to provide views on any issues related to this Chapter.

5. All decisions of the Council shall be taken by consensus. All decisions of the Council shall be made public, unless otherwise provided in this Agreement, or unless the Council otherwise decides.

6. The Council may prepare reports on matters related to the implementation of this Chapter, and shall make such reports public.

#### Article 16.5: Labor Cooperation and Capacity Building Mechanism

1. Recognizing that cooperation on labor issues can play an important role in advancing development in the territory of the Parties and in providing opportunities to improve labor standards, and to further advance common commitments regarding labor matters, including the principles embodied in the ILO Declaration and ILO Convention No. 182 Concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour (1999) (ILO Convention 182), the Parties hereby establish a Labor Cooperation and Capacity Building Mechanism, as set out in Annex 16.5. The Mechanism shall operate in a manner that respects each Party's law and sovereignty.

2. While endeavoring to strengthen each Party's institutional capacity to fulfill the common goals of the Agreement, the Parties shall strive to ensure that the objectives of the Labor Cooperation and Capacity Building Mechanism, and the activities undertaken through that Mechanism:

(a) are consistent with each Party's national programs, development strategies, and priorities;

(b) provide opportunities for public participation in the development and implementation of such objectives and activities; and

(c) take into account each Party's economy, culture, and legal system.

#### Article 16.6: Cooperative Labor Consultations

1. A Party may request consultations with another Party regarding any matter arising under this Chapter by delivering a written request to the contact point that the other Party has designated under Article 16.4.3.

2. The consultations shall begin promptly after delivery of the request. The request shall contain information that is specific and sufficient to enable the Party receiving the request to respond.

3. The consulting Parties shall make every attempt to arrive at a mutually satisfactory resolution of the matter, taking into account opportunities for cooperation relating to the matter, and may seek advice or assistance from any person or body they deem appropriate in order to fully examine the matter at issue.

4. If the consulting Parties fail to resolve the matter pursuant to paragraph 3, a consulting Party may request that the Council be convened to consider the matter by delivering a written request to the contact point of each of the other Parties. (For purposes of paragraphs 4, 5, and 6, the Council shall consist of the cabinet-level representatives of the consulting Parties or their high-level designees).

5. The Council shall promptly convene and shall endeavor to resolve the matter, including, where appropriate, by consulting outside experts and having recourse to such

procedures as good offices, conciliation, or mediation.

6. If the matter concerns whether a Party is conforming to its obligations under Article 16.2.1(a), and the consulting Parties have failed to resolve the matter within 60 days of a request under paragraph 1, the complaining Party may request consultations under Article 20.4 (Consultations) or a meeting of the Commission under Article 20.5 (Commission – Good Offices, Conciliation, and Mediation) and, as provided in Chapter Twenty (Dispute Settlement), thereafter have recourse to the other provisions of that Chapter. The Council may, as appropriate, provide information to the Commission on consultations held on the matter.

7. No Party may have recourse to dispute settlement under this Agreement for any matter arising under any provision of this Chapter other than Article 16.2.1(a).

8. No Party may have recourse to dispute settlement under this Agreement for a matter arising under Article 16.2.1(a) without first pursuing resolution of the matter in accordance with this Article.

9. In cases where the consulting Parties agree that a matter arising under this Chapter would be more appropriately addressed under another agreement to which the consulting Parties are party, they shall refer the matter for appropriate action in accordance with that agreement.

#### Article 16.7: Labor Roster

1. The Parties shall establish within six months after the date of entry into force of this Agreement and maintain a roster of up to 28 individuals who are willing and able to serve as panelists in disputes arising under Article 16.2.1(a). Unless the Parties otherwise agree, up to three members of the roster shall be nationals of each Party, and up to seven members of the roster shall be selected from among individuals who are not nationals of any Party. Labor roster members shall be appointed by consensus, and may be reappointed. Once established, a roster shall remain in effect for a minimum of three years, and shall remain in effect thereafter until the Parties constitute a new roster. The Parties may appoint a replacement where a roster member is no longer available to serve.

2. Labor roster members shall:

- (a) have expertise or experience in labor law or its enforcement, international trade, or the resolution of disputes arising under international agreements;
- (b) be chosen strictly on the basis of objectivity, reliability, and sound judgment;
- (c) be independent of, and not affiliated with or take instructions from, any Party; and
- (d) comply with a code of conduct to be established by the Commission.

3. Where a Party claims that a dispute arises under Article 16.2.1(a), Article 20.9 (Panel Selection) shall apply, except that the panel shall be composed entirely of panelists meeting the qualifications in paragraph 2.

#### Article 16.8: Definitions

For purposes of this Chapter:

labor laws means a Party's statutes or regulations, or provisions thereof, that are directly related to the following internationally recognized labor rights:

- (a) the right of association;
- (b) the right to organize and bargain collectively;
- (c) a prohibition on the use of any form of forced or compulsory labor;
- (d) a minimum age for the employment of children and the prohibition and elimination of

the worst forms of child labor; and

(e) acceptable conditions of work with respect to minimum wages, hours of work, and occupational safety and health. For greater certainty, the setting of standards and levels in respect of minimum wages by each Party shall not be subject to obligations under this Chapter. Each Party's obligations under this Chapter pertain to enforcing the level of the general minimum wage established by that Party.

statutes or regulations means:

(a) for Costa Rica, the Dominican Republic, El Salvador, Guatemala, Honduras, and Nicaragua, laws of its legislative body or regulations promulgated pursuant to an act of its legislative body that are enforceable by action of the executive body; and

(b) for the United States, acts of Congress or regulations promulgated pursuant to an act of Congress that are enforceable by action of the federal government.

## Annex 16.5

### Labor Cooperation and Capacity Building Mechanism

#### Organization and Principal Functions

1. The Labor Affairs Council working through each Party's contact point shall coordinate the activities of the Labor Cooperation and Capacity Building Mechanism. The contact points shall meet within six months after the date of entry into force of this Agreement and thereafter as often as they consider necessary.

2. The contact points, together with representatives of other appropriate agencies and ministries, shall cooperate to:

(a) establish priorities, with particular emphasis on those subjects identified in paragraph 3 of this Annex, for cooperation and capacity building activities on labor issues;

(b) develop specific cooperative and capacity building activities in accordance with such priorities;

(c) exchange information regarding each Party's labor laws and practices, including best practices, as well as ways to strengthen them; and

(d) seek support, as appropriate, from international organizations such as the International Labor Organization, the Inter-American Development Bank, the World Bank, and the Organization of American States, to advance common commitments regarding labor matters.

#### Cooperation and Capacity Building Priorities

3. The Mechanism may initiate bilateral or regional cooperative activities on labor issues, which may include, but need not be limited to:

(a) fundamental rights and their effective application: legislation and practice related to the core elements of the ILO Declaration (freedom of association and the effective recognition of the right to collective bargaining, elimination of all forms of forced or compulsory labor, the effective abolition of child labor, and the elimination of discrimination in respect of employment and occupation);

(b) worst forms of child labor: legislation and practice related to compliance with ILO Convention 182;

(c) labor administration: institutional capacity of labor administrations and tribunals, especially training and professionalization of human resources, including career civil service;

(d) labor inspectorates and inspection systems: methods and training to improve the level and efficiency of labor law enforcement, strengthen labor inspection systems, and

help ensure compliance with labor laws;

(e) alternative dispute resolution: initiatives aimed at establishing alternative dispute resolution mechanisms for labor disputes;

(f) labor relations: forms of cooperation and dispute resolution to ensure productive labor relations among workers, employers, and governments;

(g) working conditions: mechanisms for supervising compliance with statutes and regulations pertaining to hours of work, minimum wages and overtime, occupational safety and health, and employment conditions;

(h) migrant workers: dissemination of information regarding labor rights of migrant workers in each Party's territory;

(i) social assistance programs: human resource development and employee training, among other programs;

(j) labor statistics: development of methods for the Parties to generate comparable labor market statistics in a timely manner;

(k) employment opportunities: promotion of new employment opportunities and workforce modernization;

(l) gender: gender issues, including the elimination of discrimination in respect of employment and occupation; and

(m) technical issues: programs, methodologies, and experiences regarding productivity improvement, encouragement of best labor practices, and the effective use of technologies, including those that are Internet-based.

#### Implementation of Cooperative Activities

4. Pursuant to the Mechanism, the Parties may cooperate on labor issues using any means they deem appropriate, including, but not limited to:

(a) technical assistance programs, including by providing human, technical, and material resources, as appropriate;

(b) exchange of official delegations, professionals, and specialists, including through study visits and other technical exchanges;

(c) exchange of information on standards, regulations, and procedures, and best practices, including pertinent publications and monographs;

(d) joint conferences, seminars, workshops, meetings, training sessions, and outreach and education programs;

(e) collaborative projects or demonstrations; and

(f) joint research projects, studies, and reports, including by engaging independent specialists with recognized expertise.

#### Public Participation

5. In identifying areas for labor cooperation and capacity building, and in carrying out cooperative activities, each Party shall consider the views of its worker and employer representatives, as well as those of other members of the public.

## Chapter Seventeen

### Environment

#### Article 17.1: Levels of Protection

Recognizing the right of each Party to establish its own levels of domestic environmental protection and environmental development policies and priorities, and to adopt or modify accordingly its environmental laws and policies, each Party shall ensure that its laws and policies provide for and encourage high levels of environmental protection, and shall strive to continue to improve those laws and policies.

#### Article 17.2: Enforcement of Environmental Laws

1. (a) A Party shall not fail to effectively enforce its environmental laws, through a sustained or recurring course of action or inaction, in a manner affecting trade between the Parties, after the date of entry into force of this Agreement.

(b) The Parties recognize that each Party retains the right to exercise discretion with respect to investigatory, prosecutorial, regulatory, and compliance matters and to make decisions regarding the allocation of resources to enforcement with respect to other environmental matters determined to have higher priorities. Accordingly, the Parties understand that a Party is in compliance with subparagraph (a) where a course of action or inaction reflects a reasonable exercise of such discretion, or results from a bona fide decision regarding the allocation of resources.

2. The Parties recognize that it is inappropriate to encourage trade or investment by weakening or reducing the protections afforded in domestic environmental laws. Accordingly, each Party shall strive to ensure that it does not waive or otherwise derogate from, or offer to waive or otherwise derogate from, such laws in a manner that weakens or reduces the protections afforded in those laws as an encouragement for trade with another Party, or as an encouragement for the establishment, acquisition, expansion, or retention of an investment in its territory.

3. Nothing in this Chapter shall be construed to empower a Party's authorities to undertake environmental law enforcement activities in the territory of another Party.

#### Article 17.3: Procedural Matters

1. Each Party shall ensure that judicial, quasi-judicial, or administrative proceedings, in accordance with its law, are available to sanction or remedy violations of its environmental laws.

(a) Such proceedings shall be fair, equitable, and transparent and, to this end, shall comply with due process of law and be open to the public, except where the administration of justice otherwise requires.

(b) The parties to such proceedings shall be entitled to support or defend their respective positions, including by presenting information or evidence.

(c) Each Party shall provide appropriate and effective remedies or sanctions for a violation of its environmental laws that:

(i) take into consideration, as appropriate, the nature and gravity of the violation, any economic benefit the violator has derived from the violation, the economic condition of the violator, and other relevant factors; and

(ii) may include criminal and civil remedies and sanctions such as compliance agreements, penalties, fines, injunctions, suspension of activities, and requirements to take remedial action or pay for damage to the environment.

2. Each Party shall ensure that interested persons may request the Party's competent

authorities to investigate alleged violations of its environmental laws, and that each Party's competent authorities shall give such requests due consideration in accordance with its law.

3. Each Party shall ensure that persons with a legally recognized interest under its law in a particular matter have appropriate access to proceedings referred to in paragraph 1.

4. Each Party shall provide appropriate and effective access to remedies, in accordance with its law, which may include rights such as:

(a) to sue another person under that Party's jurisdiction for damages under that Party's laws;

(b) to seek sanctions or remedies such as monetary penalties, emergency closures or temporary suspension of activities, or orders to mitigate the consequences of violations of its environmental laws;

(c) to request that Party's competent authorities to take appropriate action to enforce its environmental laws in order to protect the environment or to avoid environmental harm; or

(d) to seek injunctions where a person suffers, or may suffer, loss, damage, or injury as a result of conduct by another person subject to that Party's jurisdiction that is contrary to that Party's environmental laws or that violates a legal duty under that Party's law relating to human health or the environment.

5. Each Party shall ensure that tribunals that conduct or review proceedings referred to in paragraph 1 are impartial and independent and do not have any substantial interest in the outcome of the matter.

6. For greater certainty, nothing in this Chapter shall be construed to call for the examination under this Agreement of whether a Party's judicial, quasi-judicial, or administrative tribunals have appropriately applied that Party's environmental laws.

#### Article 17.4: Voluntary Mechanisms to Enhance Environmental Performance

1. The Parties recognize that incentives and other flexible and voluntary mechanisms can contribute to the achievement and maintenance of environmental protection, complementing the procedures set out in Article 17.3. As appropriate and in accordance with its law, each Party shall encourage the development and use of such mechanisms, which may include:

(a) mechanisms that facilitate voluntary action to protect or enhance the environment, such as:

(i) partnerships involving businesses, local communities, non-governmental organizations, government agencies, or scientific organizations;

(ii) voluntary guidelines for environmental performance; or

(iii) sharing of information and expertise among authorities, interested parties, and the public concerning methods for achieving high levels of environmental protection, voluntary environmental auditing and reporting, ways to use resources more efficiently or reduce environmental impacts, environmental monitoring, and collection of baseline data; or

(b) incentives, including market-based incentives where appropriate, to encourage conservation, restoration, and protection of natural resources and the environment, such as public recognition of facilities or enterprises that are superior environmental performers, or programs for exchanging permits or other instruments to help achieve environmental goals.

2. As appropriate and feasible and in accordance with its law, each Party shall encourage:

- (a) the maintenance, development, or improvement of performance goals and indicators used in measuring environmental performance; and
- (b) flexibility in the means to achieve such goals and meet such standards, including through mechanisms identified in paragraph 1.

#### Article 17.5: Environmental Affairs Council

1. The Parties hereby establish an Environmental Affairs Council comprising cabinet-level or equivalent representatives of the Parties, or their designees. Each Party shall designate an office in its appropriate ministry that shall serve as a contact point for carrying out the work of the Council.
2. The Council shall meet within the first year after the date of entry into force of this Agreement, and annually thereafter unless the Parties otherwise agree, to oversee the implementation of and review progress under this Chapter and to consider the status of cooperation activities developed under the Dominican Republic – Central America – United States – Environmental Cooperation Agreement (“ECA”). Unless the Parties otherwise agree, each meeting of the Council shall include a session in which members of the Council have an opportunity to meet with the public to discuss matters relating to the implementation of this Chapter.
3. The Council shall set its own agenda. In setting the agenda, each Party shall seek views from its public concerning possible issues for discussion.
4. In order to share innovative approaches for addressing environmental issues of interest to the public, the Council shall ensure a process for promoting public participation in its work, including by engaging in a dialogue with the public on those issues.
5. The Council shall seek appropriate opportunities for the public to participate in the development and implementation of cooperative environmental activities, including through the ECA.
6. All decisions of the Council shall be taken by consensus, except as provided in Article 17.8. All decisions of the Council shall be made public, unless otherwise provided in this Agreement, or unless the Council otherwise decides.

#### Article 17.6: Opportunities for Public Participation

1. Each Party shall provide for the receipt and consideration of public communications on matters related to this Chapter. Each Party shall promptly make available to the other Parties and to its public all communications it receives and shall review and respond to them in accordance with its domestic procedures.
2. Each Party shall make best efforts to accommodate requests by persons of that Party to exchange views with that Party regarding that Party’s implementation of this Chapter.
3. Each Party shall convene a new, or consult an existing, national consultative or advisory committee, comprising members of its public, including representatives of business and environmental organizations, to provide views on matters related to the implementation of this Chapter.
4. The Parties shall take into account public comments and recommendations regarding cooperative environmental activities undertaken pursuant to Article 17.9 and the ECA.

#### Article 17.7: Submissions on Enforcement Matters

1. Any person of a Party may file a submission asserting that a Party is failing to effectively enforce its environmental laws. Such submissions shall be filed with a

secretariat or other appropriate body (“secretariat”) that the Parties designate. (The Parties shall designate the secretariat and provide for related arrangements through an exchange of letters or other form of agreement between the Parties).

2. The secretariat may consider a submission under this Article if the secretariat finds that the submission:

- (a) is in writing in either English or Spanish;
- (b) clearly identifies the person making the submission;
- (c) provides sufficient information to allow the secretariat to review the submission, including any documentary evidence on which the submission may be based;
- (d) appears to be aimed at promoting enforcement rather than at harassing industry;
- (e) indicates that the matter has been communicated in writing to the relevant authorities of the Party and indicates the Party’s response, if any; and
- (f) is filed by a person of a Party.

3. The Parties recognize that the North American Agreement on Environmental Cooperation (“NAAEC”) provides that a person or organization residing or established in the territory of the United States may file a submission under that agreement with the Secretariat of the NAAEC Commission for Environmental Cooperation asserting that the United States is failing to effectively enforce its environmental laws. (Arrangements will be made for the United States to make available in a timely manner to the other Parties all such submissions, U.S. written responses, and factual records developed in connection with those submissions. At the request of any Party, the Council shall discuss such documents) In light of the availability of that procedure, a person of the United States who considers that the United States is failing to effectively enforce its environmental laws may not file a submission under this Article. For greater certainty, a person of a Party other than the United States who considers that the United States is failing to effectively enforce its environmental laws may file a submission with the secretariat.

4. Where the secretariat determines that a submission meets the criteria set out in paragraph 2, the secretariat shall determine whether the submission merits requesting a response from the Party. In deciding whether to request a response, the secretariat shall be guided by whether:

- (a) the submission is not frivolous and alleges harm to the person making the submission;
- (b) the submission, alone or in combination with other submissions, raises matters whose further study in this process would advance the goals of this Chapter and the ECA, taking into account guidance regarding those goals provided by the Council and the Environmental Cooperation Commission established under the ECA;
- (c) private remedies available under the Party’s law have been pursued; and
- (d) the submission is drawn exclusively from mass media reports.

Where the secretariat makes such a request, it shall forward to the Party a copy of the submission and any supporting information provided with the submission.

5. The Party shall advise the secretariat within 45 days or, in exceptional circumstances and on notification to the secretariat, within 60 days of delivery of the request:

- (a) whether the precise matter at issue is the subject of a pending judicial or administrative proceeding, in which case the secretariat shall proceed no further; and
- (b) of any other information the Party wishes to submit, such as:
  - (i) whether the matter was previously the subject of a judicial or administrative proceeding;
  - (ii) whether private remedies in connection with the matter are available to the person

making the submission and whether they have been pursued; or  
(iii) information concerning relevant capacity-building activities under the ECA.

#### Article 17.8: Factual Records and Related Cooperation

1. If the secretariat considers that the submission, in light of any response provided by the Party, warrants developing a factual record, the secretariat shall so inform the Council and provide its reasons.
2. The secretariat shall prepare a factual record if the Council, by a vote of any Party, instructs it to do so.
3. The preparation of a factual record by the secretariat pursuant to this Article shall be without prejudice to any further steps that may be taken with respect to any submission.
4. In preparing a factual record, the secretariat shall consider any information furnished by a Party and may consider any relevant technical, scientific, or other information:
  - (a) that is publicly available;
  - (b) submitted by interested persons;
  - (c) submitted by national advisory or consultative committees;
  - (d) developed by independent experts; or
  - (e) developed under the ECA.
5. The secretariat shall submit a draft factual record to the Council. Any Party may provide comments on the accuracy of the draft within 45 days thereafter.
6. The secretariat shall incorporate, as appropriate, any such comments in the final factual record and submit it to the Council.
7. The Council may, by a vote of any Party, make the final factual record publicly available, normally within 60 days following its submission.
8. The Council shall consider the final factual record in light of the objectives of this Chapter and the ECA. The Council shall, as appropriate, provide recommendations to the Environmental Cooperation Commission related to matters addressed in the factual record, including recommendations related to the further development of the Party's mechanisms for monitoring its environmental enforcement.

#### Article 17.9: Environmental Cooperation

1. The Parties recognize the importance of strengthening capacity to protect the environment and to promote sustainable development in concert with strengthening trade and investment relations.
2. The Parties are committed to expanding their cooperative relationship, recognizing that cooperation is important for achieving their shared environmental goals and objectives, including the development and improvement of environmental protection, as set out in this Chapter.
3. The Parties recognize that strengthening their cooperative relationship on environmental matters can enhance environmental protection in their territories and may encourage increased trade and investment in environmental goods and services.
4. The Parties have negotiated an ECA. The Parties have identified certain priority areas of cooperation for environmental activities as reflected in Annex 17.9 and as set out in the ECA. The Parties also have established an Environmental Cooperation Commission through the ECA that is responsible for developing, and periodically revising and updating, a work program that reflects each Party's priorities for cooperative environmental programs, projects, and activities.

5. The Parties also recognize the continuing importance of current and future environmental cooperation activities in other fora.

#### Article 17.10: Collaborative Environmental Consultations

1. A Party may request consultations with another Party regarding any matter arising under this Chapter by delivering a written request to the contact point that the other Party has designated under Article 17.5.1.
2. The consultations shall begin promptly after delivery of the request. The request shall contain information that is specific and sufficient to enable the Party receiving the request to respond.
3. The consulting Parties shall make every attempt to arrive at a mutually satisfactory resolution of the matter, taking into account opportunities for cooperation relating to the matter and information exchanged by the consulting Parties, and may seek advice or assistance from any person or body they deem appropriate in order to fully examine the matter at issue.
4. If the consulting Parties fail to resolve the matter pursuant to paragraph 3, a consulting Party may request that the Council be convened to consider the matter by delivering a written request to the contact point of each of the other Parties. (For purposes of paragraphs 4, 5, and 6, the Council shall consist of cabinet-level representatives of the consulting Parties or their designees).
5. The Council shall promptly convene and shall endeavor to resolve the matter, including, where appropriate, by consulting outside experts and having recourse to such procedures as good offices, conciliation, or mediation.
6. If the matter concerns whether a Party is conforming to its obligations under Article 17.2.1(a), and the consulting Parties have failed to resolve the matter within 60 days of a request under paragraph 1, the complaining Party may request consultations under Article 20.4 (Consultations) or a meeting of the Commission under Article 20.5 (Commission – Good Offices, Conciliation, and Mediation) and, as provided in Chapter Twenty (Dispute Settlement), thereafter have recourse to the other provisions of that Chapter. The Council may, as appropriate, provide information to the Commission regarding any consultations held on the matter.
7. No Party may have recourse to dispute settlement under this Agreement for any matter arising under any provision of this Chapter other than Article 17.2.1(a).
8. No Party may have recourse to dispute settlement under this Agreement for a matter arising under Article 17.2.1(a) without first pursuing resolution of the matter in accordance with this Article.
9. In cases where the consulting Parties agree that a matter arising under this Chapter would be more appropriately addressed under another agreement to which the consulting Parties are party, they shall refer the matter for appropriate action in accordance with that agreement.

#### Article 17.11: Environmental Roster

1. The Parties shall establish within six months after the date of entry into force of this Agreement and maintain a roster of up to 28 individuals who are willing and able to serve as panelists in disputes arising under Article 17.2.1(a). Unless the Parties otherwise agree, up to three members of the roster shall be nationals of each Party, and up to seven members of the roster shall be selected from among individuals who are not nationals of any Party. Environment roster members shall be appointed by consensus,

and may be reappointed. Once established, a roster shall remain in effect for a minimum of three years, and shall remain in effect thereafter until the Parties constitute a new roster. The Parties may appoint a replacement where a roster member is no longer available to serve.

2. Environment roster members shall:

(a) have expertise or experience in environmental law or its enforcement, international trade, or the resolution of disputes arising under international trade or environmental agreements;

(b) be chosen strictly on the basis of objectivity, reliability, and sound judgment;

(c) be independent of, and not affiliated with or take instructions from, any Party; and

(d) comply with a code of conduct to be established by the Commission.

3. Where a Party claims that a dispute arises under Article 17.2.1(a), Article 20.9 (Panel Selection) shall apply, except that the panel shall be composed entirely of panelists meeting the qualifications in paragraph 2.

#### Article 17.12: Relationship to Environmental Agreements

1. The Parties recognize that multilateral environmental agreements to which they are all party play an important role in protecting the environment globally and domestically and that their respective implementation of these agreements is critical to achieving the environmental objectives of these agreements. The Parties further recognize that this Chapter and the ECA can contribute to realizing the goals of those agreements.

Accordingly, the Parties shall continue to seek means to enhance the mutual supportiveness of multilateral environmental agreements to which they are all party and trade agreements to which they are all party.

2. The Parties may consult, as appropriate, with respect to ongoing negotiations in the WTO regarding multilateral environmental agreements.

#### Article 17.13: Definitions

1. For purposes of this Chapter:

environmental law means any statute or regulation of a Party, or provision thereof, the primary purpose of which is the protection of the environment, or the prevention of a danger to human, animal, or plant life or health, through:

(a) the prevention, abatement, or control of the release, discharge, or emission of pollutants or environmental contaminants;

(b) the control of environmentally hazardous or toxic chemicals, substances, materials, and wastes, and the dissemination of information related thereto; or

(c) the protection or conservation of wild flora and fauna, including endangered species, their habitat, and specially protected natural areas, in areas with respect to which a Party exercises sovereignty, sovereign rights, or jurisdiction, but does not include any statute or regulation, or provision thereof, directly related to worker safety or health. For greater certainty, environmental law does not include any statute or regulation, or provision thereof, the primary purpose of which is managing the commercial harvest or exploitation, or subsistence or aboriginal harvesting, of natural resources.

For purposes of the definition of “environmental law,” the primary purpose of a particular statutory or regulatory provision shall be determined by reference to its primary purpose, rather than to the primary purpose of the statute or regulation of which it is part.

statute or regulation means:

(a) for Costa Rica, the Dominican Republic, El Salvador, Guatemala, Honduras, and Nicaragua, a law of its legislative body or a regulation promulgated pursuant to an act of its legislative body that is enforceable by the executive body; and

(b) for the United States, an act of Congress or regulation promulgated pursuant to an act of Congress that is enforceable by action of the federal government.

2. For purposes of Article 17.7.5, judicial or administrative proceeding means:

(a) a domestic judicial, quasi-judicial, or administrative action pursued by the Party in a timely fashion and in accordance with its law. Such actions comprise: mediation; arbitration; the process of issuing a license, permit, or authorization; seeking an assurance of voluntary compliance or a compliance agreement; seeking sanctions or remedies in an administrative or judicial forum; and the process of issuing an administrative order; and

(b) an international dispute resolution proceeding to which the Party is a party.

## Annex 17.9

### Environmental Cooperation

1. The Parties recognize the importance of protecting, improving, and conserving the environment, including natural resources, in their territories. The Parties underscore the importance of promoting all possible forms of cooperation and reaffirm that cooperation on environmental matters provides enhanced opportunities to advance common commitments to achieve sustainable development for the well-being of present and future generations.

2. Recognizing the benefits that would be derived from a framework to facilitate effective cooperation, the Parties negotiated the ECA. The Parties expect that the ECA will enhance their cooperative relationship, noting the existence of differences in the Parties' respective natural endowments, climatic and geographical conditions, and economic, technological, and infrastructure capabilities.

3. As set forth in Article V of the ECA, the Parties have identified the following priorities for environmental cooperation activities:

(a) strengthening each Party's environmental management systems, including reinforcing institutional and legal frameworks and the capacity to develop, implement, administer, and enforce environmental laws, regulations, standards, and policies;

(b) developing and promoting incentives and other flexible and voluntary mechanisms in order to encourage environmental protection, including the development of market-based initiatives and economic incentives for environmental management;

(c) fostering partnerships to address current or emerging conservation and management issues, including personnel training and capacity building;

(d) conserving and managing shared, migratory, and endangered species in international trade and management of marine parks and other protected areas;

(e) exchanging information on domestic implementation of multilateral environmental agreements that all the Parties have ratified;

(f) promoting best practices leading to sustainable management of the environment;

(g) facilitating technology development and transfer and training to promote the use, proper operation, and maintenance of clean production technologies;

(h) developing and promoting environmentally beneficial goods and services;

(i) building capacity to promote public participation in the process of environmental decision-making;

(j) exchanging information and experiences between Parties wishing to perform

environmental reviews, including reviews of trade agreements, at the national level; and  
(k) other areas for environmental cooperation on which the Parties may agree.

4. Funding mechanisms for environmental cooperation activities under the ECA are addressed in Article VIII of the ECA.

## Chapter Eighteen

### Transparency

#### Section A: Transparency

##### Article 18.1: Contact Points

1. Each Party shall designate, within 60 days of the date of entry into force of this Agreement, a contact point to facilitate communications between the Parties on any matter covered by this Agreement.
2. On the request of another Party, the contact point shall identify the office or official responsible for the matter and assist, as necessary, in facilitating communication with the requesting Party.

##### Article 18.2: Publication

1. Each Party shall ensure that its laws, regulations, procedures, and administrative rulings of general application respecting any matter covered by this Agreement are promptly published or otherwise made available in such a manner as to enable interested persons and Parties to become acquainted with them.
2. To the extent possible, each Party shall:
  - (a) publish in advance any such measure that it proposes to adopt; and
  - (b) provide interested persons and Parties a reasonable opportunity to comment on such proposed measures.

##### Article 18.3: Notification and Provision of Information

1. To the maximum extent possible, each Party shall notify any other Party with an interest in the matter of any proposed or actual measure that the Party considers might materially affect the operation of this Agreement or otherwise substantially affect that other Party's interests under this Agreement.
2. On request of another Party, a Party shall promptly provide information and respond to questions pertaining to any actual or proposed measure, whether or not that other Party has been previously notified of that measure.
3. Any notification or information provided under this Article shall be without prejudice as to whether the measure is consistent with this Agreement.

##### Article 18.4: Administrative Proceedings

With a view to administering in a consistent, impartial, and reasonable manner all measures of general application affecting matters covered by this Agreement, each Party shall ensure that in its administrative proceedings applying measures referred to in Article 18.2 to particular persons, goods, or services of another Party in specific cases that:

- (a) wherever possible, persons of another Party that are directly affected by a proceeding are provided reasonable notice, in accordance with domestic procedures, when a proceeding is initiated, including a description of the nature of the proceeding, a statement of the legal authority under which the proceeding is initiated, and a general description of any issues in controversy;
- (b) such persons are afforded a reasonable opportunity to present facts and arguments in support of their positions prior to any final administrative action, when time, the nature of the proceeding, and the public interest permit; and
- (c) its procedures are in accordance with domestic law.

#### Article 18.5: Review and Appeal

1. Each Party shall establish or maintain judicial, quasi-judicial, or administrative tribunals or procedures for the purpose of the prompt review and, where warranted, correction of final administrative actions regarding matters covered by this Agreement. Such tribunals shall be impartial and independent of the office or authority entrusted with administrative enforcement and shall not have any substantial interest in the outcome of the matter.

2. Each Party shall ensure that, in any such tribunals or procedures, the parties to the proceeding are provided with the right to:

- (a) a reasonable opportunity to support or defend their respective positions; and
- (b) a decision based on the evidence and submissions of record or, where required by domestic law, the record compiled by the administrative authority.

3. Each Party shall ensure, subject to appeal or further review as provided in its domestic law, that such decisions shall be implemented by, and shall govern the practice of, the office or authority with respect to the administrative action at issue.

#### Article 18.6: Definitions

For purposes of this Section:

administrative ruling of general application means an administrative ruling or interpretation that applies to all persons and fact situations that fall generally within its ambit and that establishes a norm of conduct but does not include:

- (a) a determination or ruling made in an administrative or quasi-judicial proceeding that applies to a particular person, good, or service of another Party in a specific case; or
- (b) a ruling that adjudicates with respect to a particular act or practice.

#### Section B: Anti-Corruption

##### Article 18.7: Statement of Principle

The Parties affirm their resolve to eliminate bribery and corruption in international trade and investment.

##### Article 18.8: Anti-Corruption Measures

1. Each Party shall adopt or maintain the necessary legislative or other measures to establish that it is a criminal offense under its law, in matters affecting international trade or investment, for:

- (a) a public official of that Party or a person who performs public functions for that Party intentionally to solicit or accept, directly or indirectly, any article of monetary value or other benefit, such as a favor, promise, or advantage, for himself or for another person, in exchange for any act or omission in the performance of his public functions;
- (b) any person subject to the jurisdiction of that Party intentionally to offer or grant, directly or indirectly, to a public official of that Party or a person who performs public functions for that Party any article of monetary value or other benefit, such as a favor, promise, or advantage, for himself or for another person, in exchange for any act or omission in the performance of his public functions;
- (c) any person subject to the jurisdiction of that Party intentionally to offer, promise, or give any undue pecuniary or other advantage, directly or indirectly, to a foreign official, for that official or for another person, in order that the official act or refrain from acting in relation to the performance of official duties, in order to obtain or retain business or other improper advantage in the conduct of international business; and

- (d) any person subject to the jurisdiction of that Party to aid or abet, or to conspire in, the commission of any of the offenses described in subparagraphs (a) through (c).
2. Each Party shall adopt or maintain appropriate penalties and procedures to enforce the criminal measures that it adopts or maintains in conformity with paragraph 1.
  3. In the event that, under the legal system of a Party, criminal responsibility is not applicable to enterprises, that Party shall ensure that enterprises shall be subject to effective, proportionate, and dissuasive non-criminal sanctions, including monetary sanctions, for any of the offenses described in paragraph 1.
  4. Each Party shall endeavor to adopt or maintain appropriate measures to protect persons who, in good faith, report acts of bribery or corruption described in paragraph 1.

#### Article 18.9: Cooperation in International Fora

The Parties recognize the importance of regional and multilateral initiatives to eliminate bribery and corruption in international trade and investment. The Parties shall work jointly to encourage and support appropriate initiatives in relevant international fora.

#### Article 18.10: Definitions

For purposes of this Section:

act or refrain from acting in relation to the performance of official duties includes any use of the official's position, whether or not within the official's authorized competence; foreign official means any person holding a legislative, administrative, or judicial office of a foreign country, at any level of government, whether appointed or elected; any person exercising a public function for a foreign country at any level of government, including for a public agency or public enterprise; and any official or agent of a public international organization;

public function means any temporary or permanent, paid or honorary activity, performed by a natural person in the name of a Party or in the service of a Party, such as procurement, at the central level of government; and

public official means any official or employee of a Party at the central level of government, whether appointed or elected.

## Chapter Nineteen

### Administration of the Agreement and Trade Capacity Building

#### Section A: Administration of the Agreement

##### Article 19.1: The Free Trade Commission

1. The Parties hereby establish the Free Trade Commission, comprising cabinet-level representatives of the Parties, as set out in Annex 19.1, or their designees.
2. The Commission shall:
  - (a) supervise the implementation of this Agreement;
  - (b) oversee the further elaboration of this Agreement;
  - (c) seek to resolve disputes that may arise regarding the interpretation or application of this Agreement;
  - (d) supervise the work of all committees and working groups established under this Agreement; and
  - (e) consider any other matter that may affect the operation of this Agreement.
3. The Commission may:
  - (a) establish and delegate responsibilities to committees and working groups;
  - (b) modify in fulfillment of the Agreement's objectives:
    - (i) the Schedules attached to Annex 3.3 (Tariff Elimination), by accelerating tariff elimination;
    - (ii) the rules of origin established in Annex 4.1 (Specific Rules of Origin);
    - (iii) the Common Guidelines referenced in Article 4.21 (Common Guidelines); and
    - (iv) Annexes 9.1.2(b)(i), 9.1.2(b)(ii), and 9.1.2(b)(iii) (Government Procurement);
  - (c) issue interpretations of the provisions of this Agreement;
  - (d) seek the advice of non-governmental persons or groups; and
  - (e) take such other action in the exercise of its functions as the Parties may agree.
4. Each Party shall implement, in accordance with its applicable legal procedures, any modification referred to in subparagraph 3(b) within such period as the Parties may agree.
5. The Commission shall establish its rules and procedures. All decisions of the Commission shall be taken by consensus, unless the Commission otherwise decides.
6. The Commission shall convene at least once a year in regular session, unless the Commission otherwise decides. Regular sessions of the Commission shall be chaired successively by each Party.

##### Article 19.2: Free Trade Agreement Coordinators

1. Each Party shall appoint a free trade agreement coordinator, as set out in Annex 19.2.
2. The coordinators shall work jointly to develop agendas and make other preparations for Commission meetings and shall follow-up on Commission decisions, as appropriate.

##### Article 19.3: Administration of Dispute Settlement Proceedings

1. Each Party shall:
  - (a) designate an office that shall provide administrative assistance to the panels established under Chapter Twenty (Dispute Settlement) and perform such other functions as the Commission may direct; and
  - (b) notify the Commission of the location of its designated office.
2. Each Party shall be responsible for:
  - (a) the operation and costs of its designated office; and
  - (b) the remuneration and payment of expenses of panelists and experts, as set out in

### Annex 19.3.

#### Section B: Trade Capacity Building

##### Article 19.4: Committee on Trade Capacity Building

1. Recognizing that trade capacity building assistance is a catalyst for the reforms and investments necessary to foster trade-driven economic growth, poverty reduction, and adjustment to liberalized trade, the Parties hereby establish a Committee on Trade Capacity Building, comprising representatives of each Party.
2. In furtherance of the Parties' ongoing trade capacity building efforts and in order to assist each Central American Party and the Dominican Republic to implement this Agreement and adjust to liberalized trade, each such Party should periodically update and provide to the Committee its national trade capacity building strategy.
3. The Committee shall:
  - (a) seek the prioritization of trade capacity building projects at the national or regional level, or both;
  - (b) invite appropriate international donor institutions, private sector entities, and non governmental organizations to assist in the development and implementation of trade capacity building projects in accordance with the priorities set out in each national trade capacity building strategy;
  - (c) work with other committees or working groups established under this Agreement, including through joint meetings, in support of the development and implementation of trade capacity building projects in accordance with the priorities set out in each national trade capacity building strategy;
  - (d) monitor and assess progress in implementing trade capacity building projects; and
  - (e) provide a report annually to the Commission describing the Committee's activities, unless the Committee otherwise decides.
4. During the transition period, the Committee shall meet at least twice a year, unless the Committee otherwise decides.
5. The Committee may establish terms of reference for the conduct of its work.
6. The Committee may establish ad hoc working groups, which may comprise government or non-government representatives, or both.
7. All decisions of the Committee shall be taken by consensus, unless the Committee otherwise decides.
8. The Parties hereby establish an initial working group on customs administration and trade facilitation, which shall work under and report to the Committee.

### Annex 19.1

#### The Free Trade Commission

The Free Trade Commission shall be composed of:

- (a) in the case of Costa Rica, the Ministro de Comercio Exterior;
- (b) in the case of the Dominican Republic, the Secretario de Estado de Industria y Comercio;
- (c) in the case of El Salvador, the Ministro de Economía;
- (d) in the case of Guatemala, the Ministro de Economía;
- (e) in the case of Honduras, the Secretario de Estado en los Despachos de Industria y Comercio;
- (f) in the case of Nicaragua, the Ministro de Fomento, Industria y Comercio; and
- (g) in the case of the United States, the United States Trade Representative, or their

successors.

#### Annex 19.1.4

##### Implementation of Modifications Approved by the Commission

1. In the case of Costa Rica, decisions of the Commission under Article 19.1.3(b) will be equivalent to the instrument referred to in article 121.4, third paragraph (protocolo de menor rango) of the Constitución Política de la República de Costa Rica.
2. In the case of Honduras, decisions of the Commission under Article 19.1.3(b) will be equivalent to the instrument referred to in article 21 of the Constitución Política de la República de Honduras.

#### Annex 19.2

##### Free Trade Agreement Coordinators

The free trade agreement coordinators shall consist of:

- (a) in the case of Costa Rica, the Director General de Comercio Exterior;
- (b) in the case of the Dominican Republic, the Subsecretario de Estado de Industria y Comercio Encargado de Comercio Exterior;
- (c) in the case of El Salvador, the Director de la Dirección de Administración de Tratados Comerciales del Ministerio de Economía;
- (d) in the case of Guatemala, the Director de Administración de Comercio Exterior del Ministerio de Economía;
- (e) in the case of Honduras, the Director General de Política Comercial e Integración Económica de la Secretaría de Estado en los Despachos de Industria y Comercio;
- (f) in the case of Nicaragua, the Director General de Comercio Exterior del Ministerio de Fomento, Industria y Comercio; and
- (g) in the case of the United States, the Assistant United States Trade Representative for the Americas, or their successors.

#### Annex 19.3

##### Remuneration and Payment of Expenses

1. The Commission shall establish the amounts of remuneration and expenses that will be paid to panelists and experts.
2. The remuneration of panelists and their assistants, experts, their travel and lodging expenses, and all general expenses of panels shall be borne equally by the disputing Parties.
3. Each panelist and expert shall keep a record and render a final account of the person's time and expenses, and the panel shall keep a record and render a final account of all general expenses.

## Chapter Twenty

### Dispute Settlement

#### Section A: Dispute Settlement

##### Article 20.1: Cooperation

The Parties shall at all times endeavor to agree on the interpretation and application of this Agreement, and shall make every attempt through cooperation and consultations to arrive at a mutually satisfactory resolution of any matter that might affect its operation.

##### Article 20.2: Scope of Application

Except as otherwise provided in this Agreement, the dispute settlement provisions of this Chapter shall apply:

- (a) with respect to the avoidance or settlement of all disputes between the Parties regarding the interpretation or application of this Agreement;
- (b) wherever a Party considers that an actual or proposed measure of another Party is or would be inconsistent with the obligations of this Agreement or that another Party has otherwise failed to carry out its obligations under this Agreement; and
- (c) wherever a Party considers that an actual or proposed measure of another Party causes or would cause nullification or impairment in the sense of Annex 20.2.

##### Article 20.3: Choice of Forum

1. Where a dispute regarding any matter arises under this Agreement and under another free trade agreement to which the disputing Parties are party or the WTO Agreement, the complaining Party may select the forum in which to settle the dispute.
2. Once the complaining Party has requested a panel under an agreement referred to in paragraph 1, the forum selected shall be used to the exclusion of the others.

##### Article 20.4: Consultations

1. Any Party may request in writing consultations with any other Party with respect to any actual or proposed measure or any other matter that it considers might affect the operation of this Agreement.
2. The requesting Party shall deliver the request to the other Parties, and shall set out the reasons for the request, including identification of the actual or proposed measure or other matter at issue and an indication of the legal basis for the complaint.
3. A Party that considers it has a substantial trade interest in the matter may participate in the consultations on delivery of written notice to the other Parties within seven days of the date of delivery of the request for consultations. The Party shall include in its notice an explanation of its substantial trade interest in the matter.
4. Consultations on matters regarding perishable goods (for greater certainty, the term "perishable goods" means perishable agricultural and fish goods classified in chapters 1 through 24 of the Harmonized System) shall commence within 15 days of the date of delivery of the request.
5. The consulting Parties shall make every attempt to arrive at a mutually satisfactory resolution of any matter through consultations under this Article or other consultative provisions of this Agreement. To this end, the consulting Parties shall:
  - (a) provide sufficient information to enable a full examination of how the actual or proposed measure or other matter might affect the operation and application of this Agreement; and
  - (b) treat any confidential information exchanged in the course of consultations on the

same basis as the Party providing the information.

6. In consultations under this Article, a consulting Party may request another consulting Party to make available personnel of its government agencies or other regulatory bodies who have expertise in the matter subject to consultations. (A consulting Party receiving such a request shall strive to accommodate it).

#### Article 20.5: Commission – Good Offices, Conciliation, and Mediation

1. If the consulting Parties fail to resolve a matter pursuant to Article 20.4 within:

- (a) 60 days of delivery of a request for consultations;
- (b) 15 days of delivery of a request for consultations in matters regarding perishable goods; or
- (c) such other period as they may agree, any such Party may request in writing a meeting of the Commission. (For purposes of this paragraph and paragraphs 2 and 4, the Commission shall consist of the cabinet-level representatives of the consulting Parties, as set out in Annex 19.1 (The Free Trade Commission), or their designees).

2. A consulting Party may also request in writing a meeting of the Commission where consultations have been held pursuant to Article 16.6 (Cooperative Labor Consultations), Article 17.10 (Collaborative Environmental Consultations), or Article 7.8 (Committee on Technical Barriers to Trade).

3. The requesting Party shall deliver the request to the other Parties, and shall set out the reasons for the request, including identification of the actual or proposed measure or other matter at issue and an indication of the legal basis for the complaint.

4. Unless it decides otherwise, the Commission shall convene within ten days of delivery of the request and shall endeavor to resolve the dispute promptly. The Commission may:

- (a) call on such technical advisers or create such working groups or expert groups as it deems necessary;
- (b) have recourse to good offices, conciliation, mediation, or such other dispute resolution procedures; or
- (c) make recommendations, as may assist the consulting Parties to reach a mutually satisfactory resolution of the dispute.

5. Unless it decides otherwise, the Commission shall consolidate two or more proceedings before it pursuant to this Article regarding the same measure or matter. The Commission may consolidate two or more proceedings regarding other matters before it pursuant to this Article that it determines are appropriate to be considered jointly. (For purposes of this paragraph, the Commission shall consist of the cabinet level representatives of the consulting Parties in the relevant proceedings, as set out in Annex 19.1 (The Free Trade Commission), or their designees).

6. The Commission shall report to the Parties on its findings and recommendations, and shall provide a written report to the Parties within 90 days of the date of the last meeting of the Commission. (For purposes of this paragraph, the Commission shall consist of the cabinet level representatives of the consulting Parties in the relevant proceedings, as set out in Annex 19.1 (The Free Trade Commission), or their designees).

#### Article 20.6: Request for an Arbitral Panel

1. If the consulting Parties fail to resolve a matter within:

- (a) 30 days after the Commission has convened pursuant to Article 20.5;
- (b) 30 days after the Commission has convened in respect of the matter most recently referred to it, where proceedings have been consolidated pursuant to Article 20.5.5;
- (c) 30 days after a Party has delivered a request for consultations under Article 20.4 in a matter regarding perishable goods, if the Commission has not convened pursuant to Article 20.5.4;
- (d) 75 days after a Party has delivered a request for consultations under Article 20.4, if

- the Commission has not convened pursuant to Article 20.5.4; or
- (e) such other period as the consulting Parties may agree, any consulting Party that requested a meeting of the Commission with regard to the measure or other matter in accordance with Article 20.5 may request in writing the establishment of an arbitral panel to consider the matter. The requesting Party shall deliver the request to the other Parties, and shall set out the reasons for the request, including identification of the measure or other matter at issue and an indication of the legal basis for the complaint.
2. An arbitral panel shall be established upon delivery of a request.
3. A Party that is eligible under paragraph 1 to request the establishment of a panel and considers it has a substantial interest in the matter may join the arbitral panel proceedings as a complaining Party on delivery of written notice to the other Parties. The notice shall be delivered at the earliest possible time, and in any event no later than seven days after the date of delivery of the request by the Party for the establishment of a panel.
4. If a Party does not join as a complaining Party in accordance with paragraph 3, it normally shall refrain thereafter from initiating or continuing:
- (a) a dispute settlement procedure under this Agreement; or
- (b) a dispute settlement proceeding under the WTO Agreement or under another free trade agreement to which it and the Party complained against are party, on grounds that are substantially equivalent to those available to it under this Agreement, regarding the same matter in the absence of a significant change in economic or commercial circumstances.
5. Unless otherwise agreed by the disputing Parties, the panel shall be established and perform its functions in a manner consistent with the provisions of this Chapter.
6. An arbitral panel may not be established to review a proposed measure.

#### Article 20.7: Roster

1. The Parties shall establish within six months of the date of entry into force of this Agreement and maintain a roster of up to 70 individuals who are willing and able to serve as panelists. Unless the Parties otherwise agree, up to eight members of the roster shall be nationals of each Party, and up to 14 members of the roster shall be selected from among individuals who are not nationals of any Party. The roster members shall be appointed by consensus, and may be reappointed. Once established, a roster shall remain in effect for a minimum of three years, and shall remain in effect thereafter until the Parties constitute a new roster. The Parties may appoint a replacement where a roster member is no longer available to serve.
2. Roster members shall:
- (a) have expertise or experience in law, international trade, other matters covered by this Agreement, or the resolution of disputes arising under international trade agreements;
- (b) be chosen strictly on the basis of objectivity, reliability, and sound judgment;
- (c) be independent of, and not be affiliated with or take instructions from, any Party; and
- (d) comply with a code of conduct to be established by the Commission.

#### Article 20.8: Qualifications of Panelists

All panelists shall meet the qualifications set out in Article 20.7.2. Individuals may not serve as panelists for a dispute in which they have participated pursuant to Article

#### 20.5.4.

##### Article 20.9: Panel Selection

1. The Parties shall apply the following procedures in selecting a panel:

- (a) the panel shall comprise three members;
- (b) the disputing Parties shall endeavor to agree on the chair of the panel within 15 days of the delivery of the request for the establishment of the panel. If the disputing Parties are unable to agree on the chair within this period, the chair shall be selected by lot within three days from among the roster members who are not nationals of a disputing Party;
- (c) within 15 days of selection of the chair, the complaining Party or Parties shall select one panelist and the Party complained against shall select one panelist;
- (d) if the complaining Party or Parties or the Party complained against fail to select a panelist within this period, the panelist shall be selected by lot within three days from among the roster members who are nationals of such Party or Parties, as the case may be; and
- (e) each disputing Party shall endeavor to select panelists who have expertise or experience relevant to the subject matter of the dispute, as appropriate.

2. Panelists shall normally be selected from the roster. Any disputing Party may exercise a peremptory challenge against any individual not on the roster who is proposed as a panelist by a disputing Party within 15 days after the individual has been proposed.

3. If a disputing Party believes that a panelist is in violation of the code of conduct, the disputing Parties shall consult and if they agree, the panelist shall be removed and a new panelist shall be selected in accordance with this Article.

##### Article 20.10: Rules of Procedure

1. The Commission shall establish by the date of entry into force of this Agreement Model Rules of Procedure, which shall ensure:

- (a) a right to at least one hearing before the panel, which, subject to subparagraph (e), shall be open to the public;
- (b) an opportunity for each disputing Party to provide initial and rebuttal written submissions;
- (c) that each participating Party's written submissions, written versions of its oral statement, and written responses to a request or questions from the panel shall be public, subject to subparagraph (e);
- (d) that the panel will consider requests from non-governmental entities in the disputing Parties' territories to provide written views regarding the dispute that may assist the panel in evaluating the submissions and arguments of the disputing Parties; and
- (e) the protection of confidential information.

2. Unless the disputing Parties otherwise agree, the panel shall conduct its proceedings in accordance with the Model Rules of Procedure.

3. The Commission may modify the Model Rules of Procedure.

4. Unless the disputing Parties otherwise agree within 20 days from the date of the delivery of the request for the establishment of the panel, the terms of reference shall be: "To examine, in the light of the relevant provisions of this Agreement, the matter referenced in the panel request and to make findings, determinations, and recommendations as provided in Articles 20.10.6 and 20.13.3 and to deliver the written reports referred to in Articles 20.13 and 20.14."

5. If a complaining Party in its panel request has identified that a measure has nullified or impaired benefits, in the sense of Annex 20.2, the terms of reference shall so indicate.
6. If a disputing Party wishes the panel to make findings as to the degree of adverse trade effects on any Party of a Party's failure to conform with the obligations of this Agreement or of a Party's measure found to have caused nullification or impairment in the sense of Annex 20.2, the terms of reference shall so indicate.

#### Article 20.11: Third Party Participation

A Party that is not a disputing Party, on delivery of a written notice to the disputing Parties, shall be entitled to attend all hearings, to make written and oral submissions to the panel, and to receive written submissions of the disputing Parties in accordance with the Model Rules of Procedure. Those submissions shall be reflected in the final report of the panel.

#### Article 20.12: Role of Experts

On request of a disputing Party, or on its own initiative, the panel may seek information and technical advice from any person or body that it deems appropriate, provided that the disputing Parties so agree and subject to such terms and conditions as such Parties may agree.

#### Article 20.13: Initial Report

1. Unless the disputing Parties otherwise agree, the panel shall base its report on the relevant provisions of this Agreement, the submissions and arguments of the disputing Parties, and on any information before it pursuant to Article 20.12.
2. If the disputing Parties request, the panel may make recommendations for resolution of the dispute.
3. Unless the disputing Parties otherwise agree, the panel shall, within 120 days after the last panelist is selected or such other period as the Model Rules of Procedure established pursuant to Article 20.10 may provide, present to the disputing Parties an initial report containing:
  - (a) findings of fact, including any findings pursuant to a request under Article 20.10.6;
  - (b) its determination as to whether a disputing Party has not conformed with its obligations under this Agreement or that a Party's measure is causing nullification or impairment in the sense of Annex 20.2, or any other determination requested in the terms of reference; and
  - (c) its recommendations, if the disputing Parties have requested them, for resolution of the dispute.
4. When the panel considers that it cannot provide its report within 120 days, it shall inform the disputing Parties in writing of the reasons for the delay together with an estimate of the period within which it will provide its report. In no case should the period to provide the report exceed 180 days. The panel shall inform the disputing Parties of any determination under this paragraph no later than seven days after the initial written submission of the complaining Party or Parties and shall adjust the remainder of the schedule accordingly.
5. Panelists may furnish separate opinions on matters not unanimously agreed.
6. A disputing Party may submit written comments to the panel on its initial report within 14 days of presentation of the report or within such other period as the disputing Parties may agree.

7. After considering any written comments on the initial report, the panel may reconsider its report and make any further examination it considers appropriate.

#### Article 20.14: Final Report

1. The panel shall present a final report to the disputing Parties, including any separate opinions on matters not unanimously agreed, within 30 days of presentation of the initial report, unless the disputing Parties otherwise agree. The disputing Parties shall release the final report to the public within 15 days thereafter, subject to the protection of confidential information.

2. No panel may, either in its initial report or its final report, disclose which panelists are associated with majority or minority opinions.

#### Article 20.15: Implementation of Final Report

1. On receipt of the final report of a panel, the disputing Parties shall agree on the resolution of the dispute, which normally shall conform with the determinations and recommendations, if any, of the panel.

2. If, in its final report, the panel determines that a disputing Party has not conformed with its obligations under this Agreement or that a disputing Party's measure is causing nullification or impairment in the sense of Annex 20.2, the resolution, whenever possible, shall be to eliminate the non-conformity or the nullification or impairment.

(Compensation, the payment of monetary assessments, and the suspension of benefits are intended as temporary measures pending the elimination of any non-conformity or nullification or impairment that the panel has found).

3. Where appropriate, the disputing Parties may agree on a mutually satisfactory action plan to resolve the dispute, which normally shall conform with the determinations and recommendations, if any, of the panel. If the disputing Parties agree on such an action plan, a complaining Party may have recourse to Article 20.16.2 or Article 20.17.1, as the case may be, only if it considers that the Party complained against has failed to carry out the action plan. (For greater certainty, as part of an action plan the disputing Parties may undertake, modify, or enhance cooperation activities).

#### Article 20.16: Non-Implementation – Suspension of Benefits

1. If a panel has made a determination of the type described in Article 20.15.2, and the disputing Parties are unable to reach agreement on a resolution pursuant to Article 20.15 within 45 days of receiving the final report, or such other period as the disputing Parties agree, the Party complained against shall enter into negotiations with the complaining Party or Parties with a view to developing mutually acceptable compensation.

2. If the disputing Parties:

(a) are unable to agree on compensation within 30 days after the period for developing such compensation has begun; or

(b) have agreed on compensation or on a resolution pursuant to Article 20.15 and a complaining Party considers that the Party complained against has failed to observe the terms of the agreement, any such complaining Party may at any time thereafter provide written notice to the Party complained against that it intends to suspend the application to the Party complained against of benefits of equivalent effect. The notice shall specify the level of benefits that the Party proposes to suspend. Subject to paragraph 6, the complaining Party may begin suspending benefits 30 days after the later of the date on

which it provides notice under this paragraph or the panel issues its determination under paragraph 3, as the case may be.

3. If the Party complained against considers that:

(a) the level of benefits proposed to be suspended is manifestly excessive; or  
(b) it has eliminated the non-conformity or the nullification or impairment that the panel has found, it may, within 30 days after the complaining Party provides notice under paragraph 2, request that the panel be reconvened to consider the matter. The Party complained against shall deliver its request in writing to the complaining Party. The panel shall reconvene as soon as possible after delivery of the request and shall present its determination to the disputing Parties within 90 days after it reconvenes to review a request under subparagraph (a) or (b), or within 120 days for a request under subparagraphs (a) and (b). If the panel determines that the level of benefits proposed to be suspended is manifestly excessive, it shall determine the level of benefits it considers to be of equivalent effect.

4. The complaining Party may suspend benefits up to the level the panel has determined under paragraph 3 or, if the panel has not determined the level, the level the complaining Party has proposed to suspend under paragraph 2, unless the panel has determined that the Party complained against has eliminated the non-conformity or the nullification or impairment.

5. In considering what benefits to suspend pursuant to paragraph 2:

(a) the complaining Party should first seek to suspend benefits in the same sector or sectors as that affected by the measure or other matter that the panel has found to be inconsistent with the obligations of this Agreement or to have caused nullification or impairment in the sense of Annex 20.2; and

(b) if the complaining Party considers that it is not practicable or effective to suspend benefits in the same sector or sectors, it may suspend benefits in other sectors.

6. The complaining Party may not suspend benefits if, within 30 days after it provides written notice of intent to suspend benefits or, if the panel is reconvened under paragraph 3, within 20 days after the panel provides its determination, the Party complained against provides written notice to the complaining Party that it will pay an annual monetary assessment. The disputing Parties shall consult, beginning no later than ten days after the Party complained against provides notice, with a view to reaching agreement on the amount of the assessment. If the disputing Parties are unable to reach an agreement within 30 days after consultations begin, the amount of the assessment shall be set at a level, in U.S. dollars, equal to 50 percent of the level of the benefits the panel has determined under paragraph 3 to be of equivalent effect or, if the panel has not determined the level, 50 percent of the level that the complaining Party has proposed to suspend under paragraph 2.

7. Unless the Commission otherwise decides, a monetary assessment shall be paid to the complaining Party in U.S. dollars, or in an equivalent amount of the currency of the Party complained against, in equal, quarterly installments beginning 60 days after the Party complained against gives notice that it intends to pay an assessment. Where the circumstances warrant, the Commission may decide that an assessment shall be paid into a fund established by the Commission and expended at the direction of the Commission for appropriate initiatives to facilitate trade between the disputing Parties, including by further reducing unreasonable trade barriers or by assisting a disputing Party in carrying out its obligations under this Agreement. (For purposes of this paragraph, the Commission shall consist of the cabinet-level representatives of the

disputing Parties, as set out in Annex 19.1 (The Free Trade Commission), or their designees).

8. If the Party complained against fails to pay a monetary assessment, the complaining Party may suspend the application to the Party complained against of benefits in accordance with paragraph 4.

9. This Article shall not apply with respect to a matter described in Article 20.17.1.

#### Article 20.17: Non-Implementation In Certain Disputes

1. If, in its final report, a panel determines that a Party has not conformed with its obligations under Article 16.2.1(a) (Enforcement of Labor Laws) or Article 17.2.1(a) (Enforcement of Environmental Laws), and the disputing Parties:

(a) are unable to reach agreement on a resolution pursuant to Article 20.15 within 45 days of receiving the final report; or

(b) have agreed on a resolution pursuant to Article 20.15 and a complaining Party considers that the Party complained against has failed to observe the terms of the agreement, any such complaining Party may at any time thereafter request that the panel be reconvened to impose an annual monetary assessment on the Party complained against. The complaining Party shall deliver its request in writing to the Party complained against. The panel shall reconvene as soon as possible after delivery of the request.

2. The panel shall determine the amount of the monetary assessment in U.S. dollars within 90 days after it reconvenes under paragraph 1. In determining the amount of the assessment, the panel shall take into account:

(a) the bilateral trade effects of the Party's failure to effectively enforce the relevant law;

(b) the pervasiveness and duration of the Party's failure to effectively enforce the relevant law;

(c) the reasons for the Party's failure to effectively enforce the relevant law, including, where relevant, its failure to observe the terms of an action plan;

(d) the level of enforcement that could reasonably be expected of the Party given its resource constraints;

(e) the efforts made by the Party to begin remedying the non-enforcement after the final report of the panel, including through the implementation of any mutually agreed action plan; and

(f) any other relevant factors.

The amount of the assessment shall not exceed 15 million U.S. dollars annually, adjusted for inflation as specified in Annex 20.17.

3. On the date on which the panel determines the amount of the monetary assessment under paragraph 2, or at any time thereafter, the complaining Party may provide notice in writing to the Party complained against demanding payment of the monetary assessment. The monetary assessment shall be payable in U.S. dollars, or in an equivalent amount of the currency of the Party complained against, in equal, quarterly installments beginning 60 days after the complaining Party provides such notice.

4. Assessments shall be paid into a fund established by the Commission and shall be expended at the direction of the Commission for appropriate labor or environmental initiatives, including efforts to improve or enhance labor or environmental law enforcement, as the case may be, in the territory of the Party complained against, consistent with its law. In deciding how to expend monies paid into the fund, the

Commission shall consider the views of interested persons in the disputing Parties' territories. (For purposes of this paragraph, the Commission shall consist of the cabinet level representatives of the disputing Parties, as set out in Annex 19.1 (The Free Trade Commission), or their designees).

5. If the Party complained against fails to pay a monetary assessment, the complaining Party may take other appropriate steps to collect the assessment or otherwise secure compliance. These steps may include suspending tariff benefits under the Agreement as necessary to collect the assessment, while bearing in mind the Agreement's objective of eliminating barriers to trade and while seeking to avoid unduly affecting parties or interests not party to the dispute.

#### Article 20.18: Compliance Review

1. Without prejudice to the procedures set out in Article 20.16.3, if the Party complained against considers that it has eliminated the non-conformity or the nullification or impairment that the panel has found, it may refer the matter to the panel by providing written notice to the complaining Party or Parties. The panel shall issue its report on the matter within 90 days after the Party complained against provides notice.

2. If the panel decides that the Party complained against has eliminated the non conformity or the nullification or impairment, the complaining Party or Parties shall promptly reinstate any benefits that Party has or those Parties have suspended under Article 20.16 or Article 20.17 and the Party complained against shall no longer be required to pay any monetary assessment it has agreed to pay under Article 20.16.6 or that has been imposed on it under Article 20.17.1.

#### Article 20.19: Five-Year Review

The Commission shall review the operation and effectiveness of Articles 20.16 and 20.17 not later than five years after the Agreement enters into force, or within six months after benefits have been suspended or monetary assessments have been imposed in five proceedings initiated under this Chapter, whichever occurs first.

#### Section B: Domestic Proceedings and Private Commercial Dispute Settlement

##### Article 20.20: Referral of Matters from Judicial or Administrative Proceedings

1. If an issue of interpretation or application of this Agreement arises in any domestic judicial or administrative proceeding of a Party that any Party considers would merit its intervention, or if a court or administrative body solicits the views of a Party, that Party shall notify the other Parties. The Commission shall endeavor to agree on an appropriate response as expeditiously as possible.

2. The Party in whose territory the court or administrative body is located shall submit any agreed interpretation of the Commission to the court or administrative body in accordance with the rules of that forum.

3. If the Commission is unable to agree, any Party may submit its own views to the court or administrative body in accordance with the rules of that forum.

#### Article 20.21: Private Rights

No Party may provide for a right of action under its law against any other Party on the ground that the other Party has failed to conform with its obligations under this Agreement.

#### Article 20.22: Alternative Dispute Resolution

1. Each Party shall, to the maximum extent possible, encourage and facilitate the use of arbitration and other means of alternative dispute resolution for the settlement of international commercial disputes between private parties in the free trade area.
2. To this end, each Party shall provide appropriate procedures to ensure observance of agreements to arbitrate and for the recognition and enforcement of arbitral awards in such disputes.
3. A Party shall be deemed to be in compliance with paragraph 2 if it is a party to and is in compliance with the 1958 United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards or the 1975 Inter-American Convention on International Commercial Arbitration.
4. The Commission may establish an Advisory Committee on Private Commercial Disputes comprising persons with expertise or experience in the resolution of private international commercial disputes.
5. This committee shall:
  - (a) report and provide recommendations to the Commission on general issues referred to it by the Commission respecting the availability, use, and effectiveness of arbitration and other procedures for the resolution of such disputes in the free trade area; and
  - (b) when the committee considers appropriate, promote technical cooperation between the Parties, in furtherance of the objectives identified in paragraph 1.

#### Annex 20.2

##### Nullification or Impairment

1. If any Party considers that any benefit it could reasonably have expected to accrue to it under any provision of:
  - (a) Chapters Three through Five (National Treatment and Market Access for Goods, Rules of Origin and Origin Procedures, and Customs Administration and Trade Facilitation);
  - (b) Chapter Seven (Technical Barriers to Trade);
  - (c) Chapter Nine (Government Procurement);
  - (d) Chapter Eleven (Cross-Border Trade in Services); or
  - (e) Chapter Fifteen (Intellectual Property Rights), is being nullified or impaired as a result of the application of any measure that is not inconsistent with this Agreement, the Party may have recourse to dispute settlement under this Chapter.
2. A Party may not invoke paragraph 1(d) or (e) with respect to any measure subject to an exception under Article 21.1 (General Exceptions).

#### Annex 20.17

##### Inflation Adjustment Formula for Monetary Assessments

1. An annual monetary assessment imposed before December 31, 2005 shall not exceed 15 million dollars (U.S.).
2. Beginning January 1, 2006, the 15 million dollar (U.S.) annual cap shall be adjusted for inflation in accordance with paragraphs 3 through 5.
3. The period used for the accumulated inflation adjustment shall be calendar year 2004 through the most recent calendar year preceding the one in which the assessment is owed.
4. The relevant inflation rate shall be the U.S. inflation rate as measured by the Producer Price Index for Finished Goods published by the U.S. Bureau of Labor Statistics.

5. The inflation adjustment shall be estimated according to the following formula:

$$\$15 \text{ million} \times (1 + \pi_i) = A$$

$\pi_i$  = accumulated U.S. inflation rate from calendar year 2004 through the most recent calendar year preceding the one in which the assessment is owed.

A = cap for the assessment for the year in question.

## Chapter Twenty-One

### Exceptions

#### Article 21.1: General Exceptions

1. For purposes of Chapters Three through Seven (National Treatment and Market Access for Goods, Rules of Origin and Origin Procedures, Customs Administration and Trade Facilitation, Sanitary and Phytosanitary Measures, and Technical Barriers to Trade), Article XX of the GATT 1994 and its interpretive notes are incorporated into and made part of this Agreement, *mutatis mutandis*. The Parties understand that the measures referred to in Article XX(b) of the GATT 1994 include environmental measures necessary to protect human, animal, or plant life or health, and that Article XX(g) of the GATT 1994 applies to measures relating to the conservation of living and non-living exhaustible natural resources.

2. For purposes of Chapters Eleven, Thirteen, and Fourteen (this Article is without prejudice to whether digital products should be classified as goods or services) (Cross Border Trade in Services, Telecommunications, and Electronic Commerce), Article XIV of the GATS (including its footnotes) is incorporated into and made part of this Agreement, *mutatis mutandis*. The Parties understand that the measures referred to in Article XIV(b) of the GATS include environmental measures necessary to protect human, animal, or plant life or health.

#### Article 21.2: Essential Security

Nothing in this Agreement shall be construed:

- (a) to require a Party to furnish or allow access to any information the disclosure of which it determines to be contrary to its essential security interests; or
- (b) to preclude a Party from applying measures that it considers necessary for the fulfillment of its obligations with respect to the maintenance or restoration of international peace or security, or the protection of its own essential security interests.

#### Article 21.3: Taxation

1. Except as set out in this Article, nothing in this Agreement shall apply to taxation measures.

2. Nothing in this Agreement shall affect the rights and obligations of any Party under any tax convention. In the event of any inconsistency between this Agreement and any such convention, that convention shall prevail to the extent of the inconsistency. In the case of a tax convention between two or more Parties, the competent authorities under that convention shall have sole responsibility for determining whether any inconsistency exists between this Agreement and that convention.

3. Notwithstanding paragraph 2:

- (a) Article 3.2 (National Treatment) and such other provisions of this Agreement as are necessary to give effect to that Article shall apply to taxation measures to the same extent as does Article III of the GATT 1994; and
- (b) Article 3.10 (Export Taxes) shall apply to taxation measures.

4. Subject to paragraph 2:

- (a) Article 11.2 (National Treatment) and Article 12.2 (National Treatment) shall apply to taxation measures on income, capital gains, or on the taxable capital of corporations that relate to the purchase or consumption of particular services, except that nothing in this subparagraph shall prevent a Party from conditioning the receipt or continued receipt of an advantage relating to the purchase or consumption of particular services

on requirements to provide the service in its territory; and

(b) Articles 10.3 (National Treatment) and 10.4 (Most-Favored-Nation Treatment), Articles 11.2 (National Treatment) and 11.3 (Most-Favored-Nation Treatment) and Articles 12.2 (National Treatment) and 12.3 (Most-Favored-Nation Treatment) shall apply to all taxation measures, other than those on income, capital gains, or on the taxable capital of corporations, taxes on estates, inheritances, gifts, and generation skipping transfers, except that nothing in those Articles shall apply:

(c) any most-favored-nation obligation with respect to an advantage accorded by a Party pursuant to any tax convention;

(d) to a non-conforming provision of any existing taxation measure;

(e) to the continuation or prompt renewal of a non-conforming provision of any existing taxation measure;

(f) to an amendment to a non-conforming provision of any existing taxation measure to the extent that the amendment does not decrease its conformity, at the time of the amendment, with any of those Articles;

(g) to the adoption or enforcement of any taxation measure aimed at ensuring the equitable or effective imposition or collection of taxes (as permitted by Article XIV(d) of the GATS); or

(h) to a provision that conditions the receipt, or continued receipt, of an advantage relating to the contributions to, or income of, pension trusts or pension plans on a requirement that the Party maintain continuous jurisdiction over the pension trust or pension plan.

5. Subject to paragraph 2 and without prejudice to the rights and obligations of the Parties under paragraph 3, Article 10.9.2, 10.9.3, and 10.9.4 (Performance Requirements) shall apply to taxation measures.

6. Article 10.7 (Expropriation and Compensation) and Article 10.16 (Submission of a Claim to Arbitration) shall apply to a taxation measure alleged to be an expropriation or a breach of an investment agreement or investment authorization. However, no investor may invoke Article 10.7 as the basis of a claim where it has been determined pursuant to this paragraph that the measure is not an expropriation. An investor that seeks to invoke Article 10.7 with respect to a taxation measure must first refer to the competent authorities of the Parties of the claimant and the respondent set out in Annex 21.3 at the time that it gives its notice of intent under Article 10.16.2 the issue of whether that taxation measure involves an expropriation. If the competent authorities do not agree to consider the issue or, having agreed to consider it, fail to agree that the measure is not an expropriation within a period of six months of such referral, the investor may submit its claim to arbitration under Article 10.16.

#### Article 21.4: Balance of Payments Measures on Trade in Goods

Should a Party decide to impose measures for balance of payments purposes, it shall do so only in accordance with that Party's rights and obligations under the GATT 1994, including the Declaration on Trade Measures Taken for Balance of Payments Purposes (1979 Declaration) and the Understanding on the Balance of Payments Provisions of the GATT 1994 (BOP Understanding). In adopting such measures, the Party shall immediately consult with the other Parties and shall not impair the relative benefits accorded to the other Parties under this Agreement. (For greater certainty, this Article applies to balance of payments measures imposed on trade in goods).

#### Article 21.5: Disclosure of Information

Nothing in this Agreement shall be construed to require a Party to furnish or allow access to confidential information the disclosure of which would impede law enforcement, or otherwise be contrary to the public interest, or which would prejudice the legitimate commercial interests of particular enterprises, public or private.

#### Article 21.6: Definitions

For purposes of this Chapter:

tax convention means a convention for the avoidance of double taxation or other international taxation agreement or arrangement; and

taxes and taxation measures do not include:

- (a) a customs duty; or
- (b) the measures listed in exceptions (b) and (c) of the definition of customs duty.

#### Annex 21.3

##### Competent Authorities

For purposes of this Chapter:

competent authorities means

- (a) in the case of Costa Rica, the Viceministro de Hacienda;
- (b) in the case of the Dominican Republic, the Subsecretario de Estado de Finanzas;
- (c) in the case of El Salvador, the Viceministro de Hacienda;
- (d) in the case of Guatemala, the Viceministro de Finanzas Públicas;
- (e) in the case of Honduras, the Subsecretario en el Despacho de Finanzas;
- (f) in the case of Nicaragua, the Viceministro de Hacienda y Crédito Público; and
- (g) in the case of the United States, the Assistant Secretary of the Treasury (Tax Policy), Department of the Treasury, or their successors.

## Chapter Twenty-Two

### Final Provisions

#### Article 22.1: Annexes, Appendices, and Footnotes

The Annexes, Appendices, and footnotes to this Agreement constitute an integral part of this Agreement.

#### Article 22.2: Amendments

1. The Parties may agree on any amendment of this Agreement. The original English and Spanish texts of any amendment shall be deposited with the Depositary, which shall promptly provide a certified copy to each Party.

2. When so agreed, and approved in accordance with the applicable legal procedures of each Party, an amendment shall constitute an integral part of this Agreement to take effect on the date on which all Parties have notified the Depositary in writing that they have approved the amendment or on such other date as the Parties may agree.

#### Article 22.3: Amendment of the WTO Agreement

If any provision of the WTO Agreement that the Parties have incorporated into this Agreement is amended, the Parties shall consult with a view to amending the relevant provision of this Agreement, as appropriate, in accordance with Article 22.2.

#### Article 22.4: Reservations

No Party may enter a reservation in respect of any provision of this Agreement without the written consent of the other Parties.

#### Article 22.5: Entry into Force

1. (a) This Agreement shall enter into force on January 1, 2005, provided that the United States and one or more other signatories notify the Depositary in writing by that date that they have completed their applicable legal procedures.

(b) If this Agreement does not enter into force on January 1, 2005, this Agreement shall enter into force after the United States and one or more other signatories make such a notification, on such later date as they may agree.

2. Thereafter, this Agreement shall enter into force for any other signatory 90 days after the date on which that signatory notifies the Depositary in writing that it has completed its applicable legal procedures. Unless the Parties otherwise agree, a signatory may not provide a notification under this paragraph later than two years after the date of entry into force of this Agreement.

3. The Depositary shall promptly inform the Parties and non-Party signatories of any notification under paragraph 1 or 2.

#### Article 22.6: Accession

1. Any country or group of countries may accede to this Agreement subject to such terms and conditions as may be agreed between such country or countries and the Commission and following approval in accordance with the applicable legal procedures of each Party and acceding country.

2. The instrument of accession shall be deposited with the Depositary, which shall promptly inform each Party of the accession.

#### Article 22.7: Withdrawal

1. Any Party may withdraw from this Agreement by providing written notice of withdrawal to the Depository. The Depository shall promptly inform the Parties of such notification.
2. A withdrawal shall take effect six months after a Party provides written notice under paragraph 1, unless the Parties agree on a different period. If a Party withdraws, the Agreement shall remain in force for the remaining Parties.

#### Article 22.8: Depository

The original English and Spanish texts of this Agreement shall be deposited with the General Secretariat of the Organization of American States, which shall serve as depository. The Depository shall promptly provide a certified copy of the original texts to each signatory.

#### Article 22.9: Authentic Texts

The English and Spanish texts of this Agreement are equally authentic.

IN WITNESS WHEREOF, the undersigned, being duly authorized by their respective Governments, have signed this Agreement.

DONE, at Washington in English and Spanish, on this 5th day of August, 2004.

FOR THE GOVERNMENT OF THE REPUBLIC OF COSTA RICA:

FOR THE GOVERNMENT OF THE DOMINICAN REPUBLIC:

FOR THE GOVERNMENT OF THE REPUBLIC OF EL SALVADOR:

FOR THE GOVERNMENT OF THE REPUBLIC OF GUATEMALA:

FOR THE GOVERNMENT OF THE REPUBLIC OF HONDURAS:

FOR THE GOVERNMENT OF THE REPUBLIC OF NICARAGUA:

FOR THE GOVERNMENT OF THE UNITED STATES OF AMERICA:

#### APPENDIX 3.3.6

##### SPECIAL RULES OF ORIGIN

##### PART I

##### GENERAL INTERPRETIVE NOTES

1. For purposes of interpreting the rules of origin set out in this Appendix:
  - (a) the specific rule, or specific set of rules, that applies to a particular heading or subheading is set out immediately adjacent to the heading or subheading;
  - (b) the requirement of a change in tariff classification applies only to non-originating materials;
  - (c) where a specific rule of origin is defined using the criterion of a change in tariff classification, and the rule is written to exclude tariff provisions at the level of a chapter, heading, or subheading, each Party shall construe the rule of origin to require that materials classified in those excluded provisions be originating for the good to be originating;
  - (d) when a heading or subheading is subject to alternative specific rules of origin, each Party shall consider the rule to be met if a good satisfies one of the alternatives;
  - (e) when a single rule of origin is applicable to a group of headings or subheadings and that rule of origin specifies a change of heading or subheading, each Party shall interpret the rule such that the change of heading or subheading may occur within a single heading or subheading or between headings or subheadings of the group. When, however, a rule refers to a change in heading or subheading "outside that group," each

Party shall interpret the rule to require that the change in heading or subheading must occur from a heading or subheading that is outside the group of headings or subheadings set out in the rule;

(f) reference to weight in the rules for goods provided for in chapter 1 through 24 means dry weight unless otherwise specified in the Harmonized System;

2. For purposes of this Appendix:

chapter means a chapter of the Harmonized System; and

section means a section of the Harmonized System.

## PART II

### SPECIAL RULES OF ORIGIN

#### Section I

(Chapter 1 through 5)

Live animals; animal products

#### Chapter 1

Live animals

01.01 – 01.04

Animals under this heading shall be originating from the country where born and raised.

01.05

Animals under this heading shall be originating from the country where born and raised.

01.06

Animals under this heading shall be originating from the country where born and/or raised or captured.

#### Chapter 2

Meat and edible meat offal

02.01 – 02.06

Products under this heading shall be originating from the country where born and raised of the animal.

02.07

Products under this heading shall be originating from the country where born, raised and slaughtered, except for the turkey of subheading 0105.12, for which the raise and slaughter is permitted.

02.08 – 02.10

Products under this heading shall be originating from the country where the animal was born and raised.

#### Chapter 3

Fish and crustaceans, molluscs and other aquatic invertebrates

03.01 – 03.05

Products under this heading shall be originating from the country where the fish were captured or the “fry” raised.

03.06 – 03.07

Products under this heading shall be originating from the country where the crustacean, molluscs and other aquatic invertebrates were captured or the larvae raised.

#### Chapter 4

Dairy produce; birds eggs; natural honey; edible products of animal origin, not elsewhere

specified or included

04.01 – 04.06

Products under this heading shall be originating from the country where the milk is obtained in its natural state or unprocessed.

04.07 – 04.08

Products under this heading shall be originating from the country where the animal eggs are obtained.

04.09

Products under this heading shall be originating from the country where the honey is obtained in its natural state or unprocessed.

04.10

Products under this heading shall be originating from the country where the animal products are obtained.

Chapter 5

Products of animal origin, not elsewhere specified or included

05.01 – 05.11

A change to this heading from any other chapter.

Section II

(Chapter 6 through 14)

Vegetable products

Note to Section II-1

Agricultural and horticultural goods shall be originating of the Parties, even if grown from seeds, bulbs, rootstock, cuttings, grafts, shoots, buds, or other live parts of plants imported from a country non-Party to the Agreement.

Chapter 6

Live trees and other plants; bulbs, roots and the like; cut flowers and ornamental foliage

0601.10

Products under this subheading shall be originating from the country where grown.

0601.20

Products under this subheading shall be originating from the country where grown.

0602.10

Products under this subheading shall be originating from the country where grown.

0602.20 – 0602.90

Products under this heading shall be originating from the country where grown.

06.03 – 06.04

Products under this heading shall be originating from the country where grown or reproduced.

Chapter 7

Edible vegetables and certain roots and tubers

07.01 – 07.14

Products under this heading shall be originating from the country where grown in its natural state or unprocessed.

Chapter 8

Edible fruit and nuts; peel of citrus fruit or melons

08.01 – 08.14

Products under this heading shall be originating from the country where grown.

Chapter 9

Coffee, tea, maté and spices

09.01 – 09.10

Products under this heading shall be originating from the country where the plant was grown and the product obtained.

Chapter 10

Cereals

10.01 – 10.08

Products under this heading shall be originating from the country where grown.

Chapter 11

Products of the milling industry; malt; starches; inulin; wheat gluten

11.01 – 11.03

A change to this heading from any other heading.

1104.12

A change to this subheading from any other subheading.

1104.19

A change to this subheading from any other heading. Exclusively for rolled or flaked grains of barley under this subheading, a change from any other subheading

1104.22 – 1104.30

A change to this subheading from any other heading.

11.05 – 11.06

A change to this heading from plants grown in the region.

11.07

A change to this heading from any other heading.

1108.11

A change to this subheading from any other heading.

1108.12 – 1108.14

A change to this subheading from any other heading from plants grown in the region.

1108.19 – 1109.00

A change to this subheading from any other heading.

Chapter 12

Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruits; industrial or medicinal plants; straw and fodder

12.01 – 12.07

Products under this heading shall be originating from the country where grown.

12.08

A change to this heading from any other heading, except from subheading 1207.10.

12.09 – 12.14

Products under this heading shall be originating from the country where grown.

Chapter 13

Lac; gums, resins and other vegetable saps and extracts

13.01 – 13.02

Products under this heading shall be originating from the country where they are obtained by means of extraction, exudation and incision.

Chapter 14

Vegetable plaiting materials; vegetable products not elsewhere specified or included

14.01 – 14.04

Products under this heading shall be originating from the country where grown.

Section III

(Chapter 15)

Animal or vegetable fats and oils and their cleavage products; prepared edible fats; animal or vegetable waxes

Chapter 15

Animal or vegetable fats and oils and their cleavage products prepared edible fats; animal or vegetable waxes

15.01 – 15.06

A change to this heading from any other chapter, except from heading 0209.

1507.10

A change to this subheading from any other chapter.

1507.90

A change to this subheading from any other chapter.

1508.10

A change to this subheading from any other chapter.

1508.90

A change to this subheading from any other chapter.

15.09 – 15.10

A change to this heading from any other chapter.

1511.10

A change to this subheading from any other chapter.

1511.90

A change to this subheading from any other chapter.

1512.11

A change to this subheading from any other chapter.

1512.19

A change to this subheading from any other chapter.

1512.21

A change to this subheading from any other chapter.

1512.29

A change to this subheading from any other chapter.

1513.11

A change to this subheading from any other chapter.

1513.19

A change to this subheading from any other chapter.

1513.21

A change to this subheading from any other chapter, except from subheading 1207.10.

1513.29

A change to this subheading from any other chapter.  
1514.11

A change to this subheading from any other chapter.  
1514.19

A change to this subheading from any other chapter.  
1514.91

A change to this subheading from any other chapter.  
1514.99

A change to this subheading from any other chapter.  
1515.11

A change to this subheading from any other chapter.  
1515.19

A change to this subheading from any other chapter.  
1515.21

A change to this subheading from any other chapter.  
1515.29

A change to this subheading from any other chapter.  
1515.30 – 1515.90

A change to this subheading from any other chapter.  
1516.10

A change to this subheading from any other chapter.  
1516.20

A change to this subheading from any other chapter.  
1517.10

A change to this subheading from any other chapter.  
1517.90

A change to this subheading from any other chapter.  
15.18

A change to this heading from any other chapter.  
15.20 – 15.22

A change to this heading from any other heading.

#### Section IV

(Chapter 16 through 24)

Prepared foodstuffs; beverages, spirits, and vinegar; tobacco and manufactured tobacco substitutes

#### Chapter 16

Preparations of meat, of fish or of crustaceans, molluscs or other aquatic invertebrates  
16.01 – 16.02

A change to this heading from any other chapter, except from heading 02.01, 02.02 and 02.07, allowing the importation of mechanically de-boned fowl and meat in irregular pieces of subheading 0202.30.

16.03 – 16.05

A change to this heading from any other chapter.

#### Chapter 17

Sugars and sugar confectionery

17.01 – 17.03

Products under this heading shall be originating from the country where grown.

17.04

A change to this heading from any other heading.

## Chapter 18

Cocoa and cocoa preparations

18.01 – 18.02

Products shall be originating from the country where the cocoa beans of this heading were grown in their natural state or unprocessed.

18.03

A change to this heading from any other heading.

18.04 – 18.05

A change to this heading from any other heading, except from heading 1803.

18.06

A change to this heading from any other heading, except from 18.03, 18.04 and 18.05.

## Chapter 19

Preparations of cereals, flour, starch or milk; bakers' wares

1901.10

A change to this subheading from any other heading, except from heading 04.02.

1901.20

A change to this subheading from any other heading, except from heading 11.01, from subheading 1103.11 and from pellets of wheat under subheading 1103.20.

1901.90

A change to this subheading from any other heading, except from heading 04.02.

19.02

A change to this heading from any other heading, except from heading 10.06, 11.01, from subheading 1103.11 and from pellets of wheat under subheading 1103.20.

19.03

A change to this heading from any other heading.

1904.10 - 1904.20

A change to this subheading from any other heading.

1904.30

A change to this subheading from any other heading.

1904.90

A change to this subheading from any other heading, except from heading 1006.

19.05

A change to this heading from any other chapter, except from heading 11.01, from subheading 1103.11 and from pellets of wheat under subheading 1103.20.

## Chapter 20

Preparations of vegetables, fruit, nuts or other parts of plants

20.01 – 20.08

A change to this heading from any other heading.

2009.11 - 2009.80

A change to this subheading from any other subheading, including from its concentrate.

2009.90

A change to this subheading from any other subheading.

## Chapter 21

### Miscellaneous edible preparations

2101.11 - 2101.12

Products under this subheading shall be originating from the country where the coffee beans were grown.

2101.20 - 2101.30

A change to this subheading from any other heading.

2102.10

A change to this subheading from any other subheading, even produced from mother yeast for growth.

2102.20 - 2102.30

A change to this subheading from any other heading.

2103.10

A change to this subheading from any other heading.

2103.20

A change to this subheading from any other heading.

2103.30

A change to this subheading from any other subheading, including the change from mustard flour to prepared mustard.

2103.90

A change to this subheading from any other heading.

21.04

A change to this heading from any other heading.

21.05

A change to this heading from any other chapter, except from heading 04.01, 04.02, 04.03 and subheading 1901.90.

21.06

A change to this heading from any other heading.

## Chapter 22

### Beverages, spirits and vinegar

22.01

Products shall be originating from the country where the water, ice and snow classified under this heading are obtained in their natural state.

2202.10

Products shall be originating from the country where the sugar and water are obtained in its natural state.

2202.90

A change to this subheading from any other heading, except from chapter 04.

22.03 - 22.06

A change to this heading from any other chapter.

22.07

A change to this heading from any other chapter.

2208.20 - 2208.30

A change to this subheading from any other subheading, including from its concentrate.

2208.40

A change to this subheading from any other chapter, except from heading 17.01, 17.03

and 22.07, and preparations for the manufacture of beverages from subheading 2106.90 and 3302.10.

2208.50 - 2208.90

A change to this subheading from any other heading, except from heading 22.07.

22.09

A change to this heading from any other heading, except from subheading 2915.21.

#### Chapter 23

Residues and waste from the food industries; prepared animal feed

23.01 - 23.08

A change to this heading from any other chapter.

23.09

A change to this heading from any other chapter.

#### Chapter 24

Tobacco and manufactured tobacco substitutes

24.01

A change to this heading from any other chapter.

24.02

A change to this heading from any other heading, except cut tobacco from subheading 2403.10.

24.03

A change to this heading from any other chapter.

#### Section V

(Chapter 25 through 27)

Mineral products

#### Chapter 25

Salt; sulfur; earths and stone; plastering materials, lime and cement

25.01 - 25.30

Products under this heading shall be originating from the country where they are obtained by means of a mining operation, in their natural state.

#### Chapter 26

Ores, slag and ash

26.01 - 26.17

Products under this heading shall be originating from the country where the mineral products are obtained in their natural state.

26.18 - 26.21

Products under this heading shall be originating from the country where the slag and ash are obtained.

#### Chapter 27

Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes

Note to Heading

27.15-1

For heading 27.15, the mixture of materials deliberated and proportionally controlled

(different from the simple dissolution in water), in accordance to predetermined specifications resulting in the production of a good having physical or chemical characteristics which are relevant for a purpose or use different from the initial materials, it is considered to constitute a substantial transformation.

27.01 – 27.09

A change to this heading from any other chapter.

27.10

A change to this heading from any other subheading.

27.11

A change to this heading from any other heading.

27.12 – 27.13

A change to this heading from any other subheading.

27.14

Products shall be originating from the country where they are obtained in their natural state.

27.15

A change to this heading from any other subheading.

27.16

This product shall be originating from the country where the electrical energy is generated.

## Section VI

(Chapter 28 through 38)

Products of the chemical or allied industries

Notes to Section:

VI-1 Chemical Reaction:

A “Chemical Reaction” is a process (including a biochemical process) that results in a molecule with a new structure by breaking intramolecular bonds and by forming new intramolecular bonds, or by altering the spatial arrangement of atoms in a molecule. The following operations are not considered to be chemical reactions for the purposes of this definition:

- 1) dissolution in water or in another solvents;
- 2) the elimination of solvents, including solvent water;
- 3) the addition or elimination of water of crystallization.

VI-2 Purification:

The purification that results in the elimination of 80% of the content of existing impurities or the reduction or elimination rendering a chemical substance with a minimum grade of purity rendering a product suitable for uses such as:

- 1) Pharmaceutical substances or foodstuffs in compliance with national regulations or the international pharmacopeias.
- 2) Chemical reactive products for the chemical analysis or for use in laboratories;
- 3) Elements or components for use in microelements;
- 4) Various optical uses;
- 5) Human or veterinarian use.

## Chapter 28

Inorganic chemicals; organic or inorganic compounds of precious metals, of rare earth metals, of radioactive elements or of isotopes

Notes to chapter:

28-1 Standard solutions:

The standard solutions are preparations suitable for analytical, calibrating or reference use, having degrees of purity or proportions, which are certified by the manufacturer. The preparation of standard solutions confers origin.

28-2 Isomer separations:

The isolation or separation of isomers from mixtures of isomers confers origin.

2801.10 – 2841.90

A change to this subheading from any other subheading. (The application of Notes to Section (VI-1) Chemical Reaction (VI-2) Purification, and notes to Chapter (28-1) Standard solutions, (28-2) Isomer separations, even in conjunction, confers origin to the respective good).

2842.10

A change to this subheading from any other subheading, allowing the use of non originating aluminosilicates not chemically defined under this subheading. (The application of Notes to Section (VI-1) Chemical Reaction (VI-2) Purification, and notes to Chapter (28-1) Standard solutions, (28-2) Isomer separations, even in conjunction, confers origin to the respective good).

2842.90

A change to this subheading from any other subheading. (The application of Notes to Section (VI-1) Chemical Reaction (VI-2) Purification, and notes to Chapter (28-1) Standard solutions, (28-2) Isomer separations, even in conjunction, confers origin to the respective good).

2843.10 – 2851.00

A change to this subheading from any other subheading. (The application of Notes to Section (VI-1) Chemical Reaction (VI-2) Purification, and notes to Chapter (28-1) Standard solutions, (28-2) Isomer separations, even in conjunction, confers origin to the respective good).

Chapter 29

Organic chemicals

Notes to Chapter:

29-1 Standard solutions:

The standard solutions are preparations suitable for analytical, calibrating or reference use, having degrees of purity or proportions, which are certified by the manufacturer. The preparation of standard solutions confers origin.

29-2 Isomer separations:

The isolation or separation of isomers from mixtures of isomers confers origin.

2901.10 – 2938.90

A change to this subheading from any other subheading. (The application of Notes to Section (VI-1) Chemical Reaction (VI-2) Purification, and notes to Chapter (29-1) Standard solutions, (29-2) Isomer separations, even in conjunction, confers origin to the respective good).

2939.11

A change to this subheading from any other subheading. (The application of Notes to Section (VI-1) Chemical Reaction (VI-2) Purification, and notes to Chapter (29-1) Standard solutions, (29-2) Isomer separations, even in conjunction, confers origin to the respective good). Exclusively for concentrates of poppy straw; the change shall be from

any other chapter, except from subheading 1302.11.

2939.19 – 2939.99

A change to this subheading from any other subheading. (The application of Notes to Section (VI-1) Chemical Reaction (VI-2) Purification, and notes to Chapter (29-1)

Standard solutions, (29-2) Isomer separations, even in conjunction, confers origin to the respective good).

2940.00 – 2942.00

A change to this subheading from any other subheading. (The application of Notes to Section (VI-1) Chemical Reaction (VI-2) Purification, and notes to Chapter (29-1)

Standard solutions, (29-2) Isomer separations, even in conjunction, confers origin to the respective good).

## Chapter 30

### Pharmaceutical products

30.01

A change to this heading from any other heading.

3002.10

A change to this subheading from any other subheading or a change to products under this subheading by means of biochemical operations.

3002.20 – 3002.90

A change to this subheading from any other heading.

30.03

A change to this heading from any other heading.

30.04

A change to this heading from any other heading, or when the change is the result of putting up in measured doses unmixed products or packing for retail sale for therapeutic or prophylactic uses, except from heading 3003.

30.05

A change to this heading from any other heading.

3006.10 – 3006.40

A change to this subheading from any other heading.

3006.50

A change to this subheading from any other subheading, provided that all components are originating from the region.

3006.60

A change to this subheading from any other heading.

3006.70

A change to this subheading from any other subheading.

3006.80

A change to this subheading from any other chapter, except from chapter 38.

## Chapter 31

### Fertilizers

31.01

A change to this heading from any other heading.

3102.10 – 3102.29

A change to this subheading from any other subheading.

3102.30 – 3102.40

A change to this subheading from any other heading.

3102.50 – 3102.90

A change to this subheading from any other subheading.

3103.10 – 3103.90

A change to this subheading from any other subheading.

3104.10 – 3104.90

A change to this subheading from any other subheading.

3105.10 – 3105.20

A change to this subheading from any other subheading, except the putting up for retail sale.

3105.30 – 3105.59

A change to this subheading from any other heading.

3105.60 – 3105.90

A change to this subheading from any other heading.

## Chapter 32

Tanning or dyeing extracts; tannins and their derivatives; dyes, pigments and other coloring matter; paints and varnishes; putty and other mastics; inks

Notes to Chapter:

32-1 Standard solutions:

The standard solutions are preparations suitable for analytical, calibrating or reference use, having degrees of purity or proportions, which are certified by the manufacturer. The preparation of standard solutions confers origin.

32-2 Isomer separations:

The isolation or separation of isomers from mixtures of isomers confers origin.

32.01 – 32.02

A change to this heading from any other heading.

32.03 – 32.04

A change to this heading from any other heading, outside the group.

32.05 – 32.07

A change to this heading from any other heading.

32.08

A change to this heading from any other heading, including the internal change from plastic material dissolutions in organic solvents.

32.09 – 32.10

A change to this heading from any other heading, outside the group.

32.11 – 32.12

A change to this heading from any other heading.

3213.10

A change to this subheading from any other subheading, provided that each component article is originating from the region.

3213.90

A change to this subheading from any other heading.

32.14 – 32.15

A change to this heading from any other heading.

## Chapter 33

Essential oils and resinoids; perfumery, cosmetic or toilet preparations

Notes to Chapter:

33-1 Isomer separations:

The isolation or separation of isomers from mixtures of isomers confers origin.

33-2 Mixtures and blends:

The deliberate and proportionally controlled mixing or blending (different from the simple dissolution in water), of materials to conform to predetermined specifications, resulting in the production of a product having physical or chemical characteristics which are relevant to a purpose or different use from the initial materials, is considered to constitute a substantial transformation

33.01

A change to this heading from any other heading. The application of one or more of the Notes to Section VI-1 and VI-2 (Chemical Reaction and Purification) and the Notes to Chapter 33-1 (Isomer Separation), confers origin to the respective good.

33.02

A change to this heading from any other heading. Note: The application of Note to Chapter 33-2 (Mixtures and blends), confers origin to the respective good.

33.03 – 33.07

A change to this heading from any other heading.

Note: The application of Note to Chapter 33-2 (Mixtures and blends), confers origin to the respective good.

Chapter 34

Soap, organic surface-active agents, washing preparations, lubricating preparations, artificial waxes, prepared waxes, polishing or scouring preparations, candles and similar articles, modeling pastes, "dental waxes" and dental preparations with a basis of plaster

Note to Chapter:

34-1 Isomer separations:

The isolation or separation of isomers from mixtures of isomers confers origin.

3401.11 – 3401.20

A change to this subheading from any other heading.

3401.30

A change to this subheading from any other subheading, except from heading 34.02.

3402.11 – 3402.19

A change to this subheading from any other subheading, except the putting up for retail sale.

3402.20

A change to this subheading from any other subheading, including the change from anionic sulfate agents (as established in Note to Section VI-1), except the putting up for retail sale.

3402.90

A change to this subheading from any other chapter.

34.03 – 34.04

A change to this heading from any other heading.

3405.10 – 3405.90

A change to this subheading from any other subheading.

34.06 – 34.07

A change to this heading from any other heading.

## Chapter 35

Albuminoidal substances; modified starches; glues; enzymes

35.01 – 35.05

A change to this heading from any other heading.

35.06

A change to this heading from any other heading, except the putting up for retail sale.

35.07

A change to this heading from any other heading.

## Chapter 36

Explosives; pyrotechnic products; matches; pyrophoric alloys; certain combustible preparations

36.01 – 36.06

A change to this heading from any other heading.

## Chapter 37

Photographic or cinematographic goods

37.01 – 37.03

A change to this heading from any other heading, outside the group.

37.04 – 37.06

A change to this heading from any other heading.

37.07

A change to this heading from any other chapter, except the putting up for retail sale.

## Chapter 38

Miscellaneous chemical products

Notes to Chapter

38-1 Standard solutions

The standard solutions are preparations suitable for analytical, calibrating or reference use, having degrees of purity or proportions, which are certified by the manufacturer.

The preparation of standard solutions confers origin.

38-2 Isomer separations:

The isolation or separation of isomers from mixtures of isomers confers origin.

38.01 – 38.07

A change to this heading from any other heading.

3808.10-3808.90

A change to this subheading from any other subheading.

38.09 – 38.13

A change to this heading from any other heading.

38.14

A change to this heading from any other heading.

38.15 – 38.22

A change to this heading from any other heading.

3823.11 – 3823.70

A change to this subheading from any other subheading.

3824.10 – 3824.90

A change to this subheading from any other subheading.

38.25

A change to this heading from any other chapter, except from chapter 28 through 37, 40 and 90.

## Section VII

(Chapter 39 through 40)

Plastics and articles thereof rubber and articles thereof

Notes to Section:

VII-1 Chemical Reaction:

A "Chemical Reaction" is a process (including a biochemical process) that results in a molecule with a new structure by breaking intramolecular bonds and by forming new intramolecular bonds, or by altering the spatial arrangement of atoms in a molecule. The following operations are not considered to be chemical reactions for the purposes of this definition:

- 1) Dissolution in water or in another solvents;
- 2) The elimination of solvents, including solvent water;
- 3) The addition or elimination of water of crystallization.

VII-2 Purification:

The purification that results in the elimination of 80% of the content of existing impurities or the reduction or elimination of the impurities rendering a chemical substance with a minimum grade of purity rendering a product suitable for uses such as:

- 1) Pharmaceutical substances or foodstuffs in compliance with national regulations or the international pharmacopeias.
- 2) Chemical reactive products for the chemical analysis or for use in laboratories;
- 3) Elements or components for use in microelements;
- 4) Various optical uses;
- 5) Human or veterinarian use.

VII-3 Isomer separations:

The isolation or separation of isomers from mixtures of isomers confers origin.

## Chapter 39

Plastics and articles thereof

39.01 – 39.03

A change to this heading from any other heading.

3904.10

A change to this subheading from any other heading.

3904.21-3904.22

A change to this subheading from any other subheading, including the change from polyvinyl chloride to obtain "polyvinyl chloride compounds".

3904.30-3904.90

A change to this subheading from any other heading.

39.05-39.14

A change to this heading from any other heading.

39.15

The country of origin of the goods shall be the country where the waste and scrap are obtained by means of manufacture, operations of transformation or consumption.

3916-3919

A change to this heading from any other heading.

39.20

A change to this heading from any other heading. The manufacture of plates, sheets, film, foil and strips of plastics laminated with plastic materials under this heading confers origin.

39.21

A change to this heading from any other heading.

39.22-39.26

A change to this heading from any other heading.

## Chapter 40

Rubber and articles thereof

40.01

Products under this heading shall be originating from the country where obtained in their natural state.

40.02-40.03

A change to this heading from any other heading.

40.04

Products under this heading shall be originating from the country where the waste and scrap are obtained.

40.05 – 40.10

A change to this heading from any other heading.

40.11

A change to this heading from any other heading, except from heading 40.01 and from subheading 8708.70.

4012.11 – 4012.19

A change to this subheading from any other heading, except from subheading 4012.20 and 8708.70.

4012.20

A change to this subheading from any other heading, except from subheading 8708.70.

4012.90

A change to this subheading from any other heading.

40.13 – 40.16

A change to this heading from any other heading.

40.17

a) Waste and Scrap: The origin of goods under this split heading shall be the country where the waste and scrap are obtained (by means of manufacture, operations of transformation or consumption).

b) Hard rubber and articles of hard rubber: A change to this split heading from any other subheading.

## Section VIII

(Chapter 41 through 43)

Raw hides and skins, leather, furskins and articles thereof; saddlery and harness; travel goods, handbags and similar containers; articles of animal gut (other than silkworm gut)

### Chapter 41

Raw hides and skins (other than furskins) and leather

Note to Chapter:

41-1 Chemical Reaction:

A "Chemical Reaction" is a process (including a biochemical process) that results in a

molecule with a new structure by breaking intramolecular bonds and by forming new intramolecular bonds, or by altering the spatial arrangement of atoms in a molecule. The following operations are not considered to be chemical reactions for the purposes of this definition:

- 1) Dissolution in water or other solvents;
- 2) The elimination of solvents, including solvent water;
- 3) The addition or elimination of water of crystallization.

41.01 – 41.03

A change to this heading from any other chapter.

41.04 – 41.06

A change to this heading from any other heading, allowing the use of non originating hides in wet blue.

41.07 – 41.14

A change to this heading from any other heading.

4115.10

A change to this subheading from any other subheading.

4115.20

a) Waste: Goods under this split subheading shall be originating from the country where the waste and scrap are obtained (by means of manufacture, of operations, transformation or consumption)

b) leather dust, powder and flour: A change to this split subheading from any other subheading.

## Chapter 42

Articles of leather; saddlery and harness; travel goods, handbags and similar containers; articles of animal gut (other than silkworm gut)

Note to Chapter

42-1 For the purpose of determining the country of origin of the goods under this chapter that are not wholly obtained from one or more of the Parties, the following operations individually, do not confer origin, even if they produce changes in tariff classification:

- a) Work or finish of one or more edges by means of hemming, purl, sewing or similar methods or by sticking them through knotted fringes;
- b) Cutting skins or other materials; separating finished products by directly cutting the dividing yarns;
- c) Unite goods by means of sewing or stitching to facilitate the transportation or other occasional motives;
- d) To finish existing goods with zippers, buttonholes, pockets, clasps, necks, wristbands, labels, ornamental articles or trimmings (including -but not limited to- laces, non functional sewing, beads, badges, puffs, pompons, fringes, laces or feathers) or similar articles.
- e) Putting up goods for retail sale as sets or assortments.

42.01 – 42.05

A change to this heading from any other heading, provided that the goods are woven or knit to shape or otherwise entirely assembled in the in one of the Parties.

42.06

A change to this heading from any other heading.

## Chapter 43

Furskins and artificial fur; manufactures thereof

Note to Chapter

43-1

For the purpose of determining the country of origin of the goods under this chapter that are not wholly obtained from one or more of the Parties, the following operations individually, do not confer origin, even if they produce changes in tariff classification:

- a) Work or finish of one or more edges by means of hemming, purl, sewing or similar methods or by sticking them through knotted fringes;
- b) Cutting skins or other materials; separating finished products by directly cutting the dividing yarns;
- c) Unite goods by means of sewing or stitching to facilitate the transportation or other occasional motives;
- d) To finish existing goods with zippers, buttonholes, pockets, clasps, necks, wristbands, labels, ornamental articles or trimmings (including -but not limited to- laces, non functional sewing, beads, badges, puffs, pompons, fringes, laces or feathers) or similar articles.
- e) Putting up goods for retail sale as sets or assortments.

43.01

A change to this heading from any other chapter.

43.02 – 43.04

A change to this heading from any other heading, provided that the goods are assembled in the region.

## Section IX

(Chapter 44 through 46)

Wood and articles of wood; wood charcoal; cork and articles of cork; manufactures of straw, of esparto or of other plaiting materials; basketware and wickerwork

## Chapter 44

Wood and articles of wood; wood charcoal

44.01

Goods under this heading shall be originating from the country where the wood is obtained.

44.02 – 44.07

A change to this heading from any other heading.

44.08

A change to this heading from any other heading, allowing for sheets for veneering obtained by means of cut of laminated wood, a change within this heading.

44.09 – 44.21

A change to this heading from any other heading.

## Chapter 45

Cork and articles of cork

45.01 – 45.02

A change to this heading from any other heading.

4503.10 - 4504.90

A change to this subheading from any other subheading.

## Chapter 46

Manufactures of straw, of esparto or of other plaiting materials; basketware and wickerwork

46.01 – 46.02

A change to this heading from any other heading.

## Section X

(Chapter 47 through 49)

Pulp of wood or of other fibrous cellulosic material; waste and scrap of paper or paperboard; paper and paperboard and articles thereof

## Chapter 47

Pulp of wood or of other fibrous cellulosic material; waste and scrap of paper or paperboard

47.01 – 47.06

A change to this heading from any other heading.

4707.10 - 4707.90

Goods under this heading shall be originating from the country where they are obtained (by means of manufacture, operations of transformation or consumption).

## Chapter 48

Paper and paperboard; articles of paper pulp, of paper or of paperboard

48.01

A change to this heading from any other heading.

48.02

A change to this heading from any other heading, allowing the internal change within this heading for paper and paperboard in rolls of a width not exceeding 150 mm or rectangular or square sheets for which one side does not exceed 360 mm and the other does not exceed 150 mm.

48.03 – 48.05

A change to this heading from any other heading.

48.06 – 48.09

A change to this heading from any other heading.

48.10

A change to this heading from any other heading, allowing the internal change within this heading for paper and paperboard in rolls of a width not exceeding 150 mm or rectangular or square sheets for which one side does not exceed 360 mm and the other does not exceed 150 mm. The laminating process, whether or not with other materials confers origin.

48.11

A change to this heading from any other heading, allowing the internal change within this heading for paper and paperboard in rolls of a width not exceeding 150 mm or rectangular or square sheets for which one side does not exceed 360 mm and the other does not exceed 150 mm. The laminating process, whether or not with other materials confers origin.

48.12 – 48.15

A change to this heading from any other heading.

4816.10 - 4816.90

A change to this subheading from any other heading, except from heading 4809.  
48.17

A change to this heading from any other heading.

4818.10 - 4818.30

A change to this subheading from any other heading, except from heading 4803.

4818.40 - 4818.90

A change to this subheading from any other heading.

48.19

A change to this heading from any other heading.

4820.10 - 4820.30

A change to this subheading from any other heading.

4820.40

A change to this subheading from any other heading, except from subheading 4811.90.

4820.50 - 4822.90

A change to this subheading from any other heading.

4823.12 - 4823.40

A change to this subheading from any other heading.

4823.60 - 4823.90

A change to this subheading from any other heading.

## Chapter 49

Printed books, newspapers, pictures and other products of the printing industry;  
manuscripts, typescripts and plans

49.01 - 49.11

A change to this heading from any other chapter.

## Section XI

Textile and textile articles

(Chapter 50 through 63)

### Chapter 50

Silk

50.01 - 50.03

A change to this heading from any other chapter.

50.04 - 50.05

A change to this heading from any other heading.

50.06

A change to this heading from any other heading except from heading 50.04 and 50.05.

50.07

A change to this heading from any other heading.

### Chapter 51

Wool, fine or coarse animal hair; horsehair yarn and woven fabric

51.01 - 51.05

A change to this heading from any other chapter.

51.06 - 51.08

A change to this heading from any other heading.

51.09 - 51.10

A change to this heading from any other heading, except from heading 51.06, 51.07

and 51.08.

51.11 – 51.13

A change to this heading from any other heading, except from heading 51.06 through 51.08.

Chapter 52

Cotton

52.01 – 52.03

A change to this heading from any other chapter.

52.04 – 52.06

A change to this heading from any other heading.

52.07

A change to this heading from any other heading, except from heading 52.05 through 52.06.

52.08 – 52.12

Bilateral rules of origin apply.

Chapter 53

Other vegetable textile fibers; paper yarn and woven fabric of paper yarn

53.01 – 53.05

A change to this heading from any other chapter.

53.06 – 53.09

A change to this heading from any other heading.

53.10

A change to this heading from any other heading, except from heading 53.07 and 53.08.

53.11

A change to this heading from any other heading.

Chapter 54

Man-made filaments

54.01 – 54.05

A change to this heading from any other heading.

54.06

A change to this heading from any other heading, except from heading 54.02 through 54.05.

54.07 – 54.08

A change to this heading from any other heading.

Chapter 55

Man-made staple fibers

55.01 – 55.02

A change to this heading from any other chapter.

55.03 – 55.10

A change to this heading from any other heading.

55.11

A change to this heading from any other heading, except from heading 55.09 and 55.10.

55.12 – 55.16

A change to this heading from any other heading.

#### Chapter 56

Wadding, felt and nonwovens; special yarns, twine, cordage, ropes and cables and articles thereof

56.01 – 56.03

A change to this heading from any other heading.

56.04 – 56.06

A change to this heading from any other chapter.

56.07 – 56.09

A change to this heading from any other heading.

#### Chapter 57

Carpets and other textile floor coverings

57.01 – 57.05

A change to this heading from any other chapter.

#### Chapter 58

Special woven fabrics; tufted textile fabrics; lace, tapestries; trimmings; embroidery

58.01 – 58.05

A change to this heading from any other chapter, except from heading 51.12 through 51.13, 52.05 through 52.07, subheading 5401.10, 5402.39, 5402.43 and 5407.42.

58.06

A change to this heading from any other chapter.

58.07

A change to this heading from any other heading.

58.08 – 58.09

A change to this heading from any other chapter.

58.10

A change to this heading from any other heading.

58.11

A change to this heading from any other chapter.

#### Chapter 59

Impregnated, coated, covered or laminated textile fabrics; textile articles of a kind suitable for industrial use

59.01 – 59.02

A change to this heading from any other heading.

59.03 – 59.07

A change to this heading from any other heading, outside the group.

59.08 – 59.11

A change to this heading from any other heading.

#### Chapter 60

Knitted or crocheted fabrics

60.01 – 60.06

A change to this heading from any other chapter, except from heading 51.12 through

51.13, 52.05 through 52.07, subheading 5401.10, 5402.39, 5402.43 and 5407.42.

#### Chapter 61

Articles of apparel and clothing accessories, knitted or crocheted

Note to Chapter

61-1 Bilateral note apply.

61.01– 61.17

Bilateral rules of origin apply.

#### Chapter 62

Articles of apparel and clothing accessories, not knitted or crocheted

Note to Chapter:

62-1 Bilateral note apply

62.01 – 62.17

Bilateral rules of origin apply.

#### Chapter 63

Other made up textile articles; sets; worn clothing and worn textile articles; rags

6301.10 – 6305.32

Bilateral rules of origin apply.

6305.33

A change to this subheading from any other chapter, except from chapter 54.

6305.39-6310.90

Bilateral rules of origin apply.

#### Section XII

(Chapter 64 through 67)

Footwear, headgear, umbrellas, sun umbrellas, walking sticks, seatsticks, whips, riding-crops and parts thereof; prepared feathers and articles made therewith; artificial flowers; articles of human hair

#### Chapter 64

Footwear, gaiters and the like; parts of such articles

64.01 – 64.05

A change to this heading from any other heading outside the group, except from subheading 6406.10, produced outside the region.

6406.10

A change to this subheading from any other chapter, except from heading 41.04 through 41.11.

6406.20 – 6406.99

A change to this subheading from any other chapter

#### Chapter 65

Headgear and parts thereof

65.01 – 65.02

A change to this heading from any other chapter, except from rushes or straw from subheading 1401.90.

65.03 – 65.06

A change to this heading from any other heading.

65.07

A change to this heading from any other chapter.

#### Chapter 66

Umbrellas, sun umbrellas, walking sticks, seatsticks, whips, riding-crops and parts thereof

66.01 – 66.02

A change to this heading from any other heading.

66.03

A change to this heading from any other chapter.

#### Chapter 67

Prepared feathers and down and articles made of feathers or of down; artificial flowers; articles of human hair

67.01 – 67.03

A change to this heading from any other chapter.

67.04

A change to this heading from any other heading.

#### Section XIII

(Chapter 68 through 70)

Articles of stone, plaster, cement, asbestos, mica or similar materials; ceramic products; glass and glassware

#### Chapter 68

Articles of stone, plaster, cement, asbestos, mica or similar materials

68.01 – 68.11

A change to this heading from any other chapter.

6812.50 – 6812.70

A change to this subheading from any other subheading.

6812.90

A change to this subheading from any other subheading, allowing the change within this subheading. Exclusively for fabricated asbestos fibers; mixtures with a basis of asbestos or with a basis of asbestos and magnesium carbonate under this subheading, a change from any other heading.

68.13

A change to this heading from any other heading.

68.14 – 68.15

A change to this heading from any other chapter.

#### Chapter 69

Ceramic products

69.01 – 69.14

A change to this heading from any other chapter.

#### Chapter 70

Glass and glassware

70.01 – 70.18

A change to this heading from any other heading.

7019.11 - 7019.90

A change to this subheading from any other subheading.

70.20

A change to this heading from any other heading.

#### Section XIV

(Chapter 71)

Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad with precious metal and articles thereof; imitation jewelry; coin

Chapter 71

Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad with precious metal and articles thereof; imitation jewelry; coin

71.01 – 71.04

A change to this heading from any other heading.

71.05 – 71.18

A change to this heading from any other heading.

#### Section XV

(Chapter 72 through 83)

Base metals and articles of base metal

Chapter 72

Iron and steel

72.01 – 72.03

A change to this heading from any other heading.

72.04 – 72.05

A change to this heading from any other heading, outside the group.

72.06 – 72.07

A change to this heading from any other heading, outside the group.

72.08 – 72.12

A change to this heading from any other heading, outside the group.

72.13 – 72.16

A change to this heading from any other heading, except from heading 72.07 and subheading 7204.50.

72.17 – 72.19

A change to this heading from any other heading.

72.20

A change to this heading from any other heading, except from heading 72.19.

72.21 – 72.22

A change to this heading from any other heading.

72.23 – 72.25

A change to this heading from any other heading.

72.26

A change to this heading from any other heading, except from heading 72.25.

72.27 – 72.29

A change to this heading from any other heading.

#### Chapter 73

Articles of iron or steel

73.01 – 73.06

A change to this heading from any other heading.  
73.07 – 73.12

A change to this heading from any other heading.  
73.13 – 73.26

A change to this heading from any other heading.

#### Chapter 74

Copper and articles thereof

74.01 – 74.19

A change to this heading from any other heading.

#### Chapter 75

Nickel and articles thereof

75.01 – 75.02

A change to this heading from any other heading.

75.03 – 75.06

A change to this heading from any other heading.

7507.11 - 7507.12

A change to this subheading from any other heading.

7507.20

A change to this subheading from any other subheading.

75.08

A change to this heading from any other heading.

#### Chapter 76

Aluminum and articles thereof

76.01

A change to this heading from any other heading.

76.02 – 76.16

A change to this heading from any other heading.

#### Chapter 78

Lead and articles thereof

78.01

A change to this heading from any other heading.

78.02 – 78.06

A change to this heading from any other heading.

#### Chapter 79

Zinc and articles thereof

79.01

A change to this heading from any other heading.

79.02 – 79.07

A change to this heading from any other heading.

#### Chapter 80

Tin and articles thereof

80.01

A change to this heading from any other heading.  
80.02 – 80.07  
A change to this heading from any other heading.

## Chapter 81

Other base metals; cermets; articles thereof

8101.10

A change to this subheading from any other subheading.

8101.94

A change to this subheading from any other subheading, except from subheading  
8101.97.

8101.95-8101.96

A change to this subheading from any other subheading.

8101.97

A change to this subheading from any other subheading, except from subheading  
8101.94.

8101.99

A change to this subheading from any other subheading.

8102.10

A change to this subheading from any other subheading.

8102.94

A change to this subheading from any other subheading, except from subheading  
8102.97.

8102.95-8102.96

A change to this subheading from any other subheading.

8102.97

A change to this subheading from any other subheading, except from subheading  
8102.94.

8102.99

A change to this subheading from any other subheading.

8103.20

A change to this subheading from any other subheading, except from subheading  
8103.30.

8103.30

A change to this subheading from any other subheading, except from subheading  
8103.20.

8103.90

A change to this subheading from any other subheading.

81.04

A change to this heading from any other subheading.

8105.20

A change to this subheading from any other subheading, except from subheading  
8105.30.

8105.30

A change to this subheading from any other subheading, except from subheading  
8105.20.

8105.90

A change to this subheading from any other subheading.

81.06

A change to this heading from any other subheading.

8107.20

A change to this subheading from any other subheading, except from subheading 8107.30.

8107.30

A change to this subheading from any other subheading, except from subheading 8107.20.

8107.90

A change to this subheading from any other subheading.

8108.20

A change to this subheading from any other subheading, except from subheading 8108.30.

8108.30

A change to this subheading from any other subheading, except from subheading 8108.20.

8108.90

A change to this subheading from any other subheading.

8109.20

A change to this subheading from any other subheading, except from subheading 8109.30.

8109.30

A change to this subheading from any other subheading, except from subheading 8109.20.

8109.90

A change to this subheading from any other subheading.

8110.10

A change to this subheading from any other subheading, except from subheading 8110.20.

8110.20

A change to this subheading from any other subheading, except from subheading 8110.10.

8110.90

A change to this subheading from any other subheading.

81.11

A change to this heading from any other subheading.

8112.12

A change to this subheading from any other subheading, except from subheading 8112.13.

8112.13

A change to this subheading from any other subheading, except from subheading 8112.12.

8112.19

A change to this subheading from any other subheading.

8112.21

A change to this subheading from any other subheading, except from subheading 8112.22.

8112.22

A change to this subheading from any other subheading, except from subheading 8112.21.

8112.29

A change to this subheading from any other subheading.

8112.30

A change to this subheading from any other subheading.

8112.40

A change to this subheading from any other subheading.

8112.51

A change to this subheading from any other subheading, except from subheading 8112.52.

8112.52

A change to this subheading from any other subheading, except from subheading 8112.51.

8112.59

A change to this subheading from any other subheading.

8112.92

A change to this subheading from any other subheading.

8112.99

A change to this subheading from any other subheading.

81.13

A change to this heading from any other heading.

## Chapter 82

Tools, implements, cutlery, spoons and forks, of base metal; parts thereof of base metal

Note to Chapter:

82-1 Goods under heading 82.06 and from subheading 8205.90, 8214.20, 8215.10 and 8215.20 shall be originating as established in Article 4.13.

82.01 – 82.10

A change to this heading from any other heading.

82.11 – 82.12

A change to this heading from any other heading, whether or not from its blanks

82.13 – 82.15

A change to this heading from any other heading.

## Chapter 83

Miscellaneous articles of base metal

8301.10 - 8301.70

A change to this subheading from any other subheading.

83.02 – 83.11

A change to this heading from any other heading.

## Section XVI

(Chapter 84 through 85)

Machinery and mechanical appliances; electrical equipment; parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles

## Chapter 84

Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof

Notes to Chapter:

84-1 For the purposes of this chapter, parts must be originating of the country of manufacture.

84-2 The assembly of appliances under this chapter shall be governed by Part IV of this Appendix, including individual components.

84.01 – 84.85

A change to this heading from any other heading.

## Chapter 85

Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles

Notes to Chapter:

85-1 For the purposes of this chapter, parts must be originating of the country of manufacture.

85-2 The assembly of appliances under this chapter shall be governed by Part IV of this Appendix, including individual components.

85.01 – 85.48

A change to this heading from any other heading.

## Section XVII

(Chapter 86 through 89)

Vehicles, aircraft, vessels and associated transport equipment

### Chapter 86

Railway or tramway locomotives, rolling-stock and parts thereof; railway or tramway track fixtures and fittings and parts thereof; mechanical (including electro-mechanical) traffic signalling equipment of all kinds.

86.01 – 86.09

A change to this heading from any other heading.

### Chapter 87

Vehicles other than railway or tramway rolling stock, and parts and accessories thereof

87.01 – 87.07

A change to this heading from any other heading.

87.08

A change to this heading from any other heading, except from heading 40.11 and subheading 4012.10 and 4012.20.

87.09 – 87.10

A change to this heading from any other heading.

87.11

A change to this heading from any other heading, except from subheading 8714.11 and 8714.19.

87.12

A change to this heading from any other heading, except from subheading 8714.91, wheel rims from subheading 8714.92 and handlebars, mudguards, chain covers and grills

of base metal from subheading 8714.99.

87.13

A change to this heading from any other heading.

87.14

A change to this heading from any other heading.

87.15 – 87.16

A change to this heading from any other heading, whether or not from its parts.

Chapter 88

Aircraft, spacecraft, and parts thereof

88.01 – 88.05

A change to this heading from any other heading.

Chapter 89

Ships, boats and floating structures

89.01 – 89.08

A change to this heading from any other heading.

Section XVIII

(Chapter 90 through 92)

Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; clocks and watches; musical instruments; parts and accessories thereof

Chapter 90

Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof.

Notes to Chapter:

90-1 For the purposes of this chapter, the parts must be originating of the country of manufacture.

90-2 The assembly of appliances under this chapter shall be governed Part IV of this Appendix, including individual components.

90.01 – 90.33

A change to this heading from any other heading.

Chapter 91

Clocks and watches and parts thereof

Notes to Chapter:

91-1 For the purposes of this chapter, the parts must be originating of the country of manufacture.

91-2 The assembly of appliances under this chapter shall be governed by Part IV of this Appendix, including individual components.

91.01 – 91.14

A change to this heading from any other heading.

Chapter 92

Instruments; parts and accessories of such articles.

92.01 – 92.09

A change to this heading from any other heading.

#### Section XIX

(Chapter 93)

Arms and ammunition; parts and accessories thereof

Chapter 93

Arms and ammunition; parts and accessories thereof.

93.01 – 93.07

A change to this heading from any other heading.

#### Section XX

(Chapter 94 through 96)

Miscellaneous manufactured articles

Chapter 94

Furniture; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings; lamps and lighting fittings, not elsewhere specified or included; illuminated sign illuminated nameplates and the like; prefabricated buildings

9401.10 - 9401.80

A change to this subheading from any other subheading.

9401.90

A change to this subheading from any other heading.

94.02 – 94.03

A change to this heading from any other heading.

9404.10 – 9405.60

A change to this subheading from any other subheading.

9405.91 – 9405.99

A change to this subheading from any other heading.

94.06

A change to this heading from any other heading.

#### Chapter 95

Toys, games and sports requisites; parts and accessories thereof

Notes to Chapter:

95-1 For the purposes of this chapter, the parts must be originating of the country of manufacture.

95-2 The assembly of appliances under this chapter shall be governed by Part IV of this Appendix, including individual components.

95.01

A change to this heading from any other heading.

9502.10

A change to this subheading from any other heading.

9502.91 – 9502.99

A change to this subheading from any other heading.

9503.10 – 9503.60

A change to this subheading from any other subheading. The components of the set must be originating from the region.

9503.70

A change to this subheading from any other subheading. The components of the set must be originating from the region.

9503.80

A change to this subheading from any other subheading.

9503.90

A change to this subheading from any other heading.

95.04 – 95.05

A change to this heading from any other subheading.

9506.11 - 9506.39

A change to this subheading from any other subheading.

9506.40

A change to this subheading from any other heading.

9506.51 - 9506.61

A change to this subheading from any other subheading.

9506.62

A change to this subheading from any other heading.

9506.69 - 9506.99

A change to this subheading from any other subheading.

95.07 – 95.08

A change to this heading from any other heading.

## Chapter 96

### Miscellaneous manufactured articles

#### Note to Chapter:

96-1 Goods under headings 96.06 and 96.08 shall be originating as established in Article 4.13.

96.01 – 96.02

A change to this heading from any other heading.

9603.10 - 9603.90

A change to this subheading from any other subheading.

96.04

A change to this heading from any other heading.

96.05

A change to this heading from any other heading, provided that each component of the set is originating from the region.

9606.10 - 9606.30

A change to this subheading from any other subheading.

9607.11 - 9607.19

A change to this subheading from any other subheading, except from subheading

9607.20.

9607.20

A change to this subheading from any other heading.

9608.10 - 9608.40

A change to this subheading from any other subheading, except from subheading

9608.60.

9608.50

A change to this subheading from any other subheading, provided that each component of the set is originating of the parties.

9608.60 - 9609.90

A change to this subheading from any other subheading.

96.10 - 96.12

A change to this heading from any other heading.

9613.10 - 9613.80

A change to this subheading from any other subheading.

9613.90

A change to this subheading from any other heading.

96.14 - 96.15

A change to this heading from any other heading.

96.16 - 96.18

A change to this heading from any other heading, whether or not from its respective parts.

Section XXI

(Chapter 97)

Works of art, collectors' pieces and antiques

Chapter 97

Works of art, collectors' pieces and antiques

97.01 - 97.05

Goods under this heading shall be originating from the country where they have been obtained.

97.06

Goods under this heading shall be originating when they have remained more than one hundred years in the region.

PART III

BILATERAL RULES OF ORIGIN

Bilateral Rules of Origin

Costa Rica and the Dominican Republic

Chapter 52

Cotton

52.08 - 52.12

A change to heading 52.08 through 52.12 from any other heading.

Chapter 61

Articles of apparel and clothing accessories, knitted or crocheted

61.01- 61.17

A change to heading 61.01 through 61.17 from any other heading, except from chapter 60.

Chapter 62

Articles of apparel and clothing accessories, not knitted or crocheted 62.01 - 62.17

A change to heading 62.01 through 62.17 from any other heading.

Chapter 63

Other made up textile articles; sets; worn clothing and worn textile articles; rags

6301.10 - 6305.32

A change to subheading 6301.10 through 6305.32 from any other heading

6305.39-6310.90

A change to subheading 6305.39 through 6310.90 from any other heading.

Bilateral Rules of Origin

Guatemala and the Dominican Republic

Chapter 52

Cotton

52.08 – 52.12

A change to heading 52.08 through 52.12 from any other heading outside the group, except from heading 52.04 through 52.07.

Chapter 61

Articles of apparel and clothing accessories, knitted or crocheted

Note to Chapter:

With the purpose of determining the origin of a good under this chapter, the applicable rule for such good shall be fulfilled only by the material which confers the essential character for the tariff classification of such good and that material shall satisfy the requirements of change in tariff classification set out for the good for which the origin is determined.

61.01– 61.17

A change to heading 61.01 through 61.17 from any other chapter, except from heading 51.11 through 51.12, 52.08 through 52.12, 53.09 through 53.11, 54.07 through 54.08, 55.12 through 55.16, 56.02 through 56.03, 58.02 through 58.04, 58.10 through 58.11 or chapter 60.

Chapter 62

Articles of apparel and clothing accessories, not knitted or crocheted

Note to Chapter:

With the purpose of determining the origin of a good under this chapter, the applicable rule for such good shall be fulfilled only by the material which confers the essential character for the tariff classification of such good and that material shall satisfy the requirements of change in tariff classification set out for the good for which the origin is determined.

62.01 – 62.17

A change to heading 62.01 through 62.17 from any other chapter, except from heading 51.11 through 51.12, 52.08 through 52.12, 53.09 through 53.11, 54.07 through 54.08, 55.12 through 55.16, 56.02 through 56.03, 58.02 through 58.04, 58.10 through 58.11 or chapter 60.

Chapter 63

Other made up textile articles; sets; worn clothing and worn textile articles; rags

6301.10 – 6305.32

A change to subheading 6301.10 through 6305.32 from any other chapter, except heading 51.11 through 51.12, 52.08 through 52.12, 53.09 through 53.11, 54.07 through 54.08, 55.12 through 55.16, 56.02 through 56.03, 58.02 through 58.04, 58.10 through 58.11 or chapter 60.

6305.39-6310.90

A change to subheading 6305.39 through 6310.90 from any other chapter, except

heading 51.11 through 51.12, 52.08 through 52.12, 53.09 through 53.11, 54.07 through 54.08, 55.12 through 55.16, 56.02 through 56.03, 58.02 through 58.04, 58.10 through 58.11 or chapter 60.

Bilateral Rules of Origin  
Honduras and the Dominican Republic  
Chapter 52  
Cotton  
52.08 – 52.12

A change to heading 52.08 through 52.12 from any other heading outside the group.

Chapter 61  
Articles of apparel and clothing accessories, knitted or crocheted  
Note to Chapter 61, 62 and 63:

With the purpose of determining the origin of a good under chapter 61, 62 and 63, the applicable rule for such good shall be fulfilled only by the material which confers the essential character for the tariff classification of such good and that material shall satisfy the requirements of change in tariff classification set out for the good for which the origin is determined.

61.01– 61.17

A change to heading 61.01 through 61.17 from any other chapter, except from heading 51.11 through 51.12, 52.08 through 52.12, 53.09 through 53.11, 54.07 through 54.08, 55.12 through 55.16, 56.02 through 56.03, 58.02 through 58.04, 58.10 through 58.11 or chapter 60.

Chapter 62  
Articles of apparel and clothing accessories, not knitted or crocheted  
62.01 – 62.17

A change to heading 62.01 through 62.17 from any other chapter, except from heading 51.11 through 51.12, 52.08 through 52.12, 53.09 through 53.11, 54.07 through 54.08, 55.12 through 55.16, 56.02 through 56.03, 58.02 through 58.04 or 58.10 through 58.11 or chapter 60.

Chapter 63  
Other made up textile articles; sets; worn clothing and worn textile articles; rags  
6301.10 – 6305.32

A change to subheading 6301.10 through 6305.32 from any other chapter , except heading 51.11 through 51.12, 52.08 through 52.12, 53.09 through 53.11, 54.07 through 54.08, 55.12 through 55.16, 56.01 through 56.03, 58.02 through 58.04, 58.10 through 58.11 or chapter 60.

6305.39-6310.90

A change to subheading 6305.39 through 6310.90 from any other chapter , except heading 51.11 through 51.12, 52.08 through 52.12, 53.09 through 53.11, 54.07 through 54.08, 55.12 through 55.16, 56.01 through 56.03, 58.02 through 58.04, 58.10 through 58.11 or chapter 60.

Bilateral Rules of Origin  
Nicaragua and the Dominican Republic

## Chapter 52

### Cotton

52.08 – 52.12

A change to heading 52.08 through 52.12 from any other heading.

## Chapter 61

Articles of apparel and clothing accessories, knitted or crocheted

61.01 – 61.17

A change to heading 61.01 through 61.17 from any other heading.

## Chapter 62

Articles of apparel and clothing accessories, not knitted or crocheted

62.01 – 62.17

A change to heading 62.01 through 62.17 from any other heading.

## Chapter 63

Other made up textile articles; sets; worn clothing and worn textile articles; rags

6301.10 – 6305.32

A change to subheading 6301.10 through 6305.32 from any other heading.

6305.39-6310.90

A change to subheading 6305.39 through 6310.90 from any other heading.

## Bilateral Rules of Origin

El Salvador and the Dominican Republic

### Chapter 52

#### Cotton

52.08 – 52.12

A change to heading 52.08 through 52.12 from any other heading outside the group.

Note to Chapters 61, 62 and 63:

With the purpose of determining the origin of a good under the chapters 61, 62 and 63 (Apparel), the applicable rule for such good shall be fulfilled only by the material which confers the essential character for the tariff classification of such good and that material shall satisfy the requirements of change in tariff classification set out in the rule for the good for which the origin is determined.

### Chapter 61

Articles of apparel and clothing accessories, knitted or crocheted

61.01– 61.17

A change to heading 61.01 through 61.17 from any other chapter, except from heading 51.11 through 51.12, 52.08 through 52.12, 53.09 through 53.11, 54.07 through 54.08, 55.12 through 55.16, 56.02 through 56.03, 58.02 through 58.04, 58.10 through 58.11 or chapter 60.

### Chapter 62

Articles of apparel and clothing accessories, not knitted or crocheted

62.01 – 62.17

A change to heading 62.01 through 62.17 from any other chapter, except from heading 51.11 through 51.12, 52.08 through 52.12, 53.09 through 53.11, 54.07 through

54.08, 55.12 through 55.16, 56.02 through 56.03, 58.02 through 58.04, 58.10 through 58.11 or chapter 60.

#### Chapter 63

Other made up textile articles; sets; worn clothing and worn textile articles; rags

6301.10 – 6305.32

A change to subheading 6301.10 through 6305.32 from any other chapter, except from heading 51.11 through 51.12, 52.08 through 52.12, 53.09 through 53.11, 54.07 through 54.08, 55.12 through 55.16, 56.01 through 56.03, 58.02 through 58.04, 58.10 through 58.11 or chapter 60.

6305.39-6310.90

A change to subheading 6305.39 through 6310.90 from any other chapter, except from heading 51.11 through 51.12, 52.08 through 52.12, 53.09 through 53.11, 54.07 through 54.08, 55.12 through 55.16, 56.01 through 56.03, 58.02 through 58.04, 58.10 through 58.11 or chapter 60.

#### PART IV

##### ASSEMBLY

Goods which according to the Harmonized System, incorporate in their production process, non- originating parts and pieces, will be considered as originating goods, given that:

- (a) in accordance with General Rule 2, an unassembled good is classified as an assembled good, in the same heading or subheading; or
- (b) the goods and their parts are classified under the same heading or subheading; and
- (b) the assembly also confers origin when it incorporates unit components classified in a different heading than the one of the final good.

#### Annex 4.1

##### Specific Rules of Origin

##### Part I – General Interpretative Notes

1. For purposes of interpreting the rules of origin set forth in this Annex:

- (a) the specific rule, or specific set of rules, that applies to a particular heading or subheading is set out immediately adjacent to the heading or subheading;
- (b) the requirement of a change in tariff classification applies only to non-originating materials;
- (c) where a specific rule of origin is defined using the criterion of a change in tariff classification, and the rule is written to exclude tariff provisions at the level of a chapter, heading, or subheading, each Party shall construe the rule of origin to require that materials classified in those excluded provisions be originating for the good to be originating;
- (d) when a heading or subheading is subject to alternative specific rules of origin, each Party shall consider the rule to be met if a good satisfies one of the alternatives;
- (e) when a single rule of origin is applicable to a group of headings or subheadings and that rule of origin specifies a change of heading or subheading, each Party shall interpret the rule such that the change of heading or subheading may occur within a single heading or subheading or between headings or subheadings of the group. When, however, a rule refers to a change in heading or subheading “outside that group,” each Party shall interpret the rule to require that the change in heading or subheading must

occur from a heading or subheading that is outside the group of headings or subheadings set out in the rule;

(f) reference to weight in the rules for goods provided for in chapter 1 through 24 means dry weight unless otherwise specified in the Harmonized System;

2. The following definitions apply:

chapter means a chapter of the Harmonized System; and

section means a section of the Harmonized System.

## Part II – Specific Rules of Origin

### Section I

#### Live Animals; Animal Products (Chapter 1-5)

##### Chapter 1

###### Live Animals

###### 01.01 – 01.06

A change to heading 01.01 through 01.06 from any other chapter.

##### Chapter 2

###### Meat and Edible Meat Offal

###### 02.01 – 02.06

A change to heading 02.01 through 02.06 from any other chapter.

###### 02.07

A change to heading 02.07 from any other chapter, except from heading 01.05.

###### 02.08 – 02.09

A change to heading 02.08 through 02.09 from any other chapter.

###### 02.10

A change to heading 02.10 from any other chapter, except from heading 01.05.

##### Chapter 3

###### Fish and Crustaceans, Molluscs, and Other Aquatic Invertebrates

###### Note to Chapter 3:

The fish, crustaceans, molluscs, and other aquatic invertebrates shall be deemed originating even if they were cultivated from non originating fry (“fry” means immature fish at a post-larval stage, including fingerlings, parr, smolts, and elvers) or larvae.

###### 03.01 – 03.07

A change to heading 03.01 through 03.07 from any other chapter.

##### Chapter 4

###### Dairy Produce; Birds Eggs; Natural Honey; Edible Products of Animal Origin, Not Elsewhere Specified or Included

###### 04.01 – 04.04

A change to heading 04.01 through 04.04 from any other chapter, except from subheading 1901.90.

###### 04.05

A change to heading 04.05 from any other chapter, except from subheading 1901.90 or 2106.90.

###### 04.06

A change to heading 04.06 from any other chapter, except from subheading 1901.90.

###### 04.07 – 04.10

A change to heading 04.07 through 04.10 from any other chapter.

#### Chapter 5

Products of Animal Origin, Not Elsewhere Specified or Included

05.01 – 05.11

A change to heading 05.01 through 05.11 from any other chapter.

#### Section II

Vegetable Products (Chapter 6-14)

Note to Section II

Agricultural and horticultural goods grown in the territory of a Party shall be treated as originating in the territory of that Party even if grown from seeds, bulbs, rootstock, cuttings, grafts, shoots, buds, or other live parts of plants imported from a non-Party.

#### Chapter 6

Live Trees and Other Plants; Bulbs, Roots, and the Like; Cut Flowers and Ornamental Foliage

06.01 – 06.04

A change to heading 06.01 through 06.04 from any other chapter.

#### Chapter 7

Edible Vegetables and Certain Roots and Tubers

07.01 – 07.14

A change to heading 07.01 through 07.14 from any other chapter.

#### Chapter 8

Edible Fruit and Nuts; Peel of Citrus Fruit or Melons

08.01 – 08.14

A change to heading 08.01 through 08.14 from any other chapter.

#### Chapter 9

Coffee, Tea, Maté, and Spices

09.01

A change to heading 09.01 from any other chapter.

0902.10 – 0902.40

A change to subheading 0902.10 through 0902.40 from any other subheading.

09.03

A change to heading 09.03 from any other chapter.

0904.11 – 0910.99

A change to crushed, ground, or powdered spices put up for retail sale of subheading 0904.11 through 0910.99 from spices that are not crushed, ground, or powdered of subheading 0904.11 through 0910.99, or from any other subheading, except from subheading 0910.10; or

A change to mixtures of spices or any good of subheading 0904.11 through 0910.99 other than crushed, ground, or powdered spices put up for retail sale from any other subheading, except from subheading 0910.10.

#### Chapter 10

## Cereals

10.01 – 10.08

A change to heading 10.01 through 10.08 from any other chapter.

## Chapter 11

Products of the Milling Industry; Malt; Starches; Inulin; Wheat Gluten

11.01

A change to heading 11.01 from any other chapter.

11.02

A change to heading 11.02 from any other chapter, except from heading 10.06.

11.03

A change to heading 11.03 from any other chapter, except from heading 10.06.

1104.12

A change to subheading 1104.12 from any other subheading.

1104.19 – 1104.30

A change to subheading 1104.19 through 1104.30 from any other chapter.

11.05

A change to heading 11.05 from any other chapter except from heading 07.01.

11.06

A change to heading 11.06 from any other chapter, except from subheading 0714.10.

11.07

A change to heading 11.07 from any other chapter.

1108.11 – 1108.13

A change to subheading 1108.11 through 1108.13 from any other chapter.

1108.14

A change to subheading 1108.14 from any other chapter, except from subheading 0714.10.

1108.19 – 1108.20

A change to subheading 1108.19 through 1108.20 from any other chapter.

11.09

A change to heading 11.09 from any other chapter.

## Chapter 12

Oil Seeds and Oleaginous Fruits; Miscellaneous Grains, Seeds, and Fruit; Industrial or Medicinal Plants; Straw and Fodder

12.01 – 12.14

A change to heading 12.01 through 12.14 from any other chapter.

## Chapter 13

Lac; Gums, Resins and Other Vegetable Saps and Extracts

13.01 – 13.02

A change to heading 13.01 through 13.02 from any other chapter.

## Chapter 14

Vegetable Plaiting Materials; Vegetable Products Not Elsewhere Specified or Included

14.01 – 14.04

A change to heading 14.01 through 14.04 from any other chapter.

### Section III

Animal or Vegetable Fats and Oils and Their Cleavage Products; Prepared Edible Fats;  
Animal or Vegetable Waxes (Chapter 15)

#### Chapter 15

Animal or Vegetable Fats and Oils and Their Cleavage Products; Prepared Edible Fats;  
Animal or Vegetable Waxes

15.01 – 15.18

A change to heading 15.01 through 15.18 from any other chapter.

15.20

A change to heading 15.20 from any other heading.

15.21 – 15.22

A change to heading 15.21 through 15.22 from any other chapter.

### Section IV

Prepared Foodstuffs; Beverages, Spirits and Vinegar; Tobacco and Manufactured  
Tobacco Substitutes (Chapter 16-24)

#### Chapter 16

Preparations of Meat, of Fish, or of Crustaceans, Molluscs, or Other Aquatic Invertebrates

16.01 – 16.02

A change to heading 16.01 through 16.02 from any other chapter or from mechanically  
de-boned fowl of heading 02.07, except from any other good of heading 02.07.

16.03 – 16.05

A change to heading 16.03 through 16.05 from any other chapter.

#### Chapter 17

Sugars and Sugar Confectionery

17.01 – 17.03

A change to heading 17.01 through 17.03 from any other chapter.

17.04

A change to heading 17.04 from any other heading.

#### Chapter 18

Cocoa and Cocoa Preparations

18.01 – 18.02

A change to heading 18.01 through 18.02 from any other chapter.

18.03

A change to heading 18.03 from any other heading.

18.04 – 18.05

A change to heading 18.04 through 18.05 from any other heading, except from heading  
18.03.

1806.10

A change to subheading 1806.10 from any other heading provided that such good of  
subheading 1806.10 containing 90 percent or more by dry weight of sugar does not  
contain non-originating sugar of chapter 17 and that a good of subheading 1806.10  
containing less than 90 percent by dry weight of sugar does not contain more than 35  
percent by weight of non-originating sugar of chapter 17.

1806.20

A change to subheading 1806.20 from any other heading.

1806.31

A change to subheading 1806.31 from any other subheading.

1806.32

A change to subheading 1806.32 from any other subheading.

1806.90

A change to subheading 1806.90 from any other subheading.

## Chapter 19

### Preparations of Cereals, Flour, Starch, or Milk; Pastry Cooks' Products

1901.10

A change to subheading 1901.10 from any other chapter provided that a good of subheading 1901.10 containing over 10 percent by weight of milk solids does not contain a non-originating dairy good of chapter 4.

1901.20

A change to subheading 1901.20 from any other chapter provided that a good of subheading 1901.20 containing over 25 percent by weight of butterfat, not put up for retail sale, does not contain a non-originating dairy good of chapter 4.

1901.90

A change to subheading 1901.90 from any other chapter provided that a good of subheading 1901.90 containing over 10 percent by weight of milk solids does not contain a non-originating dairy good of chapter 4.

19.02

A change to heading 19.02 from any other chapter.

19.03

A change to heading 19.03 from any other chapter.

1904.10 – 1904.30

A change to subheading 1904.10 through 1904.30 from any other chapter.

1904.90

A change to subheading 1904.90 from any other heading, except from heading 10.06.

19.05

A change to heading 19.05 from any other chapter.

## Chapter 20

### Preparations of Vegetables, Fruit, Nuts, or Other Parts of Plants

20.01

A change to heading 20.01 from any other chapter, except from subheading 0703.10.

20.02

A change to heading 20.02 from any other chapter, except that a good that has been prepared by packing (including canning) in water, brine, or natural juices (including processing incidental to packing) shall be treated as originating only if the fresh good was wholly obtained or produced entirely in the territory of one or more of the Parties.

20.03

A change to heading 20.03 from any other chapter except that a good that has been prepared by packing (including canning) in water, brine, or natural juices (including processing incidental to packing) shall be treated as originating only if the fresh good was wholly obtained or produced entirely in the territory of one or more of the Parties.

20.04

A change to heading 20.04 from any other chapter, except from heading 07.01, and

that a good that has been prepared by freezing (including processing incidental to freezing) shall be treated as originating only if the fresh good was wholly obtained or produced entirely in the territory of one or more of the Parties.

2005.10

A change to subheading 2005.10 from any other chapter.

2005.20

A change to subheading 2005.20 from any other chapter, except from heading 07.01.

2005.40 – 2005.60

A change to subheading 2005.40 through 2005.60 from any other chapter, except that a good that has been prepared by packing (including canning) in water, brine, or natural juices (including processing incidental to packing) shall be treated as originating only if the fresh good was wholly obtained or produced entirely in the territory of one or more of the Parties.

2005.70 – 2005.90

A change to subheading 2005.70 through 2005.90 from any other chapter, except that a good that has have been prepared by packing (including canning) in water, brine, or natural juices (including processing incidental to packing) shall be treated as originating only if the fresh good was wholly obtained or produced entirely in the territory of one or more of the Parties.

20.06

A change to heading 20.06 from any other chapter, except from heading 12.02 or subheading 0804.30.

20.07

A change to heading 20.07 from any other chapter, except from heading 08.03 or subheading 0804.50.

2008.11

A change to subheading 2008.11 from any other chapter except from heading 12.02.

2008.19

A change to subheading 2008.19 from any other chapter, except that nuts and seeds that have been prepared by roasting, either dry or in oil (including processing incidental to roasting) shall be treated as originating only if the fresh good was wholly obtained or produced entirely in the territory of one or more of the Parties.

2008.20

A change to subheading 2008.20 from any other chapter, except that pineapples that have been prepared by packing (including canning) in water, brine, or natural juices (including processing incidental to packing) shall be treated as originating only if the fresh good was wholly obtained or produced entirely in the territory of one or more of the Parties.

2008.30

A change to subheading 2008.30 from any other chapter, except that citrus fruit that has been prepared by packing (including canning) in water, brine, or natural juices (including processing incidental to packing) shall be treated as originating only if the fresh good was wholly obtained or produced entirely in the territory of one or more of the Parties.

2008.40

A change to subheading 2008.40 from any other chapter, except that pears that have been prepared by packing (including canning) in water, brine, or natural juices (including processing incidental to packing) shall be treated as originating only if the fresh good

was wholly obtained or produced entirely in the territory of one or more of the Parties.  
2008.50

A change to subheading 2008.50 from any other chapter, except that apricots that have been prepared by packing (including canning) in water, brine, or natural juices (including processing incidental to packing) shall be treated as originating only if the fresh good was wholly obtained or produced entirely in the territory of one or more of the Parties.

2008.60

A change to subheading 2008.60 from any other chapter, except that cherries that have been prepared by packing (including canning) in water, brine, or natural juices (including processing incidental to packing) shall be treated as originating only if the fresh good was wholly obtained or produced entirely in the territory of one or more of the Parties.

2008.70

A change to subheading 2008.70 from any other chapter, except that peaches, including nectarines, that have been prepared by packing (including canning) in water, brine, or natural juices (including processing incidental to packing) shall be treated as originating only if the fresh good was wholly obtained or produced entirely in the territory of one or more of the Parties.

2008.80

A change to subheading 2008.80 from any other chapter, except that strawberries that have been prepared by packing (including canning) in water, brine, or natural juices (including processing incidental to packing) shall be treated as originating only if the fresh good was wholly obtained or produced entirely in the territory of one or more of the Parties.

2008.91

A change to subheading 2008.91 from any other chapter, except that palm hearts that have been prepared by packing (including canning) in water, brine, or natural juices (including processing incidental to packing) shall be treated as originating only if the fresh good was wholly obtained or produced entirely in the territory of one or more of the Parties.

2008.92

A change to subheading 2008.92 from any other chapter, except that a mixture that has been prepared by packing (including canning) in water, brine, or natural juices (including processing incidental to packing) shall be treated as originating only if the fresh good was wholly obtained or produced entirely in the territory of one or more of the Parties.

2008.99

A change to subheading 2008.99 from any other chapter, except that a good that has been prepared by packing (including canning) in water, brine, or natural juices (including processing incidental to packing) shall be treated as originating only if the fresh good was wholly obtained or produced entirely in the territory of one or more of the Parties.

2009.11 – 2009.39

A change to subheading 2009.11 through 2009.39 from any other chapter, except from heading 08.05.

2009.41 – 2009.50

A change to subheading 2009.41 through 2009.50 from any other chapter.

2009.61 – 2009.80

A change to guava, apple, pear, peach, mango, grape, or soursop juice of subheading 2009.61 through 2009.80 from guava, apple, pear, peach, mango, grape, or soursop juice concentrate of subheading 2009.61 through 2009.80 or from any other chapter;  
or

A change to any other good under subheading 2009.61 through 2009.80 from any other chapter.

2009.90

A change to subheading 2009.90 from any other chapter; or

A change to subheading 2009.90 from any other subheading within chapter 20, whether or not there is also a change from any other chapter, provided that a single juice ingredient, or juice ingredients from a single non-Party, constitute in single strength form no more than 60 percent by volume of the good.

## Chapter 21

### Miscellaneous Edible Preparations

2101.11 – 2101.12

A change to subheading 2101.11 through 2101.12 from any other chapter, except from chapter 9.

2101.20 – 2101.30

A change to subheading 2101.20 through 2101.30 from any other chapter.

21.02

A change to heading 21.02 from any other chapter.

2103.10

A change to subheading 2103.10 from any other chapter.

2103.20

A change to subheading 2103.20 from any other chapter, provided that tomato ketchup of subheading 2103.20 does not contain a non-originating good of subheading 2002.90.

2103.30

A change to prepared mustard of subheading 2103.30 from mustard flour or meal of subheading 2103.30 or any other subheading; or

A change to any other good of subheading 2103.30 from any other chapter.

2103.90

A change to subheading 2103.90 from any other heading.

21.04

A change to heading 21.04 from any other heading.

21.05

A change to heading 21.05 from any other heading, except from chapter 4 and from dairy preparations containing over 10 percent by weight of milk solids of subheading 1901.90.

21.06

A change to concentrated juice of any single fruit or vegetable fortified with vitamins or minerals of subheading 2106.90 from any other chapter except from heading 08.05 or 20.09 or subheading 2202.90.

A change to mixtures of juices fortified with vitamins or minerals of subheading 2106.90:

(a) from any other chapter, except from heading 08.05 or 20.09 or from mixtures of juices of subheading 2202.90; or

(b) from any other subheading within chapter 21, heading 20.09, or from mixtures of

juices of subheading 2202.90, whether or not there is also a change from any other chapter, provided that a single juice ingredient, or juice ingredients from a single non-Party, constitute in single strength form no more than 60 percent by volume of the good;

A change to a compound alcoholic preparation of subheading 2106.90 from any other subheading except from heading 22.03 through 22.09;

A change to sugar syrup of subheading 2106.90 from any other chapter, except from chapter 17;

A change to a good containing over 10 percent by weight of milk solids of subheading 2106.90 from any other chapter, except from chapter 4, or from a dairy preparations containing over 10 percent by weight of milk solids of subheading 1901.90; or

A change to any other good of heading 21.06 from any other chapter.

## Chapter 22

### Beverages, Spirits, and Vinegar

#### 22.01

A change to heading 22.01 from any other chapter.

#### 2202.10

A change to subheading 2202.10 from any other chapter.

#### 2202.90

A change to guava, apple, pear, peach, mango, grape, or soursop juice fortified with vitamins or minerals of subheading 2202.90 from guava, apple, pear, peach, mango, grape or soursop juice concentrate of heading 20.09 or from any other heading;

A change to juice of any single fruit or vegetable fortified with vitamins or minerals of subheading 2202.90 from any other chapter, except from heading 08.05 or 20.09, or from juice concentrate of subheading 2106.90;

A change to mixtures of juices fortified with vitamins or minerals of subheading 2202.90:

(a) from any other chapter, except from heading 08.05 or 20.09 or from mixtures of juices of subheading 2106.90; or

(b) from any other subheading within chapter 22, heading 20.09 or from mixtures of juices of subheading 2106.90, whether or not there is also a change from any other chapter, provided that a single juice ingredient, or juice ingredients from a single non-Party, constitute in single-strength form no more than 60 percent by volume of the good;

A change to a beverage containing milk, from any other chapter, except from chapter 4 or from a dairy preparation containing over 10 percent by weight of milk solids of subheading 1901.90; or

A change to any other good of subheading 2202.90 from any other chapter.

#### 22.03 – 22.06

A change to heading 22.03 through 22.06 from any other chapter except from compound alcoholic preparations of subheading 2106.90.

#### 22.07

Within quota:

A change to dehydrated ethyl alcohol (carburant ethanol) under heading 22.07 from not dehydrated ethyl alcohol under heading 22.07 or from any other heading.

Outside quota:

A change to heading 22.07 from any other chapter, except from heading 10.05, 10.07

or 17.03.

2208.20 – 2208.60

A change to subheading 2208.20 or 2208.60 from any other chapter.

2208.70

A change to subheading 2208.70 from any other heading, except from chapter 4, 9, 21 or from heading 19.01.

2208.90

A change to subheading 2208.90 from any other chapter.

22.09

A change to heading 22.09 from any other heading.

## Chapter 23

Residues and Waste from the Food Industries; Prepared Animal Fodder

23.01 – 23.08

A change to heading 23.01 through 23.08 from any other chapter.

23.09

A change to heading 23.09 from any other heading, except from chapter 4, heading 23.04, subheading 1901.90, 2306.10 through 2306.30, or 2306.50 through 2306.90.

## Chapter 24

Tobacco and Manufactured Tobacco Substitutes

24.01

A change to heading 24.01 from any other chapter.

2402.10

A change to subheading 2402.10 from any other heading.

2402.20 – 2402.90

A change to subheading 2402.20 through 2402.90 from any other chapter.

24.03

A change to homogenized or reconstituted tobacco for use as cigar wrapper of subheading 2403.91 from any other heading; or

A change to any other good of heading 24.03 from any other chapter.

## Section V

Mineral Products (Chapter 25-27)

### Chapter 25

Salt; Sulphur; Earths and Stone; Plastering Materials, Lime and Cement

25.01 – 25.16

A change to heading 25.01 through 25.16 from any other heading.

2517.10 – 2517.20

A change to subheading 2517.10 through 2517.20 from any other heading.

2517.30

A change to subheading 2517.30 from any other subheading.

2517.41 – 2517.49

A change to subheading 2517.41 through 2517.49 from any other heading.

25.18 – 25.22

A change to heading 25.18 through 25.22 from any other heading.

25.23

A change to heading 25.23 from any other chapter.

25.24 – 25.30

A change to heading 25.24 through 25.30 from any other heading.

Chapter 26

Ores, Slag and Ash

26.01 – 26.21

A change to heading 26.01 through 26.21 from any other heading.

Chapter 27

Mineral Fuels, Mineral Oils and Products of their Distillation; Bituminous Substances;  
Mineral Waxes

Note

For purposes of this chapter, a “chemical reaction” is a process (including a biochemical process) which results in a molecule with a new structure by breaking intramolecular bonds and by forming new intramolecular bonds, or by altering the spatial arrangement of atoms in a molecule.

The following are not considered to be chemical reactions for the purposes of this definition:

- (a) dissolving in water or other solvents;
- (b) the elimination of solvents, including solvent water; or
- (c) the addition or elimination of water of crystallization.

For purposes of heading 27.10, the following processes confer origin:

- (a) Atmospheric distillation: A separation process in which petroleum oils are converted, in a distillation tower, into fractions according to boiling point and the vapor then condensed into different liquefied fractions.
- (b) Vacuum distillation: Distillation at a pressure below atmospheric but not so low that it would be classed as molecular distillation.

27.01 – 27.06

A change to heading 27.01 through 27.06 from any other heading.

2707.10 – 2707.99

A change to subheading 2707.10 through 2707.99 from any other heading; or  
A change to subheading 2707.10 through 2707.99 from any other subheading provided that the good resulting from such change results from a chemical reaction.

27.08 – 27.09

A change to heading 27.08 through 27.09 from any other heading.

27.10

A change to any good of heading 27.10 from any other good of heading 27.10 provided that the good resulting from such change results from a chemical reaction, atmospheric distillation, or vacuum distillation; or

A change to heading 27.10 from any other heading except from heading 22.07.

2711.11

A change to subheading 2711.11 from any other subheading, except from subheading 2711.21.

2711.12 – 2711.19

A change to subheading 2711.12 through 2711.19 from any other subheading except from subheading 2711.29.

2711.21

A change to subheading 2711.21 from any other subheading except from subheading

2711.11.

2711.29

A change to subheading 2711.29 from any other subheading except from subheading 2711.12 through 2711.21.

27.12 – 27.14

A change to heading 27.12 through 27.14 from any other heading.

27.15

A change to heading 27.15 from any other heading except from heading 27.14 or subheading 2713.20.

27.16

A change to heading 27.16 from any other heading.

## Section VI

Products of the Chemical or Allied Industries (Chapter 28-38)

Notes to Section VI:

Note 1

Rules 1 through 7 of this Section confer origin to a good of any chapter or heading in this Section, except as otherwise specified in those rules.

Note 2

Notwithstanding Note 1, a good is originating if it meets the applicable change in tariff classification specified in the rules of origin in this Section.

Rule 1: Chemical Reaction

A good, except a good of heading 38.23, that results from a chemical reaction in the territory of one or more of the Parties shall be treated as originating

Note: For purposes of this Section, a "chemical reaction" is a process (including a biochemical process) that results in a molecule with a new structure by breaking intramolecular bonds and by forming new intramolecular bonds, or by altering the spatial arrangement of atoms in a molecule.

The following are not considered to be chemical reactions for the purposes of determining whether a good is originating:

- (a) dissolution in water or in another solvent;
- (b) the elimination of solvents, including solvent water; or
- (c) the addition or elimination of water of crystallization.

Rule 2: Purification

For a good of chapters 28 through 35 or 38, a good that is subject to purification shall be treated as originating provided that one of the following occurs in the territory of one or more of the Parties:

- (a) the purification results in the elimination of 80 percent of the impurities; or
- (b) the purification results in the reduction or elimination of impurities, rendering the good suitable:
  - (i) as a pharmaceutical, medicinal, cosmetic, veterinary, or food grade substance;
  - (ii) as a chemical good or reagent for analytical, diagnostic, or laboratory uses;
  - (iii) as an element or component for use in micro-elements;
  - (iv) for specialized optical uses;
  - (v) for non toxic uses for health and safety;
  - (vi) for biotechnical use;
  - (vii) as a carrier used in a separation process; or
  - (viii) for nuclear grade uses.

### Rule 3: Mixtures and Blends

A good of chapters 30 or 31, heading 33.02, subheading 3502.20, heading 35.06 through 35.07, or 37.07 shall be treated as originating if the deliberate and proportionally controlled mixing or blending (including dispersing) of materials to conform to predetermined specifications, resulting in the production of a good having physical or chemical characteristics which are relevant to the purposes or uses of the good and are different from the input materials, occurs in the territory of one or more of the Parties.

### Rule 4: Change in Particle Size

A good of chapter 30 or 31 shall be treated as originating if the following occurs in the territory of one or more of the Parties:

(a) the deliberate and controlled reduction in particle size of a good, other than by merely crushing (or pressing), resulting in a good having a defined particle size, defined particle size distribution, or defined surface area, which are relevant to the purposes of the resulting good and have different physical or chemical characteristics from the input materials; or

(b) the deliberate and controlled modification in particle size of a good, other than by merely pressing, resulting in a good having a defined particle size, defined particle size distribution, or defined surface area, which are relevant to the purposes of the resulting good and have different physical or chemical characteristics from the input materials is considered to be origin conferring.

### Rule 5: Standards Materials

A good of chapters 28 through 32, 35 or 38, shall be treated as originating if the production of these materials occurs in the territory of one or more of the Parties. For purposes of this rule, "standards materials" (including standards solutions) are preparations suitable for analytical, calibrating, or referencing uses, having precise degrees of purity or proportions which are certified by the manufacturer.

### Rule 6: Isomer Separation

A good of chapters 28 through 32 or 35 shall be treated as originating if the isolation or separation of isomers from mixtures of isomers occurs in the territory of one or more of the Parties.

### Rule 7: Separation Prohibition

A good that undergoes a change from one classification to another in the territory of one or more of the Parties as the result of the separation of one or more materials from a man-made mixture shall not be treated as originating unless the isolated material underwent a chemical reaction in the territory of one or more of the Parties

## Chapter 28

Inorganic Chemicals; Organic or Inorganic Compounds of Precious Metals, of Rare-Earth Metals, of Radioactive Elements, or of Isotopes

2801.10 – 2801.30

A change to subheading 2801.10 through 2801.30 from any other subheading.

28.02

A change to heading 28.02 from any other heading, except from heading 25.03.

28.03

A change to heading 28.03 from any other heading.

2804.10 – 2804.50

A change to subheading 2804.10 through 2804.50 from any other subheading.

2804.61 – 2804.69

A change to subheading 2804.61 through 2804.69 from any other subheading outside that group.

2804.70 – 2804.90

A change to subheading 2804.70 through 2804.90 from any other subheading.

28.05

A change to heading 28.05 from any other heading.

2806.10 – 2806.20

A change to subheading 2806.10 through 2806.20 from any other subheading.

28.07 – 28.08

A change to heading 28.07 through 28.08 from any other heading.

2809.10 – 2809.20

A change to subheading 2809.10 through 2809.20 from any other subheading.

28.10

A change to heading 28.10 from any other heading.

2811.11

A change to subheading 2811.11 from any other subheading.

2811.19

A change to subheading 2811.19 from any other subheading except from subheading 2811.22.

2811.21

A change to subheading 2811.21 from any other subheading.

2811.22

A change to subheading 2811.22 from any other subheading, except from subheading 2505.10, 2506.10, or 2811.19.

2811.23 – 2813.90

A change to subheading 2811.23 through 2813.90 from any other subheading.

28.14

A change to heading 28.14 from any other heading.

2815.11 – 2815.12

A change to subheading 2815.11 through 2815.12 from any other subheading outside that group.

2815.20 – 2816.10

A change to subheading 2815.20 through 2816.10 from any other subheading.

2816.40

A change to subheading 2816.40 from any other subheading, except a change to oxide, hydroxide, or peroxide of strontium from subheading 2530.90.

28.17

A change to heading 28.17 from any other heading except from heading 26.08.

2818.10 – 2818.30

A change to subheading 2818.10 through 2818.30 from any other subheading, except from heading 26.06 or subheading 2620.40.

2819.10 – 2819.90

A change to subheading 2819.10 through 2819.90 from any other subheading.

2820.10 – 2820.90

A change to subheading 2820.10 through 2820.90 from any other subheading, except from subheading 2530.90 or heading 26.02.

2821.10

A change to subheading 2821.10 from any other subheading.

2821.20

A change to subheading 2821.20 from any other subheading, except from subheading 2530.30 or 2601.11 through 2601.20.

28.22

A change to heading 28.22 from any other heading except from heading 26.05.

28.23

A change to heading 28.23 from any other heading.

2824.10 – 2824.90

A change to subheading 2824.10 through 2824.90 from any other subheading except from heading 26.07.

2825.10 – 2825.40

A change to subheading 2825.10 through 2825.40 from any other subheading.

2825.50

A change to subheading 2825.50 from any other subheading except from heading 26.03.

2825.60

A change to subheading 2825.60 from any other subheading except from subheading 2615.10.

2825.70

A change to subheading 2825.70 from any other subheading except from subheading 2613.10.

2825.80

A change to subheading 2825.80 from any other subheading except from subheading 2617.10.

2825.90

A change to subheading 2825.90 from any other subheading provided that the good classified in subheading 2825.90 results from a chemical reaction.

2826.11 – 2833.19

A change to subheading 2826.11 through 2833.19 from any other subheading.

2833.21

A change to subheading 2833.21 from any other subheading except from subheading 2530.20.

2833.22 – 2833.26

A change to subheading 2833.22 through 2833.26 from any other subheading.

2833.27

A change to subheading 2833.27 from any other subheading except from subheading 2511.10.

2833.29

A change to subheading 2833.29 from any other subheading except from heading 25.20.

2833.30 – 2833.40

A change to subheading 2833.30 through 2833.40 from any other subheading.

2834.10 – 2834.29

A change to subheading 2834.10 through 2834.29 from any other subheading.

2835.10 – 2835.25

A change to subheading 2835.10 through 2835.25 from any other subheading.

2835.26

A change to subheading 2835.26 from any other subheading except from heading 25.10.  
2835.29 – 2835.39  
A change to subheading 2835.29 through 2835.39 from any other subheading.  
2836.10  
A change to subheading 2836.10 from any other subheading.  
2836.20  
A change to subheading 2836.20 from any other subheading except from subheading 2530.90.  
2836.30 – 2836.40  
A change to subheading 2836.30 through 2836.40 from any other subheading.  
2836.50  
A change to subheading 2836.50 from any other subheading, except from heading 25.09, subheading 2517.41 or 2517.49, heading 25.21, or subheading 2530.90.  
2836.60  
A change to subheading 2836.60 from any other subheading except from subheading 2511.20.  
2836.70  
A change to subheading 2836.70 from any other subheading except from heading 26.07.  
2836.91  
A change to subheading 2836.91 from any other subheading.  
2836.92  
A change to subheading 2836.92 from any other subheading except from subheading 2530.90.  
2836.99  
A change to bismuth carbonate of subheading 2836.99 from any other subheading except from subheading 2617.90; or  
A change to any other good of subheading 2836.99 from any other subheading provided that the good classified in subheading 2836.99 results from a chemical reaction.  
2837.11 – 2837.20  
A change to subheading 2837.11 through 2837.20 from any other subheading.  
28.38  
A change to heading 28.38 from any other heading.  
2839.11 – 2839.19  
A change to subheading 2839.11 through 2839.19 from any other subheading outside that group.  
2839.20 – 2839.90  
A change to subheading 2839.20 through 2839.90 from any other subheading.  
2840.11 – 2840.20  
A change to subheading 2840.11 through 2840.20 from any other subheading outside that group except from subheading 2528.10.  
2840.30  
A change to subheading 2840.30 from any other subheading.  
2841.10 – 2841.30  
A change to subheading 2841.10 through 2841.30 from any other subheading.  
2841.50  
A change to subheading 2841.50 from any other subheading except from heading

26.10.

2841.61 – 2841.69

A change to subheading 2841.61 through 2841.69 from any other subheading outside that group.

2841.70

A change to subheading 2841.70 from any other subheading except from subheading 2613.90.

2841.80

A change to subheading 2841.80 from any other subheading except from heading 26.11.

2841.90

A change to subheading 2841.90 from any other subheading provided that the good classified in subheading 2841.90 results from a chemical reaction.

2842.10

A change to subheading 2842.10 from any other subheading.

2842.90

A change to subheading 2842.90 from any other subheading provided that the good classified in subheading 2842.90 results from a chemical reaction.

2843.10

A change to subheading 2843.10 from any other subheading, except from heading 71.06, 71.08, 71.10, or 71.12.

2843.21 – 2843.29

A change to subheading 2843.21 through 2843.29 from any other subheading.

2843.30 – 2843.90

A change to subheading 2843.30 through 2843.90 from any other subheading except from subheading 2616.90.

2844.10

A change to subheading 2844.10 from any other subheading except from subheading 2612.10.

2844.20

A change to subheading 2844.20 from any other subheading.

2844.30

A change to subheading 2844.30 from any other subheading except from subheading 2844.20.

2844.40 – 2844.50

A change to subheading 2844.40 through 2844.50 from any other subheading.

28.45

A change to heading 28.45 from any other heading.

28.46

A change to heading 28.46 from any other heading except from subheading 2530.90.

28.47 – 28.48

A change to heading 28.47 through 28.48 from any other heading.

2849.10 – 2849.90

A change to subheading 2849.10 through 2849.90 from any other subheading.

28.50 – 28.51

A change to heading 28.50 through 28.51 from any other heading.

Chapter 29

Organic Chemicals

2901.10 – 2901.29

A change to subheading 2901.10 through 2901.29 from any other subheading, except from acyclic petroleum oils of heading 27.10 or from subheading 2711.13, 2711.14, 2711.19, or 2711.29.

2902.11

A change to subheading 2902.11 from any other subheading.

2902.19

A change to subheading 2902.19 from any other subheading, except from non-aromatic cyclic petroleum oils of subheading 2707.50, 2707.99, or heading 27.10.

2902.20

A change to subheading 2902.20 from any other subheading, except from subheading 2707.10, 2707.50, or 2707.99.

2902.30

A change to subheading 2902.30 from any other subheading, except from subheading 2707.20, 2707.50, or 2707.99.

2902.41 – 2902.44

A change to subheading 2902.41 through 2902.44 from any other subheading, except from subheading 2707.30, 2707.50, or 2707.99.

2902.50

A change to subheading 2902.50 from any other subheading.

2902.60

A change to subheading 2902.60 from any other subheading, except from subheading 2707.30, 2707.50, 2707.99, or heading 27.10.

2902.70 – 2902.90

A change to subheading 2902.70 through 2902.90 from any other subheading, except from subheading 2707.50, 2707.99, or heading 27.10.

2903.11 – 2903.30

A change to subheading 2903.11 through 2903.30 from any other subheading.

2903.41 – 2903.49

A change to subheading 2903.41 through 2903.49 from any other subheading outside that group.

2903.51 – 2904.90

A change to subheading 2903.51 through 2904.90 from any other subheading.

2905.11 – 2905.19

A change to subheading 2905.11 through 2905.19 from any other subheading.

2905.22 – 2905.29

A change to subheading 2905.22 through 2905.29 from any other subheading, except from subheading 1301.90, 3301.90, or 3805.90.

2905.31 – 2905.44

A change to subheading 2905.31 through 2905.44 from any other subheading.

2905.45

A change to subheading 2905.45 from any other subheading except from heading 15.20.

2905.49 – 2905.59

A change to subheading 2905.49 through 2905.59 from any other subheading.

2906.11

A change to subheading 2906.11 from any other subheading, except from subheading

3301.24 or 3301.25.

2906.12 – 2906.13

A change to subheading 2906.12 through 2906.13 from any other subheading.

2906.14

A change to subheading 2906.14 from any other subheading except from heading 38.05.

2906.19

A change to subheading 2906.19 from any other subheading except from subheading 3301.90 or 3805.90.

2906.21

A change to subheading 2906.21 from any other subheading.

2906.29

A change to subheading 2906.29 from any other subheading except from subheading 2707.60 or 3301.90.

2907.11

A change to subheading 2907.11 from any other subheading except from subheading 2707.60.

2907.12 – 2907.22

A change to subheading 2907.12 through 2907.22 from any other subheading, except from subheading 2707.99.

2907.23

A change to subheading 2907.23 from any other subheading.

2907.29

A change to subheading 2907.29 from any other subheading except from subheading 2707.99; or

A change to phenol-alcohols of subheading 2907.29 from any other good of subheading 2907.29; or

A change to any other good of subheading 2907.29 from phenol-alcohols of subheading 2907.29.

29.08

A change to heading 29.08 from any other heading.

2909.11 – 2909.49

A change to subheading 2909.11 through 2909.49 from any other subheading.

2909.50

A change to subheading 2909.50 from any other subheading except from subheading 3301.90.

2909.60

A change to subheading 2909.60 from any other subheading.

2910.10 – 2910.90

A change to subheading 2910.10 through 2910.90 from any other subheading.

29.11

A change to heading 29.11 from any other heading.

2912.11 – 2912.13

A change to subheading 2912.11 through 2812.13 from any other subheading.

2912.19 – 2912.49

A change to subheading 2912.19 through 2912.49 from any other subheading except from subheading 3301.90.

2912.50 – 2912.60

A change to subheading 2912.50 through 2912.60 from any other subheading.  
29.13  
A change to heading 29.13 from any other heading.  
2914.11 – 2914.19  
A change to subheading 2914.11 through 2914.19 from any other subheading except from subheading 3301.90.  
2914.21 – 2914.22  
A change to subheading 2914.21 through 2914.22 from any other subheading.  
2914.23  
A change to subheading 2914.23 from any other subheading except from subheading 3301.90.  
2914.29  
A change to subheading 2914.29 from any other subheading, except from subheading 3301.90 or 3805.90.  
2914.31 – 2914.39  
A change to subheading 2914.31 through 2914.39 from any other subheading outside that group, except from subheading 3301.90.  
2914.40 – 2914.70  
A change to subheading 2914.40 through 2914.70 from any other subheading except from subheading 3301.90.  
2915.11 – 2915.35  
A change to subheading 2915.11 through 2915.35 from any other subheading.  
2915.39  
A change to subheading 2915.39 from any other subheading except from subheading 3301.90.  
2915.40 – 2915.90  
A change to subheading 2915.40 through 2915.90 from any other subheading.  
2916.11 – 2916.20  
A change to subheading 2916.11 through 2916.20 from any other subheading.  
2916.31 – 2916.39  
A change to subheading 2916.31 through 2916.39 from any other subheading except from subheading 3301.90.  
2917.11 – 2917.39  
A change to subheading 2917.11 through 2917.39 from any other subheading.  
2918.11 – 2918.22  
A change to subheading 2918.11 through 2918.22 from any other subheading.  
2918.23  
A change to subheading 2918.23 from any other subheading, except from subheading 3301.90.  
2918.29 – 2918.30  
A change to subheading 2918.29 through 2918.30 from any other subheading.  
2918.90  
A change to subheading 2918.90 from any other subheading, except from subheading 3301.90.  
29.19  
A change to heading 29.19 from any other heading.  
2920.10 – 2926.90  
A change to subheading 2920.10 through 2926.90 from any other subheading.

29.27 – 29.28

A change to heading 29.27 through 29.28 from any other heading.

2929.10 – 2930.90

A change to subheading 2929.10 through 2930.90 from any other subheading.

29.31

A change to heading 29.31 from any other heading.

2932.11 – 2932.99

A change to subheading 2932.11 through 2932.99 from any other subheading except from subheading 3301.90.

2933.11 – 2934.99

A change to subheading 2933.11 through 2934.99 from any other subheading.

29.35

A change to heading 29.35 from any other heading.

2936.10 – 2936.29

A change to subheading 2936.10 through 2936.29 from any other subheading.

2936.90

A change to subheading 2936.90 from any other subheading, except from subheading 2936.10 through 2936.29.

29.37 – 29.41

A change to heading 29.37 through 29.41 from any other heading.

29.42

A change to heading 29.42 from any other chapter.

## Chapter 30

### Pharmaceutical Products

3001.10 – 3003.90

A change to subheading 3001.10 through 3003.90 from any other subheading.

30.04

A change to heading 30.04 from any other heading except from heading 30.03.

3005.10 – 3006.70

A change to subheading 3005.10 through 3006.70 from any other subheading.

3006.80

A change to subheading 3006.80 from any other subheading.

## Chapter 31

### Fertilizers

31.01

A change to heading 31.01 from any other heading.

3102.10 – 3105.90

A change to subheading 3102.10 through 3105.90 from any other subheading.

## Chapter 32

### Tanning or Dyeing Extracts; Tannins and Their Derivatives; Dyes, Pigments and Other Coloring Matter; Paints and Varnishes; Putty and Other Mastics; Inks

3201.10 – 3202.90

A change to subheading 3201.10 through 3202.90 from any other subheading.

32.03

A change to heading 32.03 from any other heading.

3204.11 – 3204.17

A change to subheading 3204.11 through 3204.17 from any other subheading.

3204.19

A change to subheading 3204.19 from any other subheading, except from subheading 3204.11 through 3204.17.

3204.20 – 3204.90

A change to subheading 3204.20 through 3204.90 from any other subheading.

32.05

A change to heading 32.05 from any other chapter.

3206.11 – 3206.43

A change to subheading 3206.11 through 3206.43 from any other subheading outside that group.

3206.49

A change to concentrated dispersions of pigments in plastics materials of subheading 3206.49 from any other chapter; or

A change to any other good of subheading 3206.49 from any other subheading.

3206.50

A change to subheading 3206.50 from any other subheading.

32.07

A change to heading 32.07 from any other chapter.

32.08 – 32.11

A change to heading 32.08 through 32.11 from any other heading.

32.12

A change to heading 32.12 from any other chapter.

32.13 – 32.14

A change to heading 32.13 through 32.14 from any other heading.

32.15

A change to heading 32.15 from any other chapter.

### Chapter 33

Essential Oils and Resinoids; Perfumery, Cosmetic or Toilet Preparations

3301.11 – 3301.90

A change to subheading 3301.11 through 3301.90 from any other subheading.

33.02

A change to heading 33.02 from any other heading, except from heading 22.07 or 22.08.

33.03

A change to heading 33.03 from any other heading.

3304.10 – 3306.10

A change to subheading 3304.10 through 3306.10 from any other subheading.

3306.20

A change to subheading 3306.20 from any other subheading except from chapter 54.

3306.90 – 3307.90

A change to subheading 3306.90 through 3307.90 from any other subheading.

### Chapter 34

Soap, Organic Surface-active Agents, Washing Preparations, Lubricating Preparations, Artificial Waxes, Prepared Waxes, Polishing or Scouring Preparations, Candles and Similar

Articles, Modeling Pastes, Dental Waxes and Dental Preparations with a Basis of Plaster  
34.01

A change to heading 34.01 from any other heading.

3402.11

A change to subheading 3402.11 from any other subheading.

3402.12 – 3402.19

A change to subheading 3402.12 through 3402.19 from any other subheading.

3402.20

A change to subheading 3402.20 from any other subheading except from subheading  
3402.90.

3402.90

A change to subheading 3402.90 from any other subheading.

3403.11 – 3403.19

A change to subheading 3403.11 through 3403.19 from any other subheading, except  
from heading 27.10 or 27.12.

3403.91 – 3403.99

A change to subheading 3403.91 through 3403.99 from any other subheading.

3404.10 – 3405.90

A change to subheading 3404.10 through 3405.90 from any other subheading.

34.06 – 34.07

A change to heading 34.06 through 34.07 from any other heading.

## Chapter 35

Albuminoidal Substances; Modified Starches; Glues, Enzymes

3501.10 – 3501.90

A change to subheading 3501.10 through 3501.90 from any other subheading.

3502.11 – 3502.19

A change to subheading 3502.11 through 3502.19 from any other subheading outside  
that group, except from heading 04.07.

3502.20 – 3502.90

A change to subheading 3502.20 through 3502.90 from any other subheading.

35.03 – 35.04

A change to heading 35.03 through 35.04 from any other heading.

3505.10 – 3505.20

A change to subheading 3505.10 through 3505.20 from any other subheading.

35.06

A change to heading 35.06 from any other heading.

3507.10 – 3507.90

A change to subheading 3507.10 through 3507.90 from any other subheading.

## Chapter 36

Explosives; Pyrotechnic Products; Matches; Pyrophoric Alloys; Certain Combustible  
Preparations

36.01 – 36.06

A change to heading 36.01 through 36.06 from any other heading.

## Chapter 37

Photographic or Cinematographic Goods

37.01 – 37.03

A change to heading 37.01 through 37.03 from any other heading outside that group.

37.04 – 37.06

A change to heading 37.04 through 37.06 from any other heading.

3707.10 – 3707.90

A change to subheading 3707.10 through 3707.90 from any other subheading.

## Chapter 38

### Miscellaneous Chemical Products

3801.10

A change to subheading 3801.10 from any other subheading.

3801.20

A change to subheading 3801.20 from any other subheading, except from heading 25.04 or subheading 3801.10.

3801.30

A change to subheading 3801.30 from any other subheading.

3801.90

A change to subheading 3801.90 from any other subheading, except from heading 25.04.

38.02 – 38.04

A change to heading 38.02 through 38.04 from any other heading.

38.05

A change to heading 38.05 from any other heading.

3806.10 – 3806.90

A change to subheading 3806.10 through 3806.90 from any other subheading.

38.07

A change to heading 38.07 from any other heading.

3808.10 – 3808.90

A change to subheading 3808.10 through 3808.90 from any other subheading provided that 50 percent by weight of the active ingredient or ingredients is originating.

3809.10

A change to subheading 3809.10 from any other subheading except from subheading 3505.10.

3809.91 – 3809.93

A change to subheading 3809.91 through 3809.93 from any other subheading.

38.10 – 38.16

A change to heading 38.10 through 38.16 from any other heading.

38.17

A change to heading 38.17 from any other heading except from subheading 2902.90; or

A change to mixed alkybenzenes of heading 38.17 from mixed alkyl-naphthalenes of heading 38.17; or

A change to mixed alkyl-naphthalenes of heading 38.17 to mixed alkybenzenes of heading 38.17.

38.18

A change to heading 38.18 from any other heading.

38.19

A change to heading 38.19 from any other heading except from heading 27.10.

38.20

A change to heading 38.20 from any other heading except from subheading 2905.31.  
38.21

A change to heading 38.21 from any other heading.

38.22

A change to heading 38.22 from any other heading, except from subheading 3002.10 or 3502.90 or heading 35.04.

3823.11 – 3823.13

A change to subheading 3823.11 through 3823.13 from any other subheading except from heading 15.20.

3823.19

A change to subheading 3823.19 from any other subheading.

3823.70

A change to subheading 3823.70 from any other subheading except from heading 15.20.

3824.10 – 3824.20

A change to subheading 3824.10 through 3824.20 from any other subheading.

3824.30

A change to subheading 3824.30 from any other subheading except from heading 28.49.

3824.40 – 3824.60

A change to subheading 3824.40 through 3824.60 from any other subheading.

3824.71 – 3824.90

A change to subheading 3824.71 through 3824.90 from any other subheading.

38.25

A change to heading 38.25 from any other chapter, except from chapter 28 through 37, 40 or 90.

## Section VII

Plastics and Articles Thereof; Rubber and Articles Thereof (Chapter 39 40)

Notes to Section VII:

Note 1

Rules 1 through 5 of this Section confer origin to a good of any chapter or heading in this Section, except as otherwise specified in those rules.

Note 2

Notwithstanding Note 1, a good is originating if it meets the applicable change in tariff classification or satisfies the applicable regional value content specified in the rules of origin in this Section.

Rule 1: Chemical Reaction

A good of chapter 39 or 40 that results from a chemical reaction in the territory of one or more of the Parties shall be treated as originating.

For purposes of this Section, a “chemical reaction” is a process (including a biochemical process) that results in a molecule with a new structure by breaking intramolecular bonds and by forming new intramolecular bonds, or by altering the spatial arrangement of atoms in a molecule.

The following are not considered to be chemical reactions for the purposes of determining whether a good is originating:

- (a) dissolution in water or another solvent;
- (b) the elimination of solvents including solvent water; or

(c) the addition or elimination of water of crystallization.

#### Rule 2: Purification

A good of chapter 39 shall be treated as originating provided that one of the following occurs in the territory of one or more of the Parties:

- (a) the purification of a good results in the elimination of 80 percent of existing impurities; or
- (b) the purification results in the reduction or elimination of impurities, rendering the good suitable:
  - (i) as a pharmaceutical, medicinal, cosmetic, veterinary, or food grade substance;
  - (ii) as a chemical good or reagent for analytical, diagnostic or laboratory use;
  - (iii) as an element or component for use in micro-elements;
  - (iv) for specialized optical use;
  - (v) for non toxic use for health and safety;
  - (vi) for biotechnical use;
  - (vii) as a carrier used in a separation process; or
  - (viii) for nuclear grade use.

#### Rule 3: Mixtures and Blends

A good of chapters 39 or 40 shall be treated as originating if the deliberate and proportionally controlled mixing or blending (including dispersing) of materials to conform to predetermined specifications which results in the production of a good having physical or chemical characteristics which are relevant to the purposes or uses of the good and are different from the input materials occurs in the territory of one or more of the Parties.

#### Rule 4: Change in Particle Size

A good of chapter 39 shall be treated as originating if the following occurs in the territory of one or more of the Parties:

- (a) the deliberate and controlled reduction in particle size of a good, other than by merely crushing or pressing resulting in a good having a defined particle size, defined particle size distribution or defined surface area, which are relevant to the purposes of the resulting good and have different physical or chemical characteristics from the input materials is considered to be origin conferring; or
- (b) the deliberate and controlled modification in particle size of a good, other than by merely pressing, resulting in a good having a defined particle size, defined particle size distribution or defined surface area, which are relevant to the purposes of the resulting good and have different physical or chemical characteristics from the input materials is considered to be origin conferring.

#### Rule 5: Isomer Separation

A good of chapter 39 is originating if the isolation or separation of isomers from mixtures of isomers occurs in the territory of one or more of the Parties.

### Chapter 39

#### Plastics and Articles Thereof

##### 39.01 – 39.15

A change to heading 39.01 through 39.15 from any other heading provided that the originating polymer content is no less than 50 percent by weight of the total polymer content.

##### 3916.10 – 3918.90

A change to subheading 3916.10 through 3918.90 from any other subheading.

3919.10 – 3919.90

A change to subheading 3919.10 through 3919.90 from any other subheading outside that group.

3920.10 – 3920.99

A change to subheading 3920.10 through 3920.99 from any other subheading; or  
No change in tariff classification is required provided there is a regional value content of not less than:

- (a) 25 percent when the build-up method is used, or
- (b) 30 percent when the build-down method is used.

3921.11 – 3921.90

A change to subheading 3921.11 through 3921.90 from any other subheading.

39.22 – 39.26

A change to heading 39.22 through 39.26 from any other heading.

## Chapter 40

### Rubber and Articles Thereof

4001.10 – 4001.30

A change to subheading 4001.10 through 4001.30 from any other chapter; or  
A change to subheading 4001.10 through 4001.30 from any other subheading provided there is a regional value content of not less than 30 percent when the build-down method is used.

40.02 – 40.06

A change to heading 40.02 through 40.06 from any other heading except from heading 40.01; or

A change to heading 40.02 through 40.06 from heading 40.01 or from any other heading provided there is a regional value content of not less than 30 percent when the build-down method is used.

40.07 – 40.17

A change to heading 40.07 through 40.17 from any other heading.

## Section VIII

Raw Hides and Skins, Leather, Furskins, and Articles Thereof; Saddlery and Harness; Travel Goods, Handbags and Similar Containers; Articles of Animal Gut (Other Than Silk-Worm Gut) (Chapter 41-43)

## Chapter 41

### Raw Hides and Skins (Other Than Furskins) and Leather

41.01

A change to hides or skins of heading 41.01 that have undergone a reversible tanning (including a pre-tanning) process, from any other good of heading 41.01 or from any other chapter; or

A change to any other good of heading 41.01 from any other chapter.

41.02

A change to hides or skins of heading 41.02 that have undergone a reversible tanning (including a pre-tanning) process, from any other good of heading 41.02 or from any other chapter; or

A change to any other good of heading 41.02 from any other chapter.

41.03

A change to hides or skins of heading 41.03 that have undergone a reversible tanning (including a pre-tanning) process, from any other good of heading 41.03 or from any other chapter; or

A change to any other good of heading 41.03 from any other chapter.

4104.11 – 4104.49

A change to subheading 4104.11 through 4104.49 from any other subheading.

41.05

A change to heading 41.05 from any other heading except from hides or skins of heading 41.02 that have undergone a reversible tanning (including a pre-tanning) process, or from heading 41.12; or

A change to heading 41.05 from wet blues of subheading 4105.10.

41.06

A change to heading 41.06 from any other heading except from hides or skins of heading 41.03 that have undergone a reversible tanning (including a pre-tanning) process, or from heading 41.13; or

A change to heading 41.06 from wet blues of subheading 4106.21, 4106.31, or 4106.91.

41.07

A change to heading 41.07 from any other heading.

41.12

A change to heading 41.12 from any other heading except from hides or skins of heading 41.02 that have undergone a reversible tanning (including a pre-tanning) process, or from heading 41.05; or

A change to heading 41.12 from wet blues of subheading 4105.10.

41.13

A change to heading 41.13 from any other heading except from hides or skins of heading 41.03 that have undergone a reversible tanning (including a pre-tanning) process, or from heading 41.06; or

A change to heading 41.13 from wet blues of subheading 4106.21, 4106.31, or 4106.90.

4114.10 – 4115.20

A change to subheading 4114.10 through 4115.20 from any other subheading.

## Chapter 42

Articles of Leather; Saddlery and Harness; Travel Goods, Handbags and Similar Containers; Articles of Animal Gut (Other Than Silk-Worm Gut)

42.01

A change to heading 42.01 from any other heading.

4202.11

A change to subheading 4202.11 from any other chapter.

4202.12

A change to subheading 4202.12 from any other chapter, provided that the good is cut or knit to shape, or both, and sewn or otherwise assembled in the territory of one or more of the Parties.

Note 1 for chapters 50 through 63 applies to this subheading.

4202.19 – 4202.21

A change to subheading 4202.19 through 4202.21 from any other chapter.

4202.22

A change to subheading 4202.22 from any other chapter, provided that the good is cut or knit to shape, or both, and sewn or otherwise assembled in the territory of one or more of the Parties.

Note 1 for chapters 50 through 63 applies to this subheading.

4202.29 – 4202.31

A change to subheading 4202.29 through 4202.31 from any other chapter.

4202.32

A change to subheading 4202.32 from any other chapter, provided that the good is cut or knit to shape, or both, and sewn or otherwise assembled in the territory of one or more of the Parties.

Note 1 for chapters 50 through 63 applies to this subheading.

4202.39 – 4202.91

A change to subheading 4202.39 through 4202.91 from any other chapter.

4202.92

A change to subheading 4202.92 from any other chapter, provided that the good is cut or knit to shape, or both, and sewn or otherwise assembled in the territory of one or more of the Parties.

Note 1 for chapters 50 through 63 applies to this subheading.

4202.99

A change to subheading 4202.99 from any other chapter.

4203.10 – 4203.29

A change to subheading 4203.10 through 4203.29 from any other chapter.

4203.30 – 4203.40

A change to subheading 4203.30 through 4203.40 from any other heading.

42.04 – 42.06

A change to heading 42.04 through 42.06 from any other heading.

## Chapter 43

Furskins and Artificial Fur; Manufactures Thereof

43.01

A change to heading 43.01 from any other chapter.

43.02 – 43.04

A change to heading 43.02 through 43.04 from any other heading.

## Section IX

Wood and Articles of Wood; Wood Charcoal; Cork and Articles of Cork; Manufactures of Straw, of Esparto or of Other Plaiting Materials; Basketware and Wickerwork (Chapter 44-46)

### Chapter 44

Wood and Articles of Wood; Wood Charcoal

44.01 – 44.21

A change to heading 44.01 through 44.21 from any other heading.

### Chapter 45

Cork and Articles of Cork

45.01 – 45.04

A change to heading 45.01 through 45.04 from any other heading.

Chapter 46 Manufactures of Straw, of Esparto or of Other Plaiting Materials; Basketware and Wickerwork

46.01

A change to heading 46.01 from any other chapter.

46.02

A change to heading 46.02 from any other heading.

#### Section X

Pulp of Wood or of Other Fibrous Cellulosic Material; Waste and Scrap of Paper or Paperboard; Paper and Paperboard and Articles Thereof (Chapter 47-49)

#### Chapter 47

Pulp of Wood or Other Fibrous Cellulosic Material; Waste and Scrap of Paper or Paperboard

47.01 – 47.07

A change to heading 47.01 through 47.07 from any other heading.

#### Chapter 48

Paper and Paperboard; Articles of Paper Pulp, of Paper, or of Paperboard

48.01 – 48.07

A change to heading 48.01 through 48.07 from any other chapter.

48.08

A change to heading 48.08 from any other heading.

48.09

A change to heading 48.09 from any other chapter.

48.10 – 48.11

A change to heading 48.10 through 48.11 from any other heading.

48.12 – 48.17

A change to heading 48.12 through 48.17 from any other heading outside that group.

4818.10 – 4818.30

A change to subheading 4818.10 through 4818.30 from any other heading, except from heading 48.03.

4818.40 – 4818.90

A change to subheading 4818.40 through 4818.90 from any other heading.

48.19 – 48.22

A change to heading 48.19 through 48.22 from any heading outside that group.

48.23

A change to heading 48.23 from any other heading.

#### Chapter 49

Printed Books, Newspapers, Pictures and Other Products of the Printing Industry; Manuscripts, Typescripts and Plans

49.01 – 49.11

A change to heading 49.01 through 49.11 from any other chapter.

#### Section XI

Textile and Textile Articles (Chapters 50 through 63)

Notes for Chapters 50 through 63

#### Note 1

The textile and apparel rules should be read in conjunction with Chapter Four (Rules of Origin and Origin Procedures). For purposes of these rules, the term wholly means that the good is entirely of the named material.

#### Note 2

A textile good of chapters 50 through 60 of the Harmonized System shall be considered originating if it is wholly formed in the territory of one or more of the Parties from:

- (a) one or more fibers and yarns listed in Annex 3.25 (Short Supply List); or
- (b) a combination of the fibers and yarns referred to in subparagraph (a) and one or more fibers and yarns originating under this Annex.

The originating fibers and yarns referred to in subparagraph (b) may contain up to ten percent by weight of fibers and yarns that do not undergo an applicable change in tariff classification set out in this Annex. Any elastomeric yarn contained in a textile good of chapters 50 through 60 of the Harmonized System must be formed in the territory of one or more of the Parties.

#### Note 3

An apparel good of chapter 61 or 62 of the Harmonized System shall be considered originating if it is cut or knit to shape, or both, and sewn or otherwise assembled in the territory of one or more of the Parties, and if the fabric of the outer shell, exclusive of collars and cuffs where applicable, is wholly of:

- (a) one or more fabrics listed in Annex 3.25 (Short Supply List); or
- (b) one or more fabrics formed in the territory of one or more of the Parties from one or more of the yarns listed in Annex 3.25 (Short Supply List); or
- (c) any combination of the fabrics referred to in subparagraph (a), the fabrics referred to in subparagraph (b), or one or more fabrics originating under this Annex.

The originating fabrics referred to in subparagraph (c) may contain up to ten percent by weight of fibers or yarns that do not undergo an applicable change in tariff classification set out in this Annex. Any elastomeric yarn contained in a fabric referred to in subparagraph (a), (b), or (c) must be formed in the territory of one or more of the Parties.

#### Note 4

A textile good of chapter 63 or 94 of the Harmonized System shall be considered originating if it is cut or knit to shape, or both, and sewn or otherwise assembled in the territory of one or more of the Parties, and if the component that determines the tariff classification of the good is wholly of:

- (a) one or more fabrics listed in Annex 3.25 (Short Supply List); or
- (b) one or more fabrics formed in the territory of one or more of the Parties from one or more of the yarns listed in Annex 3.25 (Short Supply List); or
- (c) any combination of the fabrics referred to in subparagraph (a), the fabrics referred to in subparagraph (b), or one or more fabrics originating under this Annex.

The originating fabrics referred to in subparagraph (c) may contain up to ten percent by weight of fibers or yarns that do not undergo an applicable change in tariff classification set out in this Annex. Any elastomeric yarn contained in a fabric referred to in subparagraph (a), (b), or (c) must be formed in the territory of one or more of the Parties.

### Chapter 50

#### Silk

##### 50.01 – 50.03

A change to heading 50.01 through 50.03 from any other chapter.

##### 50.04 – 50.06

A change to heading 50.04 through 50.06 from any heading outside that group.

50.07

A change to heading 50.07 from any other heading.

#### Chapter 51

Wool, Fine or Coarse Animal Hair; Horsehair Yarn and Woven Fabric

51.01 – 51.05

A change to heading 51.01 through 51.05 from any other chapter.

51.06 – 51.10

A change to heading 51.06 through 51.10 from any heading outside that group.

51.11 – 51.13

A change to heading 51.11 through 51.13 from any heading.

#### Chapter 52

Cotton

52.01 – 52.07

A change to heading 52.01 through 52.07 from any other chapter, except from heading 54.01 through 54.05 or 55.01 through 55.07.

52.08 – 52.12

A change to heading 52.08 through 52.12 from any heading outside that group, except from heading 51.06 through 51.10, 52.05 through 52.06, 54.01 through 54.04, or 55.09 through 55.10.

#### Chapter 53

Other Vegetable Textile Fibers; Paper Yarn and Woven Fabrics of Paper Yarn

53.01 – 53.05

A change to heading 53.01 through 53.05 from any other chapter.

53.06 – 53.08

A change to heading 53.06 through 53.08 from any heading outside that group.

53.09 – 53.11

A change to heading 53.09 through 53.11 from any heading outside that group.

#### Chapter 54

Man-Made Filaments

54.01 – 54.06

A change to heading 54.01 through 54.06 from any other chapter, except from heading 52.01 through 52.03 or 55.01 through 55.07.

54.07

A change to tariff items 5407.61.aa, 5407.61.bb or 5407.61.cc from tariff items 5402.43.aa or 5402.52.aa, or from any other chapter, except from heading 51.06 through 51.10, 52.05 through 52.06, or 55.09 through 55.10.

A change to any other tariff item of heading 54.07 from any other chapter, except from heading 51.06 through 51.10, 52.05 through 52.06, or 55.09 through 55.10.

54.08

A change to heading 54.08 from any other chapter, except from heading 51.06 through 51.10, 52.05 through 52.06, or 55.09 through 55.10.

#### Chapter 55

Man-Made Staple Fibers

55.01 – 55.11

A change to heading 55.01 through 55.11 from any other chapter, except from heading 52.01 through 52.03 or 54.01 through 54.05.

55.12 – 55.16

A change to heading 55.12 through 55.16 from any heading outside that group, except from heading 51.06 through 51.10, 52.05 through 52.06, 54.01 through 54.04, or 55.09 through 55.10.

Chapter 56

Wadding, Felt and Non-Wovens; Special Yarns; Twine, Cordage, Ropes and Cables and Articles Thereof

56.01 – 56.09

A change to heading 56.01 through 56.09 from any other chapter, except from heading 51.11 through 51.13, 52.04 through 52.12, 53.10 through 53.11, or chapter 54 through 55.

Chapter 57

Carpets and Other Textile Floor Coverings

57.01 – 57.05

A change to heading 57.01 through 57.05 from any other chapter, except from heading 51.11 through 51.13, 52.04 through 52.12, chapter 54, or heading 55.08 through 55.16.

Chapter 58

Special Woven Fabrics; Tufted Textile Fabrics; Lace; Tapestries; Trimmings; Embroidery

5801.10 – 5806.10

A change to subheading 5801.10 through 5806.10 from any other chapter, except from heading 51.11 through 51.13, 52.04 through 52.12, 53.10 through 53.11, or chapter 54 through 55.

5806.20

A change to subheading 5806.20 from any other chapter except from heading 52.08 through 52.12, 54.07 through 54.08, or 55.12 through 55.16.

5806.31 – 5811.00

A change to subheading 5806.31 through 5811.00 from any other chapter, except from heading 51.11 through 51.13, 52.04 through 52.12, 53.10 through 53.11, or chapter 54 through 55.

Chapter 59

Impregnated, Coated, Covered, or Laminated Textile Fabrics; Textile Articles of a Kind Suitable For Industrial Use

59.01

A change to heading 59.01 from any other chapter, except from heading 51.11 through 51.13, 52.08 through 52.12, 53.10 through 53.11, 54.07 through 54.08, or 55.12 through 55.16.

59.02

A change to heading 59.02 from any other heading, except from heading 51.11 through 51.13, 52.04 through 52.12, 53.10 through 53.11, or chapter 54 through 55.

59.03 – 59.08

A change to heading 59.03 through 59.08 from any other chapter, except from heading 51.11 through 51.13, 52.08 through 52.12, 53.10 through 53.11, 54.07 through 54.08, or 55.12 through 55.16.

59.09

A change to heading 59.09 from any other chapter, except from heading 51.11 through 51.13, 52.08 through 52.12, 53.10 through 53.11, chapter 54, or heading 55.12 through 55.16.

59.10

A change to heading 59.10 from any other heading, except from heading 51.11 through 51.13, 52.04 through 52.12, 53.10 through 53.11, or chapter 54 through 55.

59.11

A change to heading 59.11 from any other chapter, except from heading 51.11 through 51.13, 52.08 through 52.12, 53.10 through 53.11, 54.07 through 54.08, or 55.12 through 55.16.

## Chapter 60

### Knitted or Crocheted Fabrics

60.01

A change to heading 60.01 from any other chapter, except from heading 51.11 through 51.13, chapter 52, heading 53.10 through 53.11, or chapter 54 through 55.

60.02

A change to heading 60.02 from any other chapter.

60.03 – 60.06

A change to heading 60.03 through 60.06 from any other chapter, except from heading 51.11 through 51.13, chapter 52, heading 53.10 through 53.11, or chapter 54 through 55.

## Chapter 61

### Articles of Apparel and Clothing Accessories, Knitted or Crocheted

#### Chapter Rule 1

Except for fabrics classified in tariff item 5408.22.aa, 5408.23.aa, 5408.23.bb, or 5408.24.aa, the fabrics identified in the following headings and subheadings, when used as visible lining material in certain men's and women's suits, suit-type jackets, skirts, overcoats, carcoats, anoraks, windbreakers, and similar articles, must be both formed from yarn and finished in the territory of one or more of the Parties:

51.11 through 51.12, 5208.31 through 5208.59, 5209.31 through 5209.59, 5210.31 through 5210.59, 5211.31 through 5211.59, 5212.13 through 5212.15, 5212.23 through 5212.25, 5407.42 through 5407.44, 5407.52 through 5407.54, 5407.61, 5407.72 through 5407.74, 5407.82 through 5407.84, 5407.92 through 5407.94, 5408.22 through 5408.24, 5408.32 through 5408.34, 5512.19, 5512.29, 5512.99, 5513.21 through 5513.49, 5514.21 through 5515.99, 5516.12 through 5516.14, 5516.22 through 5516.24, 5516.32 through 5516.34, 5516.42 through 5516.44, 5516.92 through 5516.94, 6001.10, 6001.92, 6005.31 through 6005.44, or 6006.10 through 6006.44.

#### Chapter Rule 2

For purposes of determining whether a good of this Chapter is originating, the rule applicable to that good shall only apply to the component that determines the tariff

classification of the good and such component must satisfy the tariff change requirements set out in the rule for that good. If the rule requires that the good must also satisfy the tariff change requirements for visible lining fabrics listed in Chapter Rule 1, such requirement shall only apply to the visible lining fabric in the main body of the garment, excluding sleeves, which covers the largest surface area, and shall not apply to removable linings.

#### Chapter Rule 3

Notwithstanding Chapter Rule 2, a good of this chapter containing fabrics of subheading 5806.20 or heading 60.02 shall be considered originating only if such fabrics are both formed from yarn and finished in the territory of one or more of the Parties.

#### Chapter Rule 4

Notwithstanding Chapter Rule 2, a good of this chapter containing sewing thread of heading 52.04, 54.01, or 55.08 shall be considered originating only if such sewing thread is both formed and finished in the territory of one or more of the Parties.

##### 6101.10 – 6101.30

A change to subheading 6101.10 through 6101.30 from any other chapter, except from heading 51.11 through 51.13, 52.04 through 52.12, 53.10 through 53.11, chapter 54, heading 55.08 through 55.16, or 60.01 through 60.06, provided that:

- (a) the good is cut or knit to shape, or both, and sewn or otherwise assembled in the territory of one or more of the Parties, and
- (b) any visible lining material contained in the apparel article must satisfy the requirements of Chapter Rule 1 for chapter 61.

##### 6101.90

A change to subheading 6101.90 from any other chapter, except from heading 51.11 through 51.13, 52.04 through 52.12, 53.10 through 53.11, chapter 54, heading 55.08 through 55.16, or 60.01 through 60.06, provided that the good is cut or knit to shape, or both, and sewn or otherwise assembled in the territory of one or more of the Parties.

##### 6102.10 – 6102.30

A change to subheading 6102.10 through 6102.30 from any other chapter, except from heading 51.11 through 51.13, 52.04 through 52.12, 53.10 through 53.11, chapter 54, heading 55.08 through 55.16, or 60.01 through 60.06, provided that:

- (a) the good is cut or knit to shape, or both, and sewn or otherwise assembled in the territory of one or more of the Parties, and
- (b) any visible lining material contained in the apparel article must satisfy the requirements of Chapter Rule 1 for chapter 61.

##### 6102.90

A change to subheading 6102.90 from any other chapter, except from heading 51.11 through 51.13, 52.04 through 52.12, 53.10 through 53.11, chapter 54, heading 55.08 through 55.16, or 60.01 through 60.06, provided that the good is cut or knit to shape, or both, and sewn or otherwise assembled in the territory of one or more of the Parties.

##### 6103.11 – 6103.12

A change to subheading 6103.11 through 6103.12 from any other chapter, except from heading 51.11 through 51.13, 52.04 through 52.12, 53.10 through 53.11, chapter 54, heading 55.08 through 55.16, or 60.01 through 60.06, provided that:

- (a) the good is cut or knit to shape, or both, and sewn or otherwise assembled in the territory of one or more of the Parties, and

(b) any visible lining material contained in the apparel article must satisfy the requirements of Chapter Rule 1 for chapter 61.

#### 6103.19

A change to tariff items 6103.19.aa or 6103.19.bb from any other chapter, except from heading 51.11 through 51.13, 52.04 through 52.12, 53.10 through 53.11, chapter 54, heading 55.08 through 55.16, or 60.01 through 60.06, provided that the good is cut or knit to shape, or both, and sewn or otherwise assembled in the territory of one or more of the Parties.

A change to any other tariff item of subheading 6103.19 from any other chapter, except from heading 51.11 through 51.13, 52.04 through 52.12, 53.10 through 53.11, chapter 54, heading 55.08 through 55.16, or 60.01 through 60.06, provided that:

(a) the good is cut or knit to shape, or both, and sewn or otherwise assembled in the territory of one or more of the Parties, and

(b) any visible lining material contained in the apparel article must satisfy the requirements of Chapter Rule 1 for chapter 61.

#### 6103.21 – 6103.29

A change to subheading 6103.21 through 6103.29 from any other chapter, except from heading 51.11 through 51.13, 52.04 through 52.12, 53.10 through 53.11, chapter 54, or heading 55.08 through 55.16, or 60.01 through 60.06, provided that:

(a) the good is cut or knit to shape, or both, and sewn or otherwise assembled in the territory of one or more of the Parties, and

(b) with respect to a garment described in heading 61.01 or a jacket or a blazer described in heading 61.03, of wool, fine animal hair, cotton, or man-made fibers, imported as part of an ensemble of these subheadings, any visible lining material contained in the apparel article must satisfy the requirements of Chapter Rule 1 for chapter 61.

#### 6103.31 – 6103.33

A change to subheading 6103.31 through 6103.33 from any other chapter, except from heading 51.11 through 51.13, 52.04 through 52.12, 53.10 through 53.11, chapter 54, heading 55.08 through 55.16, or 60.01 through 60.06, provided that:

(a) the good is cut or knit to shape, or both, and sewn or otherwise assembled in the territory of one or more of the Parties, and

(b) any visible lining material contained in the apparel article must satisfy the requirements of Chapter Rule 1 for chapter 61.

#### 6103.39

A change to tariff items 6103.39.aa or 6103.39.bb from any other chapter, except from heading 51.11 through 51.13, 52.04 through 52.12, 53.10 through 53.11, chapter 54, heading 55.08 through 55.16, or 60.01 through 60.06, provided that the good is cut or knit to shape, or both, and sewn or otherwise assembled in the territory of one or more of the Parties.

A change to any other tariff item of subheading 6103.39 from any other chapter, except from heading 51.11 through 51.13, 52.04 through 52.12, 53.10 through 53.11, chapter 54, heading 55.08 through 55.16, or 60.01 through 60.06, provided that:

(a) the good is cut or knit to shape, or both, and sewn or otherwise assembled in the territory of one or more of the Parties, and

(b) any visible lining material contained in the apparel article must satisfy the requirements of Chapter Rule 1 for chapter 61.

#### 6103.41 – 6103.49

A change to subheading 6103.41 through 6103.49 from any other chapter, except from heading 51.11 through 51.13, 52.04 through 52.12, 53.10 through 53.11, chapter 54, heading 55.08 through 55.16, or 60.01 through 60.06, provided that the good is cut or knit to shape, or both, and sewn or otherwise assembled in the territory of one or more of the Parties.

6104.11 – 6104.13

A change to subheading 6104.11 through 6104.13 from any other chapter, except from heading 51.11 through 51.13, 52.04 through 52.12, 53.10 through 53.11, chapter 54, heading 55.08 through 55.16 or 60.01 through 60.06, provided that:

- (a) the good is cut or knit to shape, or both, and sewn or otherwise assembled in the territory of one or more of the Parties, and
- (b) any visible lining material contained in the apparel article must satisfy the requirements of Chapter Rule 1 for chapter 61.

6104.19

A change to tariff item 6104.19.aa or 6104.19.bb from any other chapter, except from heading 51.11 through 51.13, 52.04 through 52.12, 53.10 through 53.11, chapter 54, heading 55.08 through 55.16, or 60.01 through 60.06, provided that the good is cut or knit to shape, or both, and sewn or otherwise assembled in the territory of one or more of the Parties.

A change to any other tariff item of subheading 6104.19 from any other chapter, except from heading 51.11 through 51.13, 52.04 through 52.12, 53.10 through 53.11, chapter 54, heading 55.08 through 55.16, or 60.01 through 60.06, provided that:

- (a) the good is cut or knit to shape, or both, and sewn or otherwise assembled in the territory of one or more of the Parties, and
- (b) any visible lining material contained in the apparel article must satisfy the requirements of Chapter Rule 1 for chapter 61.

6104.21 – 6104.29

A change to subheading 6104.21 through 6104.29 from any other chapter, except from heading 51.11 through 51.13, 52.04 through 52.12, 53.10 through 53.11, chapter 54, heading 55.08 through 55.16, or 60.01 through 60.06, provided that:

- (a) the good is cut or knit to shape, or both, and sewn or otherwise assembled in the territory of one or more of the Parties, and
- (b) with respect to a garment described in heading 61.02, a jacket or a blazer described in heading 61.04, or a skirt described in heading 61.04, of wool, fine animal hair, cotton or man-made fibers, imported as part of an ensemble of these subheadings, any visible lining material contained in the apparel article must satisfy the requirements of Chapter Rule 1 for chapter 61.

6104.31 – 6104.33

A change to subheading 6104.31 through 6104.33 from any other chapter, except from heading 51.11 through 51.13, 52.04 through 52.12, 53.10 through 53.11, chapter 54, heading 55.08 through 55.16, or 60.01 through 60.06, provided that:

- (a) the good is cut or knit to shape, or both, and sewn or otherwise assembled in the territory of one or more of the Parties, and
- (b) any visible lining material contained in the apparel article must satisfy the requirements of Chapter Rule 1 for chapter 61.

6104.39

A change to tariff item 6104.39.aa from any other chapter, except from heading 51.11 through 51.13, 52.04 through 52.12, 53.10 through 53.11, chapter 54, heading 55.08

through 55.16, or 60.01 through 60.06, provided that the good is cut or knit to shape, or both, and sewn or otherwise assembled in the territory of one or more of the Parties. A change to any other tariff item of subheading 6104.39 from any other chapter, except from heading 51.11 through 51.13, 52.04 through 52.12, 53.10 through 53.11, chapter 54, heading 55.08 through 55.16, or 60.01 through 60.06, provided that:

- (a) the good is cut or knit to shape, or both, and sewn or otherwise assembled in the territory of one or more of the Parties, and
- (b) any visible lining material contained in the apparel article must satisfy the requirements of Chapter Rule 1 for chapter 61.

6104.41 – 6104.49

A change to subheading 6104.41 through 6104.49 from any other chapter, except from heading 51.11 through 51.13, 52.04 through 52.12, 53.10 through 53.11, chapter 54, heading 55.08 through 55.16, or 60.01 through 60.06, provided that the good is cut or knit to shape, or both, and sewn or otherwise assembled in the territory of one or more of the Parties.

6104.51 – 6104.53

A change to subheading 6104.51 through 6104.53 from any other chapter, except from heading 51.11 through 51.13, 52.04 through 52.12, 53.10 through 53.11, chapter 54, heading 55.08 through 55.16, or 60.01 through 60.06, provided that:

- (a) the good is cut or knit to shape, or both, and sewn or otherwise assembled in the territory of one or more of the Parties, and
- (b) any visible lining material contained in the apparel article must satisfy the requirements of Chapter Rule 1 for chapter 61.

6104.59

A change to tariff item 6104.59.aa or 6104.59.bb from any other chapter, except from heading 51.11 through 51.13, 52.04 through 52.12, 53.10 through 53.11, chapter 54, heading 55.08 through 55.16, or 60.01 through 60.06, provided that the good is cut or knit to shape, or both, and sewn or otherwise assembled in the territory of one or more of the Parties.

A change to any other tariff item of subheading 6104.59 from any other chapter, except from heading 51.11 through 51.13, 52.04 through 52.12, 53.10 through 53.11, chapter 54, heading 55.08 through 55.16, or 60.01 through 60.06, provided that:

- (a) the good is cut or knit to shape, or both, and sewn or otherwise assembled in the territory of one or more of the Parties, and
- (b) any visible lining material contained in the apparel article must satisfy the requirements of Chapter Rule 1 for chapter 61.

6104.61 – 6104.69

A change to subheading 6104.61 through 6104.69 from any other chapter, except from heading 51.11 through 51.13, 52.04 through 52.12, 53.10 through 53.11, chapter 54, heading 55.08 through 55.16, or 60.01 through 60.06, provided that the good is cut or knit to shape, or both, and sewn or otherwise assembled in the territory of one or more of the Parties.

61.05 – 61.06

A change to heading 61.05 through 61.06 from any other chapter, except from heading 51.11 through 51.13, 52.04 through 52.12, 53.10 through 53.11, chapter 54, heading 55.08 through 55.16, or 60.01 through 60.06, provided that the good is cut or knit to shape, or both, and sewn or otherwise assembled in the territory of one or more of the Parties.

6107.11 – 6107.19

A change to subheading 6107.11 through 6107.19 from any other chapter, except from heading 51.11 through 51.13, 52.04 through 52.12, 53.10 through 53.11, chapter 54, heading 55.08 through 55.16, or 60.01 through 60.06, provided that the good is cut or knit to shape, or both, and sewn or otherwise assembled in the territory of one or more of the Parties.

6107.21 – 6107.99

A change to subheading 6107.21 through 6107.99 from any other chapter, except from heading 51.11 through 51.13, 52.04 through 52.12, 53.10 through 53.11, chapter 54, heading 55.08 through 55.16, or 60.01 through 60.06, provided that the good is cut or knit to shape, or both, and sewn or otherwise assembled in the territory of one or more of the Parties.

6108.11 – 6108.19

A change to subheading 6108.11 through 6108.19 from any other chapter, except from heading 51.11 through 51.13, 52.04 through 52.12, 53.10 through 53.11, chapter 54, heading 55.08 through 55.16, or 60.01 through 60.06, provided that the good is cut or knit to shape, or both, and sewn or otherwise assembled in the territory of one or more of the Parties.

6108.21 – 6108.29

A change to subheading 6108.21 through 6108.29 from any other chapter, except from heading 51.11 through 51.13, 52.04 through 52.12, 53.10 through 53.11, chapter 54, heading 55.08 through 55.16, or 60.01 through 60.06, provided that the good is cut or knit to shape, or both, and sewn or otherwise assembled in the territory of one or more of the Parties.

6108.31 – 6108.39

A change to subheading 6108.31 through 6108.39 from any other chapter, except from heading 51.11 through 51.13, 52.04 through 52.12, 53.10 through 53.11, chapter 54, heading 55.08 through 55.16, or 60.01 through 60.06, provided that the good is cut or knit to shape, or both, and sewn or otherwise assembled in the territory of one or more of the Parties.

6108.91 – 6108.99

A change to subheading 6108.91 through 6108.99 from any other chapter, except from heading 51.11 through 51.13, 52.04 through 52.12, 53.10 through 53.11, chapter 54, heading 55.08 through 55.16, or 60.01 through 60.06, provided that the good is cut or knit to shape, or both, and sewn or otherwise assembled in the territory of one or more of the Parties.

61.09 – 61.11

A change to heading 61.09 through 61.11 from any other chapter, except from heading 51.11 through 51.13, 52.04 through 52.12, 53.10 through 53.11, chapter 54, heading 55.08 through 55.16, or 60.01 through 60.06, provided that the good is cut or knit to shape, or both, and sewn or otherwise assembled in the territory of one or more of the Parties.

6112.11 – 6112.19

A change to subheading 6112.11 through 6112.19 from any other chapter, except from heading 51.11 through 51.13, 52.04 through 52.12, 53.10 through 53.11, chapter 54, heading 55.08 through 55.16, or 60.01 through 60.06, provided that the good is cut or knit to shape, or both, and sewn or otherwise assembled in the territory of one or more of the Parties.

#### 6112.20

A change to subheading 6112.20 from any other chapter, except from heading 51.11 through 51.13, 52.04 through 52.12, 53.10 through 53.11, chapter 54, heading 55.08 through 55.16, or 60.01 through 60.06, provided that:

- (a) the good is cut or knit to shape, or both, and sewn or otherwise assembled in the territory of one or more of the Parties, and
- (b) with respect to a garment described in heading 61.01, 61.02, 62.01, or 62.02, of wool, fine animal hair, cotton or man-made fibers, imported as part of a ski-suit of this subheading, any visible lining material contained in the apparel article must satisfy the requirements of Chapter Rule 1 for chapter 61.

#### 6112.31 – 6112.49

A change to subheading 6112.31 through 6112.49 from any other chapter, except from heading 51.11 through 51.13, 52.04 through 52.12, 53.10 through 53.11, chapter 54, heading 55.08 through 55.16, or 60.01 through 60.06, provided that the good is cut or knit to shape, or both, and sewn or otherwise assembled in the territory of one or more of the Parties.

#### 61.13 – 61.17

A change to heading 61.13 through 61.17 from any other chapter, except from heading 51.11 through 51.13, 52.04 through 52.12, 53.10 through 53.11, chapter 54, heading 55.08 through 55.16, or 60.01 through 60.06, provided that the good is cut or knit to shape, or both, and sewn or otherwise assembled in the territory of one or more of the Parties.

### Chapter 62

#### Articles of Apparel and Clothing Accessories, Not Knitted or Crocheted

##### Chapter Rule 1

Except for fabrics classified in tariff item 5408.22.aa, 5408.23.aa, 5408.23.bb, or 5408.24.aa, the fabrics identified in the following headings and subheadings, when used as visible lining material in certain men's and women's suits, suit-type jackets, skirts, overcoats, carcoats, anoraks, windbreakers, and similar articles, must be both formed from yarn and finished in the territory of one or more of the Parties:

51.11 through 51.12, 5208.31 through 5208.59, 5209.31 through 5209.59, 5210.31 through 5210.59, 5211.31 through 5211.59, 5212.13 through 5212.15, 5212.23 through 5212.25, 5407.42 through 5407.44, 5407.52 through 5407.54, 5407.61, 5407.72 through 5407.74, 5407.82 through 5407.84, 5407.92 through 5407.94, 5408.22 through 5408.24, 5408.32 through 5408.34, 5512.19, 5512.29, 5512.99, 5513.21 through 5513.49, 5514.21 through 5515.99, 5516.12 through 5516.14, 5516.22 through 5516.24, 5516.32 through 5516.34, 5516.42 through 5516.44, 5516.92 through 5516.94, 6001.10, 6001.92, 6005.31 through 6005.44, or 6006.10 through 6006.44.

##### Chapter Rule 2

For purposes of determining whether a good of this Chapter is originating, the rule applicable to that good shall only apply to the component that determines the tariff classification of the good and such component must satisfy the tariff change requirements set out in the rule for that good. If the rule requires that the good must also satisfy the tariff change requirements for visible lining fabrics listed in Chapter Rule 1, such requirement shall only apply to the visible lining fabric in the main body of the garment, excluding sleeves, which covers the largest surface area, and shall not apply to

removable linings.

#### Chapter Rule 3

Notwithstanding Chapter Rule 2, a good of this chapter, other than a good of heading 62.07 – 62.08 (for boxers, pajamas, and nightwear only), subheading 6212.10, tariff item 6204.42.aa, 6204.42.bb, 6204.43.aa, 6204.43.bb, or 6204.44.aa, containing fabrics of heading 60.02 or subheading 5806.20 shall be considered originating only if such fabrics are both formed from yarn and finished in the territory of one or more of the Parties.

#### Chapter Rule 4

Notwithstanding Chapter Rule 2, a good of this chapter, other than a good of heading 62.07 – 62.08 (for boxers, pajamas, and nightwear only), subheading 6212.10, tariff item 6204.42.aa, 6204.42.bb, 6204.43.aa, 6204.43.bb, or 6204.44.aa, containing sewing thread of heading 52.04, 54.01, or 55.08, shall be considered originating only if such sewing thread is both formed and finished in the territory of one or more of the Parties.

#### Chapter Rule 5

See Appendix 4.1-B (Cumulation in Chapter 62)

#### 6201.11 – 6201.13

A change to subheading 6201.11 through 6201.13 from any other chapter, except from heading 51.11 through 51.13, 52.04 through 52.12, 53.10 through 53.11, chapter 54, heading 55.08 through 55.16, 58.01 through 58.02, or 60.01 through 60.06, provided that:

- (a) the good is cut or knit to shape, or both, and sewn or otherwise assembled in the territory of one or more of the Parties, and
- (b) any visible lining material contained in the apparel article must satisfy the requirements of Chapter Rule 1 for chapter 62.

#### 6201.19

A change to subheading 6201.19 from any other chapter, except from heading 51.11 through 51.13, 52.04 through 52.12, 53.10 through 53.11, chapter 54, heading 55.08 through 55.16, 58.01 through 58.02, or 60.01 through 60.06, provided that the good is cut or knit to shape, or both, and sewn or otherwise assembled in the territory of one or more of the Parties.

#### 6201.91 – 6201.93

A change to subheading 6201.91 through 6201.93 from any other chapter, except from heading 51.11 through 51.13, 52.04 through 52.12, 53.10 through 53.11, chapter 54, heading 55.08 through 55.16, 58.01 through 58.02, or 60.01 through 60.06, provided that:

- (a) the good is cut or knit to shape, or both, and sewn or otherwise assembled in the territory of one or more of the Parties, and
- (b) any visible lining material contained in the apparel article must satisfy the requirements of Chapter Rule 1 for chapter 62.

#### 6201.99

A change to subheading 6201.99 from any other chapter, except from heading 51.11 through 51.13, 52.04 through 52.12, 53.10 through 53.11, chapter 54, heading 55.08 through 55.16, 58.01 through 58.02, or 60.01 through 60.06, provided that the good is cut or knit to shape, or both, and sewn or otherwise assembled in the territory of one or more of the Parties.

#### 6202.11 – 6202.13

A change to subheading 6202.11 through 6202.13 from any other chapter, except from heading 51.11 through 51.13, 52.04 through 52.12, 53.10 through 53.11, chapter 54, heading 55.08 through 55.16, 58.01 through 58.02, or 60.01 through 60.06, provided that:

- (a) the good is cut or knit to shape, or both, and sewn or otherwise assembled in the territory of one or more of the Parties, and
- (b) any visible lining material contained in the apparel article must satisfy the requirements of Chapter Rule 1 for chapter 62.

6202.19

A change to subheading 6202.19 from any other chapter, except from heading 51.11 through 51.13, 52.04 through 52.12, 53.10 through 53.11, chapter 54, heading 55.08 through 55.16, 58.01 through 58.02, or 60.01 through 60.06, provided that the good is cut or knit to shape, or both, and sewn or otherwise assembled in the territory of one or more of the Parties.

6202.91 – 6202.93

A change to subheading 6202.91 through 6202.93 from any other chapter, except from heading 51.11 through 51.13, 52.04 through 52.12, 53.10 through 53.11, chapter 54, heading 55.08 through 55.16, 58.01 through 58.02, or 60.01 through 60.06, provided that:

- (a) the good is cut or knit to shape, or both, and sewn or otherwise assembled in the territory of one or more of the Parties, and
- (b) any visible lining material contained in the apparel article must satisfy the requirements of Chapter Rule 1 for chapter 62.

6202.99

A change to subheading 6202.99 from any other chapter, except from heading 51.11 through 51.13, 52.04 through 52.12, 53.10 through 53.11, chapter 54, heading 55.08 through 55.16, 58.01 through 58.02, or 60.01 through 60.06, provided that the good is cut or knit to shape, or both, and sewn or otherwise assembled in the territory of one or more of the Parties.

6203.11 – 6203.12

A change to subheading 6203.11 through 6203.12 from any other chapter, except from heading 51.11 through 51.13, 52.04 through 52.12, 53.10 through 53.11, chapter 54, heading 55.08 through 55.16, 58.01 through 58.02, or 60.01 through 60.06, provided that:

- (a) the good is cut or knit to shape, or both, and sewn or otherwise assembled in the territory of one or more of the Parties, and
- (b) any visible lining material contained in the apparel article must satisfy the requirements of Chapter Rule 1 for chapter 62.

6203.19

A change to tariff item 6203.19.aa or 6203.19.bb from any other chapter, except from heading 51.11 through 51.13, 52.04 through 52.12, 53.10 through 53.11, chapter 54, heading 55.08 through 55.16, 58.01 through 58.02, or 60.01 through 60.06, provided that the good is cut or knit to shape, or both, and sewn or otherwise assembled in the territory of one or more of the Parties.

A change to any other tariff item of subheading 6203.19 from any other chapter, except from heading 51.11 through 51.13, 52.04 through 52.12, 53.10 through 53.11, chapter 54, heading 55.08 through 55.16, 58.01 through 58.02, or 60.01 through 60.06, provided that:

(a) the good is cut or knit to shape, or both, and sewn or otherwise assembled in the territory of one or more of the Parties, and

(b) any visible lining material contained in the apparel article must satisfy the requirements of Chapter Rule 1 for chapter 62.

6203.21 – 6203.29

A change to subheading 6203.21 through 6203.29 from any other chapter, except from heading 51.11 through 51.13, 52.04 through 52.12, 53.10 through 53.11, chapter 54, heading 55.08 through 55.16, 58.01 through 58.02, or 60.01 through 60.06, provided that:

(a) the good is cut or knit to shape, or both, and sewn or otherwise assembled in the territory of one or more of the Parties, and

(b) with respect to a garment described in heading 62.01 or a jacket or a blazer described in heading 62.03, of wool, fine animal hair, cotton, or man-made fibers, imported as part of an ensemble of these subheadings, any visible lining material contained in the apparel article must satisfy the requirements of Chapter Rule 1 for chapter 62.

6203.31 – 6203.33

A change to subheading 6203.31 through 6203.33 from any other chapter, except from heading 51.11 through 51.13, 52.04 through 52.12, 53.10 through 53.11, chapter 54, heading 55.08 through 55.16, 58.01 through 58.02, or 60.01 through 60.06, provided that:

(a) the good is cut or knit to shape, or both, and sewn or otherwise assembled in the territory of one or more of the Parties, and

(b) any visible lining material contained in the apparel article must satisfy the requirements of Chapter Rule 1 for chapter 62.

6203.39

A change to tariff item 6203.39.aa or 6203.39.bb from any other chapter, except from heading 51.11 through 51.13, 52.04 through 52.12, 53.10 through 53.11, chapter 54, heading 55.08 through 55.16, 58.01 through 58.02, or 60.01 through 60.06, provided that the good is cut or knit to shape, or both, and sewn or otherwise assembled in the territory of one or more of the Parties.

A change to any other tariff item of subheading 6203.39 from any other chapter, except from heading 51.11 through 51.13, 52.04 through 52.12, 53.10 through 53.11, chapter 54, heading 55.08 through 55.16, 58.01 through 58.02, or 60.01 through 60.06, provided that:

(a) the good is cut or knit to shape, or both, and sewn or otherwise assembled in the territory of one or more of the Parties, and

(b) any visible lining material contained in the apparel article must satisfy the requirements of Chapter Rule 1 for chapter 62.

6203.41 – 6203.49

A change to subheading 6203.41 through 6203.49 from any other chapter, except from heading 51.11 through 51.13, 52.04 through 52.12, 53.10 through 53.11, chapter 54, heading 55.08 through 55.16, 58.01 through 58.02, or 60.01 through 60.06, provided that the good is cut or knit to shape, or both, and sewn or otherwise assembled in the territory of one or more of the Parties.

6204.11 – 6204.13

A change to subheading 6204.11 through 6204.13 from any other chapter, except from heading 51.11 through 51.13, 52.04 through 52.12, 53.10 through 53.11, chapter 54,

heading 55.08 through 55.16, 58.01 through 58.02, or 60.01 through 60.06, provided that:

- (a) the good is cut or knit to shape, or both, and sewn or otherwise assembled in the territory of one or more of the Parties, and
- (b) any visible lining material contained in the apparel article must satisfy the requirements of Chapter Rule 1 for chapter 62.

#### 6204.19

A change to tariff item 6204.19.aa or 6204.19.bb from any other chapter, except from heading 51.11 through 51.13, 52.04 through 52.12, 53.10 through 53.11, chapter 54, heading 55.08 through 55.16, 58.01 through 58.02, or 60.01 through 60.06, provided that the good is cut or knit to shape, or both, and sewn or otherwise assembled in the territory of one or more of the Parties.

A change to any other tariff item of subheading 6204.19 from any other chapter, except from heading 51.11 through 51.13, 52.04 through 52.12, 53.10 through 53.11, chapter 54, heading 55.08 through 55.16, 58.01 through 58.02, or 60.01 through 60.06, provided that:

- (a) the good is cut or knit to shape, or both, and sewn or otherwise assembled in the territory of one or more of the Parties, and
- (b) any visible lining material contained in the apparel article must satisfy the requirements of Chapter Rule 1 for chapter 62.

#### 6204.21 – 6204.29

A change to subheading 6204.21 through 6204.29 from any other chapter, except from heading 51.11 through 51.13, 52.04 through 52.12, 53.10 through 53.11, chapter 54, heading 55.08 through 55.16, 58.01 through 58.02, or 60.01 through 60.06, provided that:

- (a) the good is cut or knit to shape, or both, and sewn or otherwise assembled in the territory of one or more of the Parties, and
- (b) with respect to a garment described in heading 62.02, a jacket or a blazer described in heading 62.04, or a skirt described in heading 62.04, of wool, fine animal hair, cotton, or man-made fibers, imported as part of an ensemble of these subheadings, any visible lining material contained in the apparel article must satisfy the requirements of Chapter Rule 1 for chapter 62.

#### 6204.31 – 6204.33

A change to subheading 6204.31 through 6204.33 from any other chapter, except from heading 51.11 through 51.13, 52.04 through 52.12, 53.10 through 53.11, chapter 54, heading 55.08 through 55.16, 58.01 through 58.02, or 60.01 through 60.06, provided that:

- (a) the good is cut or knit to shape, or both, and sewn or otherwise assembled in the territory of one or more of the Parties, and
- (b) any visible lining material contained in the apparel article must satisfy the requirements of Chapter Rule 1 for chapter 62.

#### 6204.39

A change to tariff item 6204.39.bb or 6204.39.cc from any other chapter, except from heading 51.11 through 51.13, 52.04 through 52.12, 53.10 through 53.11, chapter 54, heading 55.08 through 55.16, 58.01 through 58.02, or 60.01 through 60.06, provided that the good is cut or knit to shape, or both, and sewn or otherwise assembled in the territory of one or more of the Parties.

A change to any other tariff item of subheading 6204.39 from any other chapter,

except from heading 51.11 through 51.13, 52.04 through 52.12, 53.10 through 53.11, chapter 54, heading 55.08 through 55.16, 58.01 through 58.02, or 60.01 through 60.06, provided that:

(a) the good is cut or knit to shape, or both, and sewn or otherwise assembled in the territory of one or more of the Parties, and

(b) any visible lining material contained in the apparel article must satisfy the requirements of Chapter Rule 1 for chapter 62.

6204.41

A change to subheading 6204.41 from any other chapter, except from heading 51.11 through 51.13, 52.04 through 52.12, 53.10 through 53.11, chapter 54, heading 55.08 through 55.16, 58.01 through 58.02, or 60.01 through 60.06, provided that the good is cut or knit to shape, or both, and sewn or otherwise assembled in the territory of one or more of the Parties.

6204.42 – 6204.44

A change to tariff item 6204.42.aa, 6204.42.bb, 6204.43.aa, 6204.43.bb, or 6204.44.aa from any other chapter, provided that the good is cut or knit to shape, or both, and sewn or otherwise assembled in the territory of one or more of the Parties.

6204.42 – 6204.49

A change to subheading 6204.42 through 6204.49 from any other chapter, except from heading 51.11 through 51.13, 52.04 through 52.12, 53.10 through 53.11, chapter 54, heading 55.08 through 55.16, 58.01 through 58.02, or 60.01 through 60.06, provided that the good is cut or knit to shape, or both, and sewn or otherwise assembled in the territory of one or more of the Parties.

6204.51 – 6204.53

A change to subheading 6204.51 through 6204.53 from any other chapter, except from heading 51.11 through 51.13, 52.04 through 52.12, 53.10 through 53.11, chapter 54, heading 55.08 through 55.16, 58.01 through 58.02, or 60.01 through 60.06, provided that:

(a) the good is cut or knit to shape, or both, and sewn or otherwise assembled in the territory of one or more of the Parties, and

(b) any visible lining material contained in the apparel article must satisfy the requirements of Chapter Rule 1 for chapter 62.

6204.59

A change to tariff item 6204.59.aa from any other chapter, except from heading 51.11 through 51.13, 52.04 through 52.12, 53.10 through 53.11, chapter 54, heading 55.08 through 55.16, 58.01 through 58.02, or 60.01 through 60.06, provided that the good is cut or knit to shape, or both, and sewn or otherwise assembled in the territory of one or more of the Parties.

A change to any other tariff item of subheading 6204.59 from any other chapter, except from heading 51.11 through 51.13, 52.04 through 52.12, 53.10 through 53.11, chapter 54, heading 55.08 through 55.16, 58.01 through 58.02, or 60.01 through 60.06, provided that:

(a) the good is cut or knit to shape, or both, and sewn or otherwise assembled in the territory of one or more of the Parties, and

(b) any visible lining material contained in the apparel article must satisfy the requirements of Chapter Rule 1 for chapter 62.

6204.61 – 6204.69

A change to subheading 6204.61 through 6204.69 from any other chapter, except from

heading 51.11 through 51.13, 52.04 through 52.12, 53.10 through 53.11, chapter 54, heading 55.08 through 55.16, 58.01 through 58.02, or 60.01 through 60.06, provided that the good is cut or knit to shape, or both, and sewn or otherwise assembled in the territory of one or more of the Parties.

6205.10 – 6205.90

A change to subheading 6205.10 through 6205.90 from any other chapter, except from heading 51.11 through 51.13, 52.04 through 52.12, 53.10 through 53.11, chapter 54, heading 55.08 through 55.16, 58.01 through 58.02, or 60.01 through 60.06, provided that the good is cut or knit to shape, or both, and sewn or otherwise assembled in the territory of one or more of the Parties.

62.06

A change to heading 62.06 from any other chapter, except from heading 51.11 through 51.13, 52.04 through 52.12, 53.10 through 53.11, chapter 54, heading 55.08 through 55.16, 58.01 through 58.02, or 60.01 through 60.06, provided that the good is cut or knit to shape, or both, and sewn or otherwise assembled in the territory of one or more of the Parties.

62.07 – 62.08

A change to boxer shorts in subheading 6207.11, tariff item 6207.19.aa, 6208.91.aa, 6208.92.aa, or 6208.92.bb from any other chapter, provided that the good is cut or knit to shape, or both, and sewn or otherwise assembled in the territory of one or more of the Parties.

A change to pajamas and nightwear in subheading 6207.21, 6207.22, tariff item 6207.91.aa, 6207.92.aa, subheading 6208.21, or 6208.22 from any other chapter, provided that the good is cut or knit to shape, or both, and sewn or otherwise assembled in the territory of one or more of the Parties.

A change to any other tariff item of heading 62.07 through 62.08 from any other chapter, except from heading 51.11 through 51.13, 52.04 through 52.12, 53.10 through 53.11, chapter 54, heading 55.08 through 55.16, 58.01 through 58.02, or 60.01 through 60.06, provided that the good is cut or knit to shape, or both, and sewn or otherwise assembled in the territory of one or more of the Parties.

62.09 – 62.10

A change to heading 62.09 through 62.10 from any other chapter, except from heading 51.11 through 51.13, 52.04 through 52.12, 53.10 through 53.11, chapter 54, heading 55.08 through 55.16, 58.01 through 58.02, or 60.01 through 60.06, provided that the good is cut or knit to shape, or both, and sewn or otherwise assembled in the territory of one or more of the Parties.

6211.11 – 6211.12

A change to subheading 6211.11 through 6211.12 from any other chapter, except from heading 51.11 through 51.13, 52.04 through 52.12, 53.10 through 53.11, chapter 54, heading 55.08 through 55.16, 58.01 through 58.02, or 60.01 through 60.06, provided that the good is cut or knit to shape, or both, and sewn or otherwise assembled in the territory of one or more of the Parties.

6211.20

A change to subheading 6211.20 from any other chapter, except from heading 51.11 through 51.13, 52.04 through 52.12, 53.10 through 53.11, chapter 54, heading 55.08 through 55.16, 58.01 through 58.02, or 60.01 through 60.06, provided that:

(a) the good is cut or knit to shape, or both, and sewn or otherwise assembled in the territory of one or more of the Parties, and

(b) with respect to a garment described in heading 61.01, 61.02, 62.01, or 62.02, of wool, fine animal hair, cotton, or man-made fibers, imported as part of a ski-suit of this subheading, any visible lining material contained in the apparel article must satisfy the requirements of Chapter Rule 1 for chapter 62.

6211.31 – 6211.49

A change to subheading 6211.31 through 6211.49 from any other chapter, except from heading 51.11 through 51.13, 52.04 through 52.12, 53.10 through 53.11, chapter 54, heading 55.08 through 55.16, 58.01 through 58.02, or 60.01 through 60.06, provided that the good is cut or knit to shape, or both, and sewn or otherwise assembled in the territory of one or more of the Parties.

6212.10

A change to subheading 6212.10 from any other chapter, provided that the good is cut or knit to shape, or both, and sewn or otherwise assembled in the territory of one or more of the Parties.

6212.20 – 6212.90

A change to subheading 6212.20 through 6212.90 from any other chapter, except from heading 51.11 through 51.13, 52.04 through 52.12, 53.10 through 53.11, chapter 54, heading 55.08 through 55.16, 58.01 through 58.02, or 60.01 through 60.06, provided that the good is cut and knit to shape, or both, and sewn or otherwise assembled in the territory of one or more of the Parties.

62.13 – 62.17

A change to heading 62.13 through 62.17 from any other chapter, except from heading 51.11 through 51.13, 52.04 through 52.12, 53.10 through 53.11, chapter 54, heading 55.08 through 55.16, 58.01 through 58.02, or 60.01 through 60.06, provided that the good is cut and knit to shape, or both, and sewn or otherwise assembled in the territory of one or more of the Parties.

## Chapter 63

Other Made Up Textile Articles; Sets; Worn Clothing and Worn Textile Articles; Rags  
Chapter Rule 1

For purposes of determining whether a good of this Chapter is originating, the rule applicable to that good shall only apply to the component that determines the tariff classification of the good and such component must satisfy the tariff change requirements set out in the rule for that good.

Chapter Rule 2

Notwithstanding Chapter Rule 1, a good of this chapter containing sewing thread of heading 52.04, 54.01, or 55.08 shall be considered originating only if such sewing thread is wholly formed in the territory of one or more of the Parties.

63.01 – 63.02

A change to heading 63.01 through 63.02 from any other chapter, except from heading 51.11 through 51.13, 52.04 through 52.12, 53.10 through 53.11, chapter 54, heading 55.08 through 55.16, 58.01 through 58.02, or 60.01 through 60.06, provided that the good is cut or knit to shape, or both, and sewn or otherwise assembled in the territory of one or more of the Parties.

63.03

A change to tariff item 6303.92.aa from tariff item 5402.43.aa, 5402.52.aa, or any other chapter, except from heading 51.11 through 51.13, 52.04 through 52.12, 53.10 through 53.11, chapter 54, heading 55.08 through 55.16, 58.01 through 58.02, or

60.01 through 60.06, provided that the good is cut or knit to shape, or both, and sewn or otherwise assembled in the territory of one or more of the Parties.

A change to any other tariff item of heading 63.03 from any other chapter, except from heading 51.11 through 51.13, 52.04 through 52.12, 53.10 through 53.11, chapter 54, heading 55.08 through 55.16, 58.01 through 58.02, or 60.01 through 60.06, provided that the good is cut or knit to shape, or both, and sewn or otherwise assembled in the territory of one or more of the Parties.

63.04 – 63.08

A change to heading 63.04 through 63.08 from any other chapter, except from heading 51.11 through 51.13, 52.04 through 52.12, 53.10 through 53.11, chapter 54, heading 55.08 through 55.16, 58.01 through 58.02, or 60.01 through 60.06, provided that the good is cut or knit to shape, or both, and sewn or otherwise assembled in the territory of one or more of the Parties.

63.09

A change to 63.09 from any other heading.

63.10

A change to heading 63.10 from any other chapter, except from heading 51.11 through 51.13, 52.04 through 52.12, 53.10 through 53.11, chapter 54, heading 55.08 through 55.16, 58.01 through 58.02, or 60.01 through 60.06, provided that the good is cut or knit to shape, or both, and sewn or otherwise assembled in the territory of one or more of the Parties.

## Section XII

Footwear, Headgear, Umbrellas, Sun Umbrellas, Walking-Sticks, Seat Sticks, Whips, Riding-Crops, and Parts Thereof; Prepared Feathers and Articles Made Therewith; Artificial Flowers; Articles of Human Hair (Chapter 64-67)

### Chapter 64

Footwear, Gaiters, and the Like; Parts of Such Articles

#### Note 1

One year after the date of entry into force of this Agreement, the Parties shall consult pursuant to Article 4.14 (Consultation and Modifications) to evaluate whether to modify the specific rules of origin set out in this Annex for subheadings 6401.10 or 6401.91, or tariff item 6401.92.aa, 6401.99.aa, 6401.99.bb, 6401.99.cc, 6402.30.aa, 6402.30.bb, 6402.30.cc, 6402.91.aa, 6402.91.bb, 6402.91.cc, 6402.99.aa, 6402.99.bb, 6402.99.cc, 6404.11.aa, or 6404.19.aa.

#### Note 2

Notwithstanding the specific rules of origin for goods of chapter 64 in this Annex: With respect to goods of chapter 64 subject to subparagraph (a) or (g) of paragraph 1 of Annex 3.3. (Tariff Elimination), each Party shall provide that an importer may claim preferential tariff treatment under this Agreement for a good in chapter 64 that meets any preferential rule of origin that is a specific rule of origin for such good applied by the importing Party.

Each Party shall provide that an importer may claim preferential tariff treatment under this Agreement for a good of chapter 64 that meets any preferential rule of origin that is a specific rule of origin for such good adopted by the United States after the date of signature of this Agreement.

For purposes of this Note, preferential rule of origin means a rule of origin applied by any Party to determine whether goods are eligible for preferential treatment under

contractual or autonomous trade regimes leading to the granting of tariff preferences going beyond the application of paragraph 1 of Article I of the GATT 1994.

A change to subheadings 6401.10 or 6401.91, or tariff items 6401.92.aa, 6401.99.aa, 6401.99.bb, 6401.99.cc, 6402.30.aa, 6402.30.bb, 6402.30.cc, 6402.91.aa, 6402.91.bb, 6402.91.cc, 6402.99.aa, 6402.99.bb, 6402.99.cc, 6404.11.aa, or 6404.19.aa from any other heading outside heading 64.01 through 64.05, except from subheading 6406.10, provided that there is a regional value content of not less than 55 percent under the build-up method.

A change to any other tariff item of chapter 64 from any other subheading.

#### Chapter 65

##### Headgear and Parts Thereof

65.01 – 65.02

A change to heading 65.01 through 65.02 from any other chapter.

65.03 – 65.06

A change to heading 65.03 through 65.06 from any other heading, except from heading 65.03 through 65.07.

65.07

A change to heading 65.07 from any other heading.

#### Chapter 66

##### Umbrellas, Sun Umbrellas, Walking Sticks, Seat-Sticks, Whips, Riding Crops, and Parts Thereof

66.01

A change to heading 66.01 from any other heading.

Note 1 for chapters 50 through 63 applies to this heading.

66.02

A change to heading 66.02 from any other heading.

66.03

A change to heading 66.03 from any other chapter.

#### Chapter 67

##### Prepared Feathers and Down and Articles Made of Feathers or of Down; Artificial Flowers; Articles of Human Hair

67.01

A change to heading 67.01 from any other heading; or

A change to a good of feather or down of heading 67.01 from any other good, including a good in that heading.

67.02 – 67.04

A change to heading 67.02 through 67.04 from any other heading.

#### Section XIII

##### Articles of Stone, Plaster, Cement, Asbestos, Mica or Similar Materials; Ceramic Products; Glass and Glassware (Chapter 68-70)

#### Chapter 68

##### Articles of Stone, Plaster, Cement, Asbestos, Mica or Similar Materials

68.01 – 68.11

A change to heading 68.01 through 68.11 from any other heading.

6812.50

A change to subheading 6812.50 from any other subheading.

6812.60 – 6812.70

A change to subheading 6812.60 through 6812.70 from any other subheading outside that group.

6812.90

A change to subheading 6812.90 from any other heading.

68.13 – 68.14

A change to heading 68.13 through 68.14 from any other heading.

6815.10 – 6815.99

A change to subheading 6815.10 through 6815.99 from any other subheading.

Chapter 69

Ceramic Products

69.01 – 69.14

A change to heading 69.01 through 69.14 from any other chapter.

Chapter 70

Glass and Glassware

70.01

A change to heading 70.01 from any other heading.

7002.10

A change to subheading 7002.10 from any other heading.

7002.20

A change to subheading 7002.20 from any other chapter.

7002.31

A change to subheading 7002.31 from any other heading.

7002.32 – 7002.39

A change to subheading 7002.32 through 7002.39 from any other chapter.

70.03 – 70.07

A change to heading 70.03 through 70.07 from any other heading outside that group.

70.08

A change to heading 70.08 from any other heading.

70.09 – 70.18

A change to heading 70.09 through 70.18 from any other heading outside that group, except from heading 70.07 through 70.08.

70.19

A change to heading 70.19 from any other heading, except from heading 70.07 through 70.20.

Note 1 for chapters 50 through 63 applies to this heading.

70.20

A change to heading 70.20 from any other heading.

Section XIV

Natural or Cultured Pearls, Precious or Semi-Precious Stones, Precious Metals, Metals Clad with Precious Metal and Articles Thereof; Imitation Jewelry; Coin (Chapter 71)

Chapter 71

Natural or Cultured Pearls, Precious or Semi-Precious Stones, Precious Metals, Metals

Clad with Precious Metal and Articles Thereof, Imitation Jewelry; Coin  
71.01

A change to heading 71.01 from any other heading.

71.02 – 71.03

A change to heading 71.02 through 71.03 from any other chapter.

71.04 – 71.05

A change to heading 71.04 through 71.05 from any other heading.

71.06 – 71.08

A change to heading 71.06 through 71.08 from any other chapter.

71.09

A change to heading 71.09 from any other heading.

71.10 – 71.11

A change to heading 71.10 through 71.11 from any other chapter.

71.12

A change to heading 71.12 from any other heading.

71.13

A change to heading 71.13 from any other heading, except from heading 71.16.

71.14 – 71.15

A change to heading 71.14 through 71.15 from any other heading.

71.16

A change to heading 71.16 from any other heading, except from heading 71.13.

71.17 – 71.18

A change to heading 71.17 through 71.18 from any other heading.

## Section XV

Base Metals and Articles of Base Metal (Chapter 72-83)

### Chapter 72

Iron and Steel

72.01 – 72.05

A change to heading 72.01 through 72.05 from any other chapter.

72.06 – 72.07

A change to heading 72.06 through 72.07 from any heading outside that group.

72.08 – 72.29

A change to heading 72.08 through 72.29 from any other heading.

### Chapter 73

Articles of Iron or Steel

73.01 – 73.07

A change to heading 73.01 through 73.07 from any other chapter; or

A change to a good of subheading 7304.41 having an external diameter of less than 19 mm from subheading 7304.49.

73.08

A change to heading 73.08 from any other heading, except for changes resulting from the following processes performed on angles, shapes, or sections classified in heading 72.16:

(a) drilling, punching, notching, cutting, cambering, or sweeping, whether performed individually or in combination;

(b) adding attachments or weldments for composite construction;

- (c) adding attachments for handling purposes;
- (d) adding weldments, connectors, or attachments to H-sections or I-sections; provided that the maximum dimension of the weldments, connectors, or attachments is not greater than the dimension between the inner surfaces of the flanges of the H-sections or I-sections;
- (e) painting, galvanizing, or otherwise coating; or
- (f) adding a simple base plate without stiffening elements, individually or in combination with drilling, punching, notching, or cutting, to create a good suitable as a column.

73.09 – 73.11

A change to heading 73.09 through 73.11 from any other heading outside that group.

73.12 – 73.14

A change to heading 73.12 through 73.14 from any other heading.

7315.11 – 7315.12

A change to subheading 7315.11 through 7315.12 from any other heading; or

A change to subheading 7315.11 through 7315.12 from subheading 7315.19, whether or not there is also a change from any other heading provided there is a regional value content of not less than:

- (a) 35 percent when the build-up method is used, or
- (b) 45 percent when the build-down method is used.

7315.19

A change to subheading 7315.19 from any other heading.

7315.20 – 7315.89

A change to subheading 7315.20 through 7315.89 from any other heading; or

A change to subheading 7315.20 through 7315.89 from subheading 7315.90, whether or not there is also a change from any other heading provided there is a regional value content of not less than:

- (a) 35 percent when the build-up method is used, or
- (b) 45 percent when the build-down method is used.

7315.90

A change to subheading 7315.90 from any other heading.

73.16

A change to heading 73.16 from any other heading, except from heading 73.12 or 73.15.

73.17 – 73.18

A change to heading 73.17 through 73.18 from any heading outside that group.

73.19 – 73.20

A change to heading 73.19 through 73.20 from any other heading.

7321.11

A change to subheading 7321.11 from any other subheading, except cooking chambers, whether or not assembled, the upper panel, whether or not with controls or burners, or door assembly, which includes more than one of the following components: inside panel, external panel, window, or isolation of subheading 7321.90; or

A change to subheading 7321.11 from subheading 7321.90, whether or not there is also a change from any other heading provided there is a regional value content of not less than:

- (a) 35 percent when the build-up method is used, or
- (b) 45 percent when the build-down method is used.

7321.12 – 7321.83

A change to subheading 7321.12 through 7321.83 from any other heading; or  
A change to subheading 7321.12 through 7321.83 from subheading 7321.90, whether or not there is also a change from any other heading provided there is a regional value content of not less than:

- (a) 35 percent when the build-up method is used, or
- (b) 45 percent when the build-down method is used.

7321.90

A change to subheading 7321.90 from any other heading, or  
No change in tariff classification is required provided there is regional value content of not less than:

- (a) 35 percent when the build-up method is used, or
- (b) 45 percent when the build-down method is used.

73.22 – 73.23

A change to heading 73.22 through 73.23 from any heading outside that group.

7324.10 – 7324.29

A change to subheading 7324.10 through 7324.29 from any other heading; or  
No change in tariff classification is required provided that there is a regional value content of not less than:

- (a) 35 percent when the build-up method is used, or
- (b) 45 percent when the build-down method is used.

7324.90

A change to subheading 7324.90 from any other heading.

7325.10 – 7326.20

A change to subheading 7325.10 through 7326.20 from any subheading outside that group.

7326.90

A change to subheading 7326.90 from any other heading, except from heading 73.25.

## Chapter 74

### Copper and Articles Thereof

74.01 – 74.03

A change to heading 74.01 through 74.03 from any other heading.

74.04

No change in tariff classification is required provided there is regional value content of not less than:

- (a) 35 percent when the build-up method is used, or
- (b) 45 percent when the build-down method is used.

74.05 – 74.07

A change to heading 74.05 through 74.07 from any other heading.

74.08

A change to heading 74.08 from any other heading except from heading 74.07.

74.09

A change to heading 74.09 from any other heading.

74.10

A change to heading 74.10 from any other heading, except from plate, sheet, or strip classified in heading 74.09 of a thickness less than 5mm.

74.11 – 74.19

A change to heading 74.11 through 74.19 from any other heading.

## Chapter 75

### Nickel and Articles Thereof

75.01 – 75.05

A change to heading 75.01 through 75.05 from any other heading.

75.06

A change to heading 75.06 from any other heading; or

A change to foil, not exceeding 0.15 mm in thickness, from any other good of heading 75.06 provided that there has been a reduction in thickness of no less than 50 percent.

7507.11 – 7508.90

A change to subheading 7507.11 through 7508.90 from any other subheading.

## Chapter 76

### Aluminum and Articles Thereof

76.01

A change to heading 76.01 from any other chapter.

76.02

A change to heading 76.02 from any other heading.

76.03

A change to heading 76.03 from any other chapter.

76.04

A change to heading 76.04 from any other heading, except from heading 76.05 through 76.06.

76.05

A change to heading 76.05 from any other heading except from heading 76.04.

7606.11

A change to subheading 7606.11 from any other heading.

7606.12

A change to subheading 7606.12 from any other heading, except from heading 76.04 through 76.06.

7606.91

A change to subheading 7606.91 from any other heading.

7606.92

A change to subheading 7606.92 from any other heading, except from heading 76.04 through 76.06.

7607.11

A change to subheading 7607.11 from any other heading.

7607.19 – 7607.20

A change to subheading 7607.19 through 7607.20 from any other heading; or

No change in tariff classification is required provided that there is a regional value content of not less than:

(a) 30 percent when the build-up method is used, or

(b) 35 percent when the build-down method is used.

76.08 – 76.09

A change to heading 76.08 through 76.09 from any other heading outside that group.

76.10 – 76.13

A change to heading 76.10 through 76.13 from any other heading.

76.14

A change to subheading 76.14 from any other heading.

76.15

A change to heading 76.15 from any other heading.

7616.10

A change to subheading 7616.10 from any other heading.

7616.91 – 7616.99

A change to subheading 7616.91 through 7616.99 from any other subheading.

## Chapter 78

Lead and Articles Thereof

78.01 – 78.02

A change to heading 78.01 through 78.02 from any other chapter.

78.03 – 78.06

A change to heading 78.03 through 78.06 from any other heading.

## Chapter 79

Zinc and Articles Thereof

79.01 – 79.02

A change to heading 79.01 through 79.02 from any other chapter.

7903.10

A change to subheading 7903.10 from any other chapter.

7903.90

A change to subheading 7903.90 from any other heading.

79.04 – 79.07

A change to heading 79.04 through 79.07 from any other heading.

## Chapter 80

Tin and Articles Thereof

80.01 – 80.02

A change to heading 80.01 through 80.02 from any other chapter.

80.03 – 80.04

A change to heading 80.03 through 80.04 from any other heading.

80.05

A change to heading 80.05 from any other heading except from heading 80.04.

80.06 – 80.07

A change to heading 80.06 through 80.07 from any other heading.

## Chapter 81

Other Base Metals; Cermets; Articles Thereof

8101.10 – 8101.94

A change to subheading 8101.10 through 8101.94 from any other chapter.

8101.95

A change to subheading 8101.95 from any other subheading.

8101.96

A change to subheading 8101.96 from any other subheading, except from subheading

8101.95.

8101.97

A change to subheading 8101.97 from any other chapter.

8101.99

A change to subheading 8101.99 from any other subheading.

8102.10 – 8102.94

A change to subheading 8102.10 through 8102.94 from any other chapter.

8102.95

A change to subheading 8102.95 from any other subheading.

8102.96

A change to subheading 8102.96 from any other subheading, except from subheading 8102.95.

8102.97

A change to subheading 8102.97 from any other chapter.

8102.99

A change to subheading 8102.99 from any other subheading.

8103.20

A change to subheading 8103.20 from any other chapter.

8103.30

A change to subheading 8103.30 from any other chapter.

8103.90

A change to subheading 8103.90 from any other subheading.

8104.11 – 8104.20

A change to subheading 8104.11 through 8104.20 from any other chapter.

8104.30 – 8104.90

A change to subheading 8104.30 through 8104.90 from any other subheading.

8105.20

A change to subheading 8105.20 from any other chapter.

8105.30

A change to subheading 8105.30 from any other chapter.

8105.90

A change to subheading 8105.90 from any other subheading.

81.06

A change to heading 81.06 from any other chapter, or

No change in tariff classification is required provided that there is a regional value content of not less than:

(a) 35 percent when the build-up method is used, or

(b) 45 percent when the build-down method is used.

8107.20

A change to subheading 8107.20 from any other chapter.

8107.30

A change to subheading 8107.30 from any other chapter.

8107.90

A change to subheading 8107.90 from any other subheading.

8108.20

A change to subheading 8108.20 from any other chapter.

8108.30

A change to subheading 8108.30 from any other chapter.

8108.90

A change to subheading 8108.90 from any other subheading.

8109.20

A change to subheading 8109.20 from any other chapter.

8109.30

A change to subheading 8109.30 from any other chapter.

8109.90

A change to subheading 8109.90 from any other subheading.

81.10

A change to heading 81.10 from any other chapter, or

No change in tariff classification is required provided that there is a regional value content of not less than:

(a) 35 percent when the build-up method is used, or

(b) 45 percent when the build-down method is used.

81.11

A change to heading 81.11 from any other chapter, or

No change in tariff classification is required provided that there is a regional value content of not less than:

(a) 35 percent when the build-up method is used, or

(b) 45 percent when the build-down method is used.

8112.12

A change to subheading 8112.12 from any other chapter.

8112.13

A change to subheading 8112.13 from any other chapter.

8112.19

A change to subheading 8112.19 from any other subheading provided that there is a regional value content of not less than:

(a) 35 percent when the build-up method is used, or

(b) 45 percent when the build-down method is used.

8112.21 – 8112.59

A change to subheading 8112.21 through 8112.59 from any other chapter, or

No change in tariff classification is required provided that there is a regional value content of not less than:

(a) 35 percent when the build-up method is used, or

(b) 45 percent when the build-down method is used.

8112.92

A change to subheading 8112.92 from any other chapter.

8112.99

A change to subheading 8112.99 from any other subheading.

81.13

A change to heading 81.13 from any other chapter, or

No change in tariff classification is required provided that there is a regional value content of not less than:

(a) 35 percent when the build-up method is used, or

(b) 45 percent when the build-down method is used.

## Chapter 82

Tools, Implements, Cutlery, Spoons and Forks, of Base Metal; Parts Thereof of Base Metal

82.01 – 82.06

A change to heading 82.01 through 82.06 from any other chapter.

8207.13

A change to subheading 8207.13 from any other chapter; or  
A change to subheading 8207.13 from heading 82.09 or subheading 8207.19 provided that there is a regional value content of not less than:

- (a) 35 percent when the build-up method is used, or
- (b) 45 percent when the build-down method is used.

8207.19 – 8207.90

A change to subheading 8207.19 through 8207.90 from any other chapter.

82.08 – 82.15

A change to heading 82.08 through 82.15 from any other chapter; or

A change to subheading 8211.91 through 8211.93 from subheading 8211.95, whether or not there is also a change from another chapter provided there is a regional value content of not less than:

- (a) 35 percent when the build-up method is used, or
- (b) 45 percent when the build-down method is used.

## Chapter 83

### Miscellaneous Articles of Base Metal

8301.10 – 8301.40

A change to subheading 8301.10 through 8301.40 from any other chapter; or

A change to subheading 8301.10 through 8301.40 from subheading 8301.60, whether or not there is also a change from any other chapter, provided that there is a regional value content of not less than:

- (a) 35 percent when the build-up method is used, or
- (b) 45 percent when the build-down method is used.

8301.50

A change to subheading 8301.50 from any other chapter; or

A change to subheading 8301.50 from any other subheading provided there is a regional value content of not less than:

- (a) 35 percent when the build-up method is used, or
- (b) 45 percent when the build-down method is used.

8301.60 – 8301.70

A change to subheading 8301.60 through 8301.70 from any other chapter.

83.02 – 83.04

A change to heading 83.02 through 83.04 from any other heading.

8305.10 – 8305.20

A change to subheading 8305.10 through 8305.20 from any other chapter; or

A change to subheading 8305.10 through 8305.20 from any other subheading provided that there is a regional value content of not less than:

- (a) 35 percent when the build-up method is used, or
- (b) 45 percent when the build-down method is used.

8305.90

A change to subheading 8305.90 from any other heading.

8306.10

A change to subheading 8306.10 from any other chapter.

8306.21 – 8306.30

A change to subheading 8306.21 through 8306.30 from any other heading.

83.07

A change to heading 83.07 from any other heading.

8308.10 – 8308.20

A change to subheading 8308.10 through 8308.20 from any other chapter; or  
A change to subheading 8308.10 through 8308.20 from any other subheading provided that there is a regional value content of not less than:

- (a) 35 percent when the build-up method is used, or
- (b) 45 percent when the build-down method is used.

8308.90

A change to subheading 8308.90 from any other heading.

83.09 – 83.10

A change to heading 83.09 through 83.10 from any other heading.

8311.10 – 8311.30

A change to subheading 8311.10 through 8311.30 from any other chapter; or  
A change to subheading 8311.10 through 8311.30 from any other subheading provided that there is a regional value content of not less than:

- (a) 35 percent when the build-up method is used, or
- (b) 45 percent when the build-down method is used.

8311.90

A change to subheading 8311.90 from any other heading.

## Section XVI

Machinery and Mechanical Appliances; Electrical Equipment; Parts Thereof; Sound Recorders and Reproducers, Television Image and Sound Recorders and Reproducers, and Parts and Accessories of Such Articles (Chapter 84 85)

### Chapter 84

Nuclear Reactors, Boilers, Machinery and Mechanical Appliances; Parts Thereof

8401.10 – 8401.30

A change to subheading 8401.10 through 8401.30 from any other subheading.

8401.40

A change to subheading 8401.40 from any other heading.

8402.11

A change to subheading 8402.11 from any other heading; or

A change to subheading 8402.11 from subheading 8402.90, whether or not there is also a change from any other heading provided that there is a regional value content of not less than:

- (a) 35 percent when the build-up method is used, or
- (b) 45 percent when the build-down method is used.

8402.12

A change to subheading 8402.12 from any other heading; or

A change to subheading 8402.12 from any other subheading provided that there is a regional value content of not less than:

- (a) 35 percent when the build-up method is used, or
- (b) 45 percent when the build-down method is used.

8402.19

A change to subheading 8402.19 from any other heading; or

A change to subheading 8402.19 from subheading 8402.90, whether or not there is also a change from any other heading provided that there is a regional value content of not less than:

- (a) 35 percent when the build-up method is used, or

(b) 45 percent when the build-down method is used.

8402.20

A change to subheading 8402.20 from any other heading; or

A change to subheading 8402.20 from any other subheading provided that there is a regional value content of not less than:

(a) 35 percent when the build-up method is used, or

(b) 45 percent when the build-down method is used.

8402.90

A change to subheading 8402.90 from any other heading, or

No change in tariff classification is required provided there is a regional value content of not less than:

(a) 35 percent when the build-up method is used, or

(b) 45 percent when the build-down method is used.

8403.10

A change to subheading 8403.10 from any other subheading.

8403.90

A change to subheading 8403.90 from any other heading.

8404.10

A change to subheading 8404.10 from any other subheading.

8404.20

A change to subheading 8404.20 from any other heading; or

A change to subheading 8404.20 from subheading 8404.90, whether or not there is also a change from any other heading provided that there is a regional value content of not less than:

(a) 35 percent when the build-up method is used, or

(b) 45 percent when the build-down method is used.

8404.90

A change to subheading 8404.90 from any other heading.

8405.10

A change to subheading 8405.10 from any other subheading.

8405.90

A change to subheading 8405.90 from any other heading.

8406.10

A change to subheading 8406.10 from any other subheading.

8406.81 – 8406.82

A change to subheading 8406.81 through 8406.82 from any other subheading outside that group.

8406.90

A change to subheading 8406.90 from any other heading; or,

A change to rotors, finished for final assembly, from rotors, not further advanced than cleaned or machined for removal of fins, gates, sprues, and risers, or to permit location in finishing machinery of subheading 8406.90, from any other good, whether or not a change in tariff classification occurs; or

A change to blades, rotating or stationary of subheading 8406.90 from any other good, including a good in that subheading, whether or not a change in tariff classification occurs.

8407.10

A change to subheading 8407.10 from any other heading.

8407.21 – 8407.29

A change to subheading 8407.21 through 8407.29 from any other heading.

8407.31 – 8407.34

A change to subheading 8407.31 through 8407.34 from any other heading; or

No change in tariff classification is required provided there is a regional value content of not less than:

(a) 35 percent when the net cost method is used,

(b) 35 percent when the build-up method is used, or

(c) 50 percent when the build-down method is used.

8407.90

A change to subheading 8407.90 from any other heading.

8408.10

A change to subheading 8408.10 from any other heading.

8408.20

A change to subheading 8408.20 from any other heading; or

No change in tariff classification is required provided there is a regional value content of not less than:

(a) 35 percent when the net cost method is used,

(b) 35 percent when the build-up method is used, or

(c) 50 percent when the build-down method is used.

8408.90

A change to subheading 8408.90 from any other heading.

84.09

No change in tariff classification is required provided there is a regional value content of not less than:

(a) 35 percent when the net cost method is used,

(b) 35 percent when the build-up method is used, or

(c) 50 percent when the build-down method is used.

8410.11– 8410.13

A change to subheading 8410.11 through 8410.13 from any other subheading outside that group.

8410.90

A change to subheading 8410.90 from any other heading.

8411.11 – 8411.82

A change to subheading 8411.11 through 8411.82 from any other subheading outside that group.

8411.91 – 8411.99

A change to subheading 8411.91 through 8411.99 from any other heading.

8412.10 – 8412.80

A change to subheading 8412.10 through 8412.80 from any other subheading.

8412.90

A change to subheading 8412.90 from any other heading.

8413.11 – 8413.82

A change to subheading 8413.11 through 8413.82 from any other subheading.

8413.91 – 8413.92

A change to subheading 8413.91 through 8413.92 from any other heading; or

No change in tariff classification is required for subheading 8413.92 provided there is a regional value content of not less than:

- (a) 35 percent when the build-up method is used, or
- (b) 45 percent when the build-down method is used.

8414.10 – 8414.80

A change to subheading 8414.10 through 8414.80 from any other heading; or

A change to subheading 8414.10 through 8414.80 from subheading 8414.90, whether or not there is also a change from any other heading provided that there is a regional value content of not less than:

- (a) 35 percent when the build-up method is used, or
- (b) 45 percent when the build-down method is used.

8414.90

A change to subheading 8414.90 from any other heading, or

No change in tariff classification is required provided there is a regional value content of not less than:

- (a) 35 percent when the build-up method is used, or
- (b) 45 percent when the build-down method is used.

8415.10 – 8415.83

A change to subheading 8415.10 through 8415.83 from any other subheading.

8415.90

A change to subheading 8415.90 from any other heading; or

A change to chassis, chassis bases and outer cabinets of subheading 8415.90 from any other good, including a good in that subheading.

8416.10 – 8416.90

A change to subheading 8416.10 through 8416.90 from any other subheading

8417.10 – 8417.80

A change to subheading 8417.10 through 8417.80 from any other subheading.

8417.90

A change to subheading 8417.90 from any other heading.

8418.10 – 8418.69

A change to subheading 8418.10 through 8418.69 from any other subheading outside that group, except from subheading 8418.91.

8418.91 – 8418.99

A change to subheading 8418.91 through 8418.99 from any other heading.

8419.11 – 8419.89

A change to subheading 8419.11 through 8419.89 from any other subheading.

8419.90

A change to subheading 8419.90 any other heading; or

No change in tariff classification is required provided there is a regional value content of not less than:

- (a) 35 percent when the build-up method is used, or
- (b) 45 percent when the build-down method is used.

8420.10

A change to subheading 8420.10 from any other subheading.

8420.91 – 8420.99

A change to subheading 8420.91 through 8420.99 from any other heading.

8421.11 – 8421.39

A change to subheading 8421.11 through 8421.39 from any other subheading.

8421.91

A change to subheading 8421.91 from any other heading, or

No change in tariff classification is required provided there is a regional value content of not less than:

- (a) 35 percent when the build-up method is used, or
- (b) 45 percent when the build-down method is used.

8421.99

A change to subheading 8421.99 from any other heading, or

No change in tariff classification is required provided there is regional value content of not less than:

- (a) 35 percent when the build-up method is used, or
- (b) 45 percent when the build-down method is used.

8422.11 – 8422.40

A change to subheading 8422.11 through 8422.40 from any other subheading.

8422.90

A change to subheading 8422.90 from any other heading, or

No change in tariff classification is required provided there is a regional value content of not less than:

- (a) 35 percent when the build-up method is used, or
- (b) 45 percent when the build-down method is used.

8423.10 – 8423.89

A change to subheading 8423.10 through 8423.89 from any other subheading.

8423.90

A change to subheading 8423.90 from any other heading.

8424.10 – 8424.90

A change to subheading 8424.10 through 8424.90 from any other subheading.

8425.11 – 8430.69

A change to subheading 8425.11 through 8430.69 from any other subheading.

84.31

A change to heading 84.31 from any other heading; or

No change in tariff classification to subheading 8431.10, 8431.31, 8431.39, 8431.43 or 8431.49 is required provided there is a regional value content of not less than:

- (a) 35 percent when the build-up method is used, or
- (b) 45 percent when the build-down method is used.

8432.10 – 8432.90

A change to subheading 8432.10 through 8432.90 from any other subheading.

8433.11 – 8433.90

A change to subheading 8433.11 through 8433.90 from any other subheading.

8434.10 – 8434.90

A change to subheading 8434.10 through 8434.90 from any other subheading.

8435.10 – 8435.90

A change to subheading 8435.10 through 8435.90 from any other subheading.

8436.10 – 8436.99

A change to subheading 8436.10 through 8436.99 from any other subheading.

8437.10 – 8437.90

A change to subheading 8437.10 through 8437.90 from any other subheading.

8438.10 – 8438.80

A change to subheading 8438.10 through 8438.80 from any other subheading.

8438.90

A change to subheading 8438.90 from any other heading.

8439.10 – 8439.99

A change to subheading 8439.10 through 8439.99 from any other subheading.

8440.10 – 8440.90

A change to subheading 8440.10 through 8440.90 from any other subheading.

8441.10 – 8441.80

A change to subheading 8441.10 through 8441.80 from any other subheading.

8441.90

A change to subheading 8441.90 from any other heading, or

No change in tariff classification is required provided there is a regional value content of not less than:

(a) 35 percent when the build-up method is used, or

(b) 45 percent when the build-down method is used.

8442.10 – 8442.30

A change to subheading 8442.10 through 8442.30 from any other subheading outside that group.

8442.40 – 8442.50

A change to subheading 8442.40 through 8442.50 from any other heading.

8443.11 – 8443.59

A change to subheading 8443.11 through 8443.59 from any other subheading outside that group, except from subheading 8443.60, or

A change to subheading 8443.11 through 8443.59 from subheading 8443.60, provided there is a regional value content of not less than:

(a) 35 percent when the build-up method is used, or

(b) 45 percent when the build-down method is used.

8443.60

A change to subheading 8443.60 from any other subheading, except from subheading 8443.11 through 8443.59.

8443.90

A change to subheading 8443.90 from any other heading.

84.44

A change to heading 84.44 from any other heading.

84.45 – 84.47

A change to heading 84.45 through 84.47 from any other heading outside that group.

8448.11 – 8448.19

A change to subheading 8448.11 through 8448.19 from any other subheading.

8448.20 – 8448.59

A change to subheading 8448.20 through 8448.59 from any other heading.

84.49

A change to heading 84.49 from any other heading.

8450.11 – 8450.20

A change to subheading 8450.11 through 8450.20 from any other subheading.

8450.90

A change to subheading 8450.90 from any other heading.

8451.10 – 8451.80

A change to subheading 8451.10 through 8451.80 from any other subheading.

8451.90

A change to subheading 8451.90 from any other heading.

8452.10 – 8452.29

A change to subheading 8452.10 through 8452.29 from any other subheading outside that group.

8452.30 – 8452.40

A change to subheading 8452.30 through 8452.40 from any other subheading.

8452.90

A change to subheading 8452.90 from any other heading.

8453.10 – 8453.80

A change to subheading 8453.10 through 8453.80 from any other subheading.

8453.90

A change to subheading 8453.90 from any other heading.

8454.10 – 8454.30

A change to subheading 8454.10 through 8454.30 from any other subheading.

8454.90

A change to subheading 8454.90 from any other heading.

8455.10 – 8455.90

A change to subheading 8455.10 through 8455.90 from any other subheading.

84.56 – 84.63

A change to heading 84.56 through 84.63 from any other heading provided there is a regional value content of not less than 65 percent when the build down method is used.

84.64 – 84.65

A change to heading 84.64 through 84.65 from any other heading.

84.66

A change to heading 84.66 from any other heading provided there is a regional value content of not less than:

(a) 35 percent when the build-up method is used, or

(b) 45 percent when the build-down method is used.

8467.11 – 8467.89

A change to subheading 8467.11 through 8467.89 from any other subheading.

8467.91

A change to subheading 8467.91 from any other heading.

8467.92 – 8467.99

A change to subheading 8467.92 through 8467.99 from any other heading, except from heading 84.07.

8468.10 – 8468.80

A change to subheading 8468.10 through 8468.80 from any other subheading.

8468.90

A change to subheading 8468.90 from any other heading.

8469.11 – 8469.12

A change to subheading 8469.11 through 8469.12 from any other subheading outside that group.

8469.20 – 8469.30

A change to subheading 8469.20 through 8469.30 from any other subheading outside that group.

8470.10 – 8471.90

A change to subheading 8470.10 through 8471.90 from any other subheading.

8472.10 – 8472.90

A change to subheading 8472.10 through 8472.90 from any other subheading.

8473.10 – 8473.50

A change to subheading 8473.10 through 8473.50 from any other subheading; or  
No change in tariff classification is required provided there is a regional value content of not less than:

- (a) 30 percent when the build-up method is used, or
- (b) 35 percent when the build-down method is used.

8474.10 – 8474.80

A change to subheading 8474.10 through 8474.80 from any other subheading outside that group.

8474.90

A change to subheading 8474.90 from any other heading, or

No change in tariff classification is required provided there is a regional value content of not less than:

- (a) 35 percent when the build-up method is used, or
- (b) 45 percent when the build-down method is used.

8475.10

A change to subheading 8475.10 from any other subheading.

8475.21 – 8475.29

A change to subheading 8475.21 through 8475.29 from any other subheading outside that group.

8475.90

A change to subheading 8475.90 from any other heading.

8476.21 – 8476.89

A change to subheading 8476.21 through 8476.89 from any other subheading outside that group.

8476.90

A change to subheading 8476.90 from any other heading.

84.77

A change to heading 84.77 from any other heading provided there is a regional value content of not less than:

- (a) 35 percent when the build-up method is used, or
- (b) 45 percent when the build-down method is used; or

A change to subheadings 8477.10 through 8477.80 from subheading 8477.90 provided there is a regional value content of not less than:

- (a) 35 percent when the build-up method is used, or
- (b) 45 percent when the build-down method is used.

8478.10

A change to subheading 8478.10 from any other subheading.

8478.90

A change to subheading 8478.90 from any other heading.

8479.10 – 8479.89

A change to subheading 8479.10 through 8479.89 from any other subheading.

8479.90

A change to subheading 8479.90 from any other subheading.

84.80

A change to heading 84.80 from any other heading.

84.81

A change to heading 84.81 from any other heading.

8482.10 – 8482.80

A change to subheading 8482.10 through 8482.80 from any subheading outside that group, except from inner or outer rings or races of subheading 8482.99; or  
A change to subheading 8482.10 through 8482.80 from inner or outer rings or races of subheading 8482.99, whether or not there is also a change from any subheading outside that group, provided there is a regional value content of not less than 40 percent when the build-up method is used.

8482.91 – 8482.99

A change to subheading 8482.91 through 8482.99 from any other heading.

8483.10

A change to subheading 8483.10 from any other subheading.

8483.20

A change to subheading 8483.20 from any other subheading, except from subheading 8482.10 through 8482.80.

8483.30

A change to subheading 8483.30 from any other heading, or

A change to subheading 8483.30 from any other subheading provided there is a regional value content of not less than 40 percent when the build up method is used.

8483.40 – 8483.50

A change to subheading 8483.40 through 8483.50 from any subheading, except from subheading 8482.10 through 8482.80, 8482.99, 8483.10 through 8483.40, 8483.60 or 8483.90; or

A change to subheading 8483.40 through 8483.50 from subheading 8482.10 through 8482.80, 8482.99, 8483.10 through 8483.40, 8483.60 or 8483.90 provided there is a regional value content of not less than 40 percent when the build up method is used.

8483.60

A change to subheading 8483.60 from any other subheading.

8483.90

A change to subheading 8483.90 from any other heading.

8484.10 – 8484.90

A change to subheading 8484.10 through 8484.90 from any other subheading.

84.85

A change to heading 84.85 from any other heading.

## Chapter 85

Electrical Machinery and Equipment and Parts Thereof; Sound Recorders and Reproducers, Television Image and Sound Recorders and Reproducers, and Parts and Accessories of Such Articles

8501.10

A change to subheading 8501.10 from any other heading, except from stators or rotors of heading 85.03; or

A change to subheading 8501.10 from stators or rotors of heading 85.03, whether or not there is also a change from any other heading provided there is a regional value content of not less than:

(a) 35 percent when the build-up method is used, or

(b) 45 percent when the build-down method is used.

8501.20 – 8501.64

A change to subheading 8501.20 through 8501.64 from any other heading.

85.02 – 85.03

A change to heading 85.02 through 85.03 from any other heading.

8504.10 – 8504.23

A change to subheading 8504.10 through 8504.23 from any subheading outside subheading 8504.10 through 8504.50.

8504.31

A change to subheading 8504.31 from any other heading; or

A change to subheading 8504.31 from subheading 8504.90, whether or not there is also a change from any other heading provided there is a regional value content of not less than:

(a) 35 percent when the build-up method is used, or

(b) 45 percent when the build-down method is used.

8504.32 – 8504.50

A change to subheading 8504.32 through 8504.50 from any subheading outside subheading 8504.10 through 8504.50.

8504.90

A change to subheading 8504.90 from any other heading.

8505.11 – 8505.30

A change to subheading 8505.11 through 8505.30 from any other subheading.

8505.90

A change to subheading 8505.90 from any other heading.

8506.10 – 8506.40

A change to subheading 8506.10 through 8506.40 from any other subheading.

8506.50 – 8506.80

A change to subheading 8506.50 through 8506.80 from any other subheading outside that group.

8506.90

A change to subheading 8506.90 from any other heading.

8507.10

A change to subheading 8507.10 from any other heading; or

A change to subheading 8507.10 from any other subheading, whether or not there is also a change from any other heading provided there is a regional value content of not less than:

(a) 35 percent when the build-up method is used, or

(b) 45 percent when the build-down method is used.

8507.20 – 8507.80

A change to subheading 8507.20 through 8507.80 from any other subheading.

8507.90

A change to subheading 8507.90 from any other heading.

8509.10 – 8509.80

A change to subheading 8509.10 through 8509.80 from any other heading; or

A change to subheading 8509.10 through 8509.80 from any other subheading, whether or not there is also a change from any other heading provided there is a regional value content of not less than:

(a) 35 percent when the build-up method is used, or

(b) 45 percent when the build-down method is used.

8509.90

A change to subheading 8509.90 from any other heading.

8510.10 – 8510.30

A change to subheading 8510.10 through 8510.30 from any other subheading.  
8510.90

A change to subheading 8510.90 from any other heading.

8511.10 – 8511.80

A change to subheading 8511.10 through 8511.80 from any other subheading.  
8511.90

A change to subheading 8511.90 from any other heading.

8512.10 – 8512.30

A change to subheading 8512.10 through 8512.30 from any other subheading outside that group.

8512.40

A change to subheading 8512.40 from any other heading; or

A change to subheading 8512.40 from subheading 8512.90, whether or not there is also a change from any other heading provided there is also a regional value content of not less than:

(a) 35 percent when the build-up method is used, or

(b) 45 percent when the build-down method is used.

8512.90

A change to subheading 8512.90 from any other heading.

8513.10

A change to subheading 8513.10 from any other heading; or

A change to subheading 8513.10 from subheading 8513.90, whether or not there is also a change from any other heading provided there is a regional value content of not less than:

(a) 35 percent when the build-up method is used, or

(b) 45 percent when the build-down method is used.

8513.90

A change to subheading 8513.90 from any other heading.

8514.10 – 8514.40

A change to subheading 8514.10 through 8514.40 from any other subheading.

8514.90

A change to subheading 8514.90 from any other heading.

8515.11 – 8515.80

A change to subheading 8515.11 through 8515.80 from any other subheading outside that group.

8515.90

A change to subheading 8515.90 from any other heading.

8516.10 – 8516.50

A change to subheading 8516.10 through 8516.50 from any other subheading.

8516.60

A change to subheading 8516.60 from any other subheading, except furnitures, whether or not assembled, cooking chambers, whether assembled or not and the upper panel, whether or not with heating or control elements, classified in subheading 8516.90; or  
A change to subheading 8516.60 from subheading 8516.90, whether or not there is also a change from any other heading provided there is a regional value content of not less than:

(a) 35 percent when the build-up method is used, or

(b) 45 percent when the build-down method is used.

8516.71

A change to subheading 8516.71 from any other subheading.

8516.72

A change to subheading 8516.72 from any other subheading, except from housings for toasters of subheading 8516.90 or 9032.10; or

A change to subheading 8516.72 from housings for toasters of subheading 8516.90 or 9032.10, whether or not there is also a change from any other subheading, provided there is a regional value content of not less than:

(a) 35 percent when the build-up method is used, or

(b) 45 percent when the build-down method is used.

8516.79

A change to subheading 8516.79 from any other subheading.

8516.80

A change to subheading 8516.80 from any other heading; or

A change to subheading 8516.80 from 8516.90, whether or not there is also a change from any other heading provided there is a regional value content of not less than:

(a) 35 percent when the build-up method is used, or

(b) 45 percent when the build-down method is used.

8516.90

A change to subheading 8516.90 from any other heading, or

No change in tariff classification is required provided there is a regional value content of not less than:

(a) 35 percent when the build-up method is used, or

(b) 45 percent when the build-down method is used.

8517.11 – 8517.80

A change to subheading 8517.11 through 8517.80 from any other subheading.

8517.90

A change to subheading 8517.90 from any other subheading, or

No change in tariff classification is required provided there is a regional value content of not less than:

(a) 35 percent when the build-up method is used, or

(b) 45 percent when the build-down method is used.

8518.10 – 8518.21

A change to subheading 8518.10 through 8518.21 from any other heading; or

A change to subheading 8518.10 through 8518.21 from subheading 8518.90, whether or not there is also a change from any other heading provided there is a regional value content of not less than:

(a) 35 percent when the build-up method is used, or

(b) 45 percent when the build-down method is used.

8518.22

A change to subheading 8518.22 from any other heading; or

A change to subheading 8518.22 from subheading 8518.29 or 8518.90, whether or not there is also a change from any other heading provided there is a regional value content of not less than:

(a) 35 percent when the build-up method is used, or

(b) 45 percent when the build-down method is used.

8518.29 – 8518.50

A change to subheading 8518.29 through 8518.50 from any other heading; or

A change to subheading 8518.29 through 8518.50 from subheading 8518.90, whether or not there is also a change from any other heading provided there is a regional value content of not less than:

- (a) 35 percent when the build-up method is used, or
- (b) 45 percent when the build-down method is used.

8518.90

A change to subheading 8518.90 from any other heading.

8519.10 – 8519.40

A change to subheading 8519.10 through 8519.40 from any other subheading.

8519.92 – 8519.93

A change to subheading 8519.92 through 8519.93 from any other subheading outside that group.

8519.99

A change to subheading 8519.99 from any other subheading.

8520.10 – 8520.20

A change to subheading 8520.10 through 8520.20 from any other subheading.

8520.32 – 8520.33

A change to subheading 8520.32 through 8520.33 from any other subheading outside that group.

8520.39 – 8520.90

A change to subheading 8520.39 through 8520.90 from any other subheading.

8521.10 – 8521.90

A change to subheading 8521.10 through 8521.90 from any other subheading.

8522.10 – 8524.99

A change to subheading 8522.10 through 8524.99 from any other subheading.

8525.10 – 8525.20

A change to subheading 8525.10 through 8525.20 from any other subheading outside that group.

8525.30 – 8525.40

A change to subheading 8525.30 through 8525.40 from any other subheading.

8526.10 – 8526.92

A change to subheading 8526.10 through 8526.92 from any other subheading.

8527.12 – 8527.90

A change to subheading 8527.12 through 8527.90 from any other subheading.

8528.12

A change to subheading 8528.12 from any other subheading, except from subheading 7011.20, 8540.11, or 8540.91.

8528.13

A change to subheading 8528.13 from any other subheading.

8528.21

A change to subheading 8528.21 from any other subheading, except from subheading 7011.20, 8540.11, or 8540.91.

8528.22 – 8528.30

A change to subheading 8528.22 through 8528.30 from any other subheading.

85.29

A change to heading 85.29 from any other heading; or

A change to subheading 8529.10 from any other heading; or

No change in tariff classification is required for subheading 8529.90 provided there is a

regional value content of not less than:

(a) 35 percent when the build-up method is used, or

(b) 45 percent when the build-down method is used.

8530.10 – 8530.80

A change to subheading 8530.10 through 8530.80 from any other subheading.

8530.90

A change to subheading 8530.90 from any other heading.

8531.10 – 8531.80

A change to subheading 8531.10 through 8531.80 from any other subheading.

8531.90

A change to subheading 8531.90 from any other heading.

8532.10 – 8532.30

A change to subheading 8532.10 through 8532.30 from any other subheading.

8532.90

A change to subheading 8532.90 from any other heading.

8533.10 – 8533.40

A change to subheading 8533.10 through 8533.40 from any other subheading.

8533.90

A change to subheading 8533.90 from any other heading.

85.34

A change to heading 85.34 from any other heading; or

No change in tariff classification is required provided there is a regional value content of not less than:

(a) 30 percent when the build-up method is used, or

(b) 35 percent when the build-down method is used.

8535.10 – 8536.90

A change to subheading 8535.10 through 8536.90 from any other subheading.

85.37 – 85.38

A change to heading 85.37 through 85.38 from any other heading.

8539.10 – 8539.49

A change to subheading 8539.10 through 8539.49 from any other subheading.

8539.90

A change to subheading 8539.90 from any other heading.

8540.11

A change to subheading 8540.11 from any other subheading, except from subheading 7011.20 or 8540.91

8540.12

A change to subheading 8540.12 from any other subheading.

8540.20

A change to subheading 8540.20 from any other heading; or

A change to subheading 8540.20 from subheading 8540.91 through 8540.99, whether or not there is also a change from any other heading provided there is a regional value content of not less than:

(a) 35 percent when the build-up method is used, or

(b) 45 percent when the build-down method is used.

8540.40 – 8540.60

A change to subheading 8540.40 through 8540.60 from any other subheading outside that group.

8540.71 – 8540.89

A change to subheading 8540.71 through 8540.89 from any other subheading.

8540.91

A change to subheading 8540.91 from any other heading; or

A change to a front panel assembly of subheading 8540.91 from any other good including a good in that heading.

8540.99

A change to subheading 8540.99 from any other subheading, or

No change in tariff classification is required provided that there is a regional value content of not less than:

(a) 35 percent when the build-up method is used, or

(b) 45 percent when the build-down method is used.

8541.10 – 8542.90

A change to assembled semiconductor devices, integrated circuits, or microassemblies of subheading 8541.10 through 8542.90 from unmounted chips, wafers, or dice of subheading 8541.10 through 8542.90 or from any other subheading; or

A change to any other good of subheading 8541.10 through 8542.90 from any other subheading; or

No change in tariff classification is required provided that there is a regional value content of not less than:

(a) 30 percent when the build-up method is used, or

(b) 35 percent when the build-down method is used.

8543.11 – 8543.19

A change to subheading 8543.11 through 8543.19 from any other subheading outside that group.

8543.20 – 8543.30

A change to subheading 8543.20 through 8543.30 from any other subheading.

8543.40 – 8543.89

A change to subheading 8543.40 through 8543.89 from any other subheading outside that group.

8543.90

A change to subheading 8543.90 from any other heading.

8544.11

A change to subheading 8544.11 from any other subheading provided there is a regional value content of not less than:

(a) 35 percent when the build-up method is used, or

(b) 45 percent when the build-down method is used.

8544.19

A change to subheading 8544.19 from any other subheading provided there is a regional value content of not less than:

(a) 35 percent when the build-up method is used, or

(b) 45 percent when the build-down method is used.

8544.20

A change to subheading 8544.20 from any subheading outside subheading 8544.11 through 8544.60, except from heading 74.08, 74.13, 76.05 or 76.14; or

A change to subheading 8544.20 from heading 74.08, 74.13, 76.05 or 76.14, whether or not there is also a change from any other subheading provided there is also a regional value content of not less than:

- (a) 35 percent when the build-up method is used, or
- (b) 45 percent when the build-down method is used.

8544.30

A change to subheading 8544.30 from any other subheading.

8544.41 – 8544.49

A change to subheading 8544.41 through 8544.49 from any other subheading provided there is also a regional value content of not less than:

- (a) 35 percent when the build-up method is used, or
- (b) 45 percent when the build-down method is used.

8544.51 – 8544.59

A change to subheading 8544.51 through 8544.59 from any heading.

8544.60 – 8544.70

A change to subheading 8544.60 through 8544.70 from any other subheading provided there is a regional value content of not less than:

- (a) 35 percent when the build-up method is used, or
- (b) 45 percent when the build-down method is used.

8545.11 – 8545.90

A change to subheading 8545.11 through 8545.90 from any other subheading.

85.46

A change to heading 85.46 from any other heading.

8547.10 – 8547.90

A change to subheading 8547.10 through 8547.90 from any other subheading.

85.48

A change to heading 85.48 from any other heading.

## Section XVII

Vehicles, Aircraft, Vessels and Associated Transport Equipment (Chapter 86-89)

### Chapter 86

Railway or Tramway Locomotives, Rolling-Stock and Parts Thereof; Railway or Tramway Track Fixtures and Fittings and Parts Thereof; Mechanical (Including Electro- Mechanical) Traffic Signaling Equipment of all Kinds

86.01 – 86.02

A change to heading 86.01 through 86.02 from any other heading.

86.03 – 86.06

A change to heading 86.03 through 86.06 from any other heading except from heading 86.07; or

A change to heading 86.03 through 86.06 from heading 86.07, whether or not there is also a change from any other heading provided there is a regional value content of not less than:

- (a) 35 percent when the build-up method is used, or
- (b) 45 percent when the build-down method is used.

8607.11 – 8607.12

A change to subheading 8607.11 through 8607.12 from any subheading outside that group.

8607.19

A change to axles of subheading 8607.19 from parts of axles of subheading 8607.19 and a change to wheels, whether or not fitted with axles, of subheading 8607.19 from parts of axles or parts of wheels of subheading 8607.19.

8607.21 – 8607.99

A change to subheading 8607.21 through 8607.99 from any other heading.

86.08 – 86.09

A change to heading 86.08 through 86.09 from any other heading.

Chapter 87

Vehicles Other Than Railway or Tramway Rolling-Stock, and Parts and Accessories Thereof

87.01 – 87.06

No change in tariff classification is required provided there is a regional value content of not less than:

- (a) 35 percent when the net cost method is used,
- (b) 35 percent when the build-up method is used, or
- (c) 50 percent when the build-down method is used.

87.07

A change to heading 87.07 from any other heading; or

No change in tariff classification is required provided there is a regional value content of not less than:

- (a) 35 percent when the net cost method is used,
- (b) 35 percent when the build-up method is used, or
- (c) 50 percent when the build-down method is used.

8708.10 – 8708.99

A change to subheading 8708.10 through 8708.99 from any other subheading; or

No change in tariff classification is required provided there is a regional value content of not less than

- (a) 35 percent when the net cost method is used,
- (b) 35 percent when the build-up method is used, or
- (c) 50 percent when the build-down method is used.

8709.11 – 8709.19

A change to subheading 8709.11 through 8709.19 from any other heading; or

A change to subheading 8709.11 through 8709.19 from subheading 8709.90, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

- (a) 35 percent when the build-up method is used, or
- (b) 45 percent when the build-down method is used.

8709.90

A change to subheading 8709.90 from any other heading.

87.10

A change to heading 87.10 from any other heading.

87.11

A change to heading 87.11 from any other heading, except from heading 87.14; or

A change to heading 87.11 from heading 87.14, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

- (a) 35 percent when the build-up method is used, or
- (b) 45 percent when the build-down method is used.

87.12

A change to heading 87.12 from any other heading except from heading 87.14; or

A change to heading 87.12 from heading 87.14, whether or not there is also a change

from any other heading provided there is a regional value content of not less than:

- (a) 30 percent when the build-up method is used, or
- (b) 35 percent when the build-down method is used.

87.13

A change to heading 87.13 from heading 87.14, whether or not there is also a change from any other heading provided there is a regional value content of not less than:

- (a) 35 percent when the build-up method is used, or
- (b) 45 percent when the build-down method is used.

87.14 – 87.15

A change to heading 87.14 through 87.15 from any other heading.

8716.10 – 8716.80

A change to subheading 8716.10 through 8716.80 from any other heading; or

A change to subheading 8716.10 through 8716.80 from subheading 8716.90, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

- (a) 35 percent when the build-up method is used, or
- (b) 45 percent when the build-down method is used.

8716.90

A change to subheading 8716.90 from any other heading.

## Chapter 88

Aircraft, Spacecraft, and Parts Thereof

8801.10 – 8803.90

A change to subheading 8801.10 through 8803.90 from any other subheading.

88.04 – 88.05

A change to heading 88.04 through 88.05 from any other heading.

## Chapter 89

Ships, Boats and Floating Structures

89.01 – 89.02

A change to heading 89.01 through 89.02 from any other chapter; or

A change to heading 89.01 through 89.02 from any other heading within chapter 89, whether or not there is also a change from any other chapter, provided there is a regional value content of not less than:

- (a) 35 percent when the build-up method is used, or
- (b) 45 percent when the build-down method is used.

89.03

A change to heading 89.03 from any other heading.

89.04 – 89.05

A change to heading 89.04 through 89.05 from any other chapter; or

A change to heading 89.04 through 89.05 from any other heading within chapter 89, whether or not there is also a change from any other chapter, provided there is a regional value content of not less than:

- (a) 35 percent when the build-up method is used, or
- (b) 45 percent when the build-down method is used.

89.06– 89.08

A change to heading 89.06 through 89.08 from any other heading.

## Section XVIII

Optical, Photographic, Cinematographic, Measuring, Checking, Precision, Medical or Surgical Instruments and Apparatus; Clocks and Watches; Musical Instruments; Parts and Accessories Thereof (Chapter 90-92)

### Chapter 90

Optical, Photographic, Cinematographic, Measuring, Checking, Precision, Medical or Surgical Instruments and Apparatus; Parts and Accessories Thereof

#### 9001.10

A change to subheading 9001.10 from any other chapter, except from heading 70.02;  
or

A change to subheading 9001.10 from heading 70.02, whether or not there is also a change from any other chapter, provided there is a regional value content of not less than:

- (a) 35 percent when the build-up method is used, or
- (b) 45 percent when the build-down method is used.

#### 9001.20 – 9001.30

A change to subheading 9001.20 through 9001.30 from any other heading.

#### 9001.40

A change to subheading 9001.40 from any other heading.

#### 9001.50 – 9001.90

A change to subheading 9001.50 through 9001.90 from any other heading.

#### 9002.11 – 9002.90

A change to subheading 9002.11 through 9002.90 from any other heading except from heading 90.01.

#### 9003.11 – 9003.19

A change to subheading 9003.11 through 9003.19 from any other subheading except from subheading 9003.90; or

A change to subheading 9003.11 through 9003.19 from subheading 9003.90, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

- (a) 35 percent when the build-up method is used, or
- (b) 45 percent when the build-down method is used.

#### 9003.90

A change to subheading 9003.90 from any other heading.

#### 9004.10

A change to subheading 9004.10 from any other chapter; or

A change to subheading 9004.10 from any other heading within chapter 90, whether or not there is also a change from any other chapter, provided there is a regional value content of not less than:

- (a) 35 percent when the build-up method is used, or
- (b) 45 percent when the build-down method is used.

#### 9004.90

A change to heading 9004.90 from any other heading, except from subheading 9001.40 or 9001.50.

#### 9005.10

A change to subheading 9005.10 from any other subheading.

#### 9005.80

A change to subheading 9005.80 from any subheading, except from heading 90.01

through 90.02 or subheading 9005.90; or

A change to subheading 9005.80 from subheading 9005.90 provided there is a regional value content of not less than:

- (a) 35 percent when the build-up method is used, or
- (b) 45 percent when the build-down method is used.

9005.90

A change to subheading 9005.90 from any other heading.

9006.10 – 9006.30

A change to subheading 9006.10 through 9006.30 from any other heading; or

A change to subheading 9006.10 through 9006.30 from any other subheading provided there is a regional value content of not less than:

- (a) 35 percent when the build-up method is used, or
- (b) 45 percent when the build-down method is used.

9006.40

A change to subheading 9006.40 from any other heading; or

A change to subheading 9006.40 from any other subheading provided there is a regional value content of not less than:

- (a) 35 percent when the build-up method is used, or
- (b) 45 percent when the build-down method is used.

9006.51

A change to subheading 9006.51 from any other heading; or

A change to subheading 9006.51 from any other subheading provided there is a regional value content of not less than:

- (a) 35 percent when the build-up method is used, or
- (b) 45 percent when the build-down method is used.

9006.52

A change to subheading 9006.52 from any other heading; or

A change to subheading 9006.52 from any other subheading provided there is a regional value content of not less than:

- (a) 35 percent when the build-up method is used, or
- (b) 45 percent when the build-down method is used.

9006.53

A change to subheading 9006.53 from any other heading; or

A change to subheading 9006.53 from any other subheading provided there is a regional value content of not less than:

- (a) 35 percent when the build-up method is used, or
- (b) 45 percent when the build-down method is used.

9006.59

A change to subheading 9006.59 from any other heading; or

A change to subheading 9006.59 from any other subheading provided there is a regional value content of not less than:

- (a) 35 percent when the build-up method is used, or
- (b) 45 percent when the build-down method is used.

9006.61 – 9006.69

A change to subheading 9006.61 through 9006.69 from any other heading; or

A change to subheading 9006.61 through 9006.69 from any other subheading provided there is a regional value content of not less than:

- (a) 35 percent when the build-up method is used, or

(b) 45 percent when the build-down method is used.

9006.91 – 9006.99

A change to subheading 9006.91 through 9006.99 from any other heading.

9007.11 – 9007.20

A change to subheading 9007.11 through 9007.20 from any other heading; or

A change to subheading 9007.11 through 9007.20 from any other subheading provided there is a regional value content of not less than:

(a) 35 percent when the build-up method is used, or

(b) 45 percent when the build-down method is used.

9007.91 – 9007.92

A change to subheading 9007.91 through 9007.92 from any other heading; or

No change in tariff classification is required for subheading 9007.92 provided there is a regional value content of not less than:

(a) 35 percent when the build-up method is used, or

(b) 45 percent when the build-down method is used.

9008.10

A change to subheading 9008.10 from any other heading, or

A change to subheading 9008.10 from any other subheading provided there is a regional value content of not less than:

(a) 35 percent when the build-up method is used, or

(b) 45 percent when the build-down method is used.

9008.20 – 9008.40

A change to subheading 9008.20 through 9008.40 from any other heading; or

A change to subheading 9008.20 through 9008.40 from any other subheading provided there is a regional value content of not less than:

(a) 35 percent when the build-up method is used, or

(b) 45 percent when the build-down method is used.

9008.90

A change to subheading 9008.90 from any other heading.

9009.11

A change to subheading 9009.11 from any other subheading.

9009.12

A change to subheading 9009.12 from any other subheading except from subheading 9009.90; or

A change to subheading 9009.12 from subheading 9009.90, whether or not there is also a change from any other subheading, provided there is a regional value content of not less than:

(a) 35 percent when the build-up method is used, or

(b) 45 percent when the build-down method is used.

9009.21 – 9009.30

A change to subheading 9009.21 through 9009.30 from any other subheading.

9009.91 – 9009.93

A change to subheading 9009.91 through 9009.93 from any subheading outside that group.

9009.99

A change to subheading 9009.99 from any other subheading; or

No change of tariff classification is required provided there is a regional value content of not less than:

- (a) 35 percent when the build-up method is used, or
- (b) 45 percent when the build-down method is used.

9010.10

A change to subheading 9010.10 from any other heading; or

A change to subheading 9010.10 from any other subheading provided there is a regional value content of not less than:

- (a) 35 percent when the build-up method is used, or
- (b) 45 percent when the build-down method is used.

9010.41 – 9010.50

A change to subheading 9010.41 through 9010.50 from any other heading; or

A change to subheading 9010.41 through 9010.50 from any other subheading provided there is a regional value content of not less than:

- (a) 35 percent when the build-up method is used, or
- (b) 45 percent when the build-down method is used.

9010.60

A change to subheading 9010.60 from any other heading; or

A change to subheading 9010.60 from any other subheading provided there is a regional value content of not less than:

- (a) 35 percent when the build-up method is used, or
- (b) 45 percent when the build-down method is used.

9010.90

A change to subheading 9010.90 from any other heading.

9011.10 – 9011.80

A change to subheading 9011.10 through 9011.80 from any other heading; or

A change to subheading 9011.10 through 9011.80 from any other subheading provided there is a regional value content of not less than:

- (a) 35 percent when the build-up method is used, or
- (b) 45 percent when the build-down method is used.

9011.90

A change to subheading 9011.90 from any other heading.

9012.10

A change to subheading 9012.10 from any other heading; or

A change to subheading 9012.10 from any other subheading provided there is a regional value content of not less than:

- (a) 35 percent when the build-up method is used, or
- (b) 45 percent when the build-down method is used.

9012.90

A change to subheading 9012.90 from any other heading.

9013.10 – 9013.80

A change to subheading 9013.10 through 9013.80 from any other heading; or

A change to subheading 9013.10 through 9013.80 from any other subheading provided there is a regional value content of not less than:

- (a) 35 percent when the build-up method is used, or
- (b) 45 percent when the build-down method is used.

9013.90

A change to subheading 9013.90 from any other heading.

9014.10 – 9014.80

A change to subheading 9014.10 through 9014.80 from any other heading; or

A change to subheading 9014.10 through 9014.80 from any other subheading provided there is a regional value content of not less than:

- (a) 35 percent when the build-up method is used, or
- (b) 45 percent when the build-down method is used.

9014.90

A change to subheading 9014.90 from any other heading.

9015.10 – 9015.80

A change to subheading 9015.10 through 9015.80 from any other heading; or

A change to subheading 9015.10 through 9015.80 from any other subheading provided there is a regional value content of not less than:

- (a) 35 percent when the build-up method is used, or
- (b) 45 percent when the build-down method is used.

9015.90

A change to subheading 9015.90 from any other heading; or

No change in tariff classification is required provided there is a regional value content of not less than:

- (a) 35 percent when the build-up method is used, or
- (b) 45 percent when the build-down method is used.

90.16

A change to heading 90.16 from any other heading.

9017.10 – 9022.90

A change to subheading 9017.10 through 9022.90 from any other subheading; or

No change in tariff classification is required provided there is a regional value content of not less than:

- (a) 30 percent when the build-up method is used, or
- (b) 35 percent when the build-down method is used.

90.23

A change to heading 90.23 from any other heading.

9024.10 – 9024.80

A change to subheading 9024.10 through 9024.80 from any other heading; or

A change to subheading 9024.10 through 9024.80 from any other subheading provided there is a regional value content of not less than:

- (a) 35 percent when the build-up method is used, or
- (b) 45 percent when the build-down method is used.

9024.90

A change to subheading 9024.90 from any other heading.

9025.11 – 9025.80

A change to subheading 9025.11 through 9025.80 from any other heading or

A change to subheading 9025.11 through 9025.80 from any other subheading provided there is a regional value content of not less than:

- (a) 35 percent when the build-up method is used, or
- (b) 45 percent when the build-down method is used.

9025.90

A change to subheading 9025.90 from any other heading.

9026.10 – 9026.80

A change to subheading 9026.10 through 9026.80 from any other heading; or

A change to subheading 9026.10 through 9026.80 from any other subheading provided there is a regional value content of not less than:

- (a) 35 percent when the build-up method is used, or
- (b) 45 percent when the build-down method is used.

9026.90

A change to subheading 9026.90 from any other heading

9027.10 – 9027.80

A change to subheading 9027.10 through 9027.80 from any other heading; or

A change to subheading 9027.10 through 9027.80 from any other subheading provided there is a regional value content of not less than:

- (a) 35 percent when the build-up method is used, or
- (b) 45 percent when the build-down method is used.

9027.90

A change to subheading 9027.90 from any other heading.

9028.10 – 9028.30

A change to subheading 9028.10 through 9028.30 from any other heading; or

A change to subheading 9028.10 through 9028.30 from any other subheading provided there is a regional value content of not less than:

- (a) 35 percent when the build-up method is used, or
- (b) 45 percent when the build-down method is used.

9028.90

A change to subheading 9028.90 from any other heading.

9029.10 – 9029.20

A change to subheading 9029.10 through 9029.20 from any other heading; or

A change to subheading 9029.10 through 9029.20 from any other subheading provided there is a regional value content of not less than:

- (a) 35 percent when the build-up method is used, or
- (b) 45 percent when the build-down method is used.

9029.90

A change to subheading 9029.90 from any other heading.

9030.10 – 9030.89

A change to subheading 9030.10 through 9030.89 from any other subheading.

9030.90

A change to subheading 9030.90 from any other heading.

9031.10 – 9031.80

A change to subheading 9031.10 through 9031.80 from any other heading; or

A change to a coordinate measuring machine of subheading 9031.49 from any other good except from a base or frame for a good of the same subheading; or

A change to subheading 9031.10 through 9031.80 from any other subheading provided there is a regional value content of not less than:

- (a) 35 percent when the build-up method is used, or
- (b) 45 percent when the build-down method is used.

9031.90

A change to subheading 9031.90 from any other heading.

9032.10 – 9032.89

A change to subheading 9032.10 through 9032.89 from any other heading; or

A change to subheading 9032.10 through 9032.89 from any other subheading provided there is a regional value content of not less than:

- (a) 35 percent when the build-up method is used, or
- (b) 45 percent when the build-down method is used.

9032.90

A change to subheading 9032.90 from any other heading.

90.33

A change to heading 90.33 from any other heading.

Chapter 91

Clocks and Watches and Parts Thereof

9101.11

A change to subheading 9101.11 from any other chapter; or

A change to subheading 9101.11 from heading 91.14 provided there is a regional value content of not less than:

- (a) 35 percent when the build-up method is used, or
- (b) 45 percent when the build-down method is used.

9101.12

A change to subheading 9101.12 from any other chapter; or

A change to subheading 9101.12 from any other heading provided that there is a regional value content of not less than:

- (a) 35 percent when the build-up method is used, or
- (b) 45 percent when the build-down method is used.

9101.19

A change to subheading 9101.19 from any other chapter; or

A change to subheading 9101.19 from heading 91.14 provided there is a regional value content of not less than:

- (a) 35 percent when the build-up method is used, or
- (b) 45 percent when the build-down method is used.

9101.21

A change to subheading 9101.21 from any other chapter; or

A change to subheading 9101.21 from any other heading provided that there is a regional value content of not less than:

- (a) 35 percent when the build-up method is used, or
- (b) 45 percent when the build-down method is used.

9101.29

A change to subheading 9101.29 from any other chapter; or

A change to subheading 9101.29 from heading 91.14 provided there is a regional value content of not less than:

- (a) 35 percent when the build-up method is used, or
- (b) 45 percent when the build-down method is used.

9101.91

A change to subheading 9101.91 from any other chapter; or

A change to subheading 9101.91 from any other heading provided that there is a regional value content of not less than:

- (a) 35 percent when the build-up method is used, or
- (b) 45 percent when the build-down method is used.

9101.99

A change to subheading 9101.99 from any other chapter; or

A change to subheading 9101.99 from heading 91.14 provided there is a regional value content of not less than:

- (a) 35 percent when the build-up method is used, or
- (b) 45 percent when the build-down method is used.

#### 91.02 – 91.07

A change to heading 91.02 through 91.07 from any other chapter; or

A change to heading 91.02 through 91.07 from heading 91.14 provided there is a regional value content of not less than:

- (a) 35 percent when the build-up method is used, or
- (b) 45 percent when the build-down method is used.

#### 91.08 – 91.10

A change to heading 91.08 through 91.10 from any other chapter; or

A change to heading 91.08 through 91.10 from any other heading provided that there is a regional value content of not less than:

- (a) 35 percent when the build-up method is used, or
- (b) 45 percent when the build-down method is used.

#### 9111.10 – 9111.80

A change to subheading 9111.10 through 9111.80 from any other chapter; or

A change to subheading 9111.10 through 9111.80 from subheading 9111.90 or any other heading provided there is a regional value content of not less than:

- (a) 35 percent when the build-up method is used, or
- (b) 45 percent when the build-down method is used.

#### 9111.90

A change to subheading 9111.90 from any other chapter; or

A change to subheading 9111.90 from any other heading provided there is a regional value content of not less than:

- (a) 35 percent when the build-up method is used, or
- (b) 45 percent when the build-down method is used.

#### 9112.20

A change to subheading 9112.20 from subheading 9112.90 or any other heading provided there is regional value content of not less than:

- (a) 35 percent when the build-up method is used, or
- (b) 45 percent when the build-down method is used.

#### 9112.90

A change to subheading 9112.90 from any other chapter; or

A change to subheading 9112.90 from any other heading provided there is a regional value content of not less than:

- (a) 35 percent when the build-up method is used, or
- (b) 45 percent when the build-down method is used.

#### 91.13

A change to heading 91.13 from any other chapter; or

A change to heading 91.13 from any other heading provided there is a regional value content of not less than:

- (a) 35 percent when the build-up method is used, or
- (b) 45 percent when the build-down method is used.

#### 91.14

A change to heading 91.14 from any other heading.

### Chapter 92

Musical Instruments; Parts and Accessories of Such Articles

#### 92.01

A change to heading 92.01 from any other chapter; or

A change to heading 92.01 from any other heading provided there is a regional value content of not less than:

- (a) 35 percent when the build-up method is used, or
- (b) 45 percent when the build-down method is used.

92.02

A change to heading 92.02 from any other chapter; or

A change to heading 92.02 from any other heading provided that there is a regional value content of not less than:

- (a) 30 percent when the build-up method is used, or
- (b) 35 percent when the build-down method is used.

92.03 – 92.08

A change to heading 92.03 through 92.08 from any other chapter; or

A change to heading 92.03 through 92.08 from any other heading provided that there is a regional value content of not less than:

- (a) 35 percent when the build-up method is used, or
- (b) 45 percent when the build-down method is used.

92.09

A change to heading 92.09 from any other heading.

## Section XIX

Arms and Ammunition; Parts and Accessories Thereof (Chapter 93)

Chapter 93

Arms and Ammunition; Parts and Accessories Thereof

93.01 – 93.04

A change to heading 93.01 through 93.04 from any other chapter; or

A change to heading 93.01 through 93.04 from any other heading provided there is a regional value content of not less than:

- (a) 35 percent when the build-up method is used, or
- (b) 45 percent when the build-down method is used.

93.05

A change to heading 93.05 from any other heading.

93.06 – 93.07

A change to heading 93.06 through 93.07 from any other chapter.

## Section XX

Miscellaneous Manufactured Articles (Chapter 94-96)

Chapter 94

Furniture; Bedding, Mattresses, Mattress Supports, Cushions and Similar Stuffed Furnishings; Lamps and Lighting Fittings, Not Elsewhere Specified or Included; Illuminated Signs, Illuminated Name-Plates and the Like; Prefabricated Buildings

94.01

A change to heading 94.01 from any other heading.

9402.10 – 9402.90

A change to subheading 9402.10 through 9402.90 from any other subheading provided there is a regional value content of not less than:

- (a) 35 percent when the build-up method is used, or
- (b) 45 percent when the build-down method is used.

94.03

A change to heading 94.03 from any other heading.

9404.10 – 9404.30

A change to subheading 9404.10 through 9404.30 from any other chapter.

9404.90

A change to subheading 9404.90 from any other chapter, except from heading 50.07, 51.11 through 51.13, 52.08 through 52.12, 53.09 through 53.11, 54.07 through 54.08, 55.12 through 55.16, or subheading 6307.90.

Note 4 for chapters 50 through 63 applies to this subheading.

9405.10 – 9405.60

A change to subheading 9405.10 through 9405.60 from any other chapter; or

A change to subheading 9405.10 through 9405.60 from subheading 9405.91 through 9405.99, whether or not there is also a change from any other chapter, provided there is a regional value content of not less than:

(a) 35 percent when the build-up method is used, or

(b) 45 percent when the build-down method is used.

9405.91 – 9405.99

A change to subheading 9405.91 through 9405.99 from any other heading.

94.06

A change to heading 94.06 from any other chapter.

Chapter 95

Toys, Games and Sport Requisites; Parts and Accessories Thereof

95.01

A change to heading 95.01 from any other chapter.

95.02

A change to heading 95.02 from any other heading.

95.03 – 95.08

A change to heading 95.03 through 95.08 from any other chapter; or

A change to subheading 9506.31 from subheading 9506.39, whether or not there is a change from another chapter, provided there is a regional value content of not less than:

(a) 35 percent when the build-up method is used, or

(b) 45 percent when the build-down method is used.

Chapter 96

Miscellaneous Manufactured Articles

96.01 – 96.05

A change to heading 96.01 through 96.05 from any other chapter.

9606.10

A change to subheading 9606.10 from any other heading; or

No change in tariff classification is required provided there is a regional value content of not less than:

(a) 35 percent when the build-up method is used, or

(b) 45 percent when the build-down method is used.

9606.21 – 9606.29

A change to subheading 9606.21 through 9606.29 from any other chapter; or

A change to subheading 9606.21 through 9606.29 from subheading 9606.30, whether or not there is also a change to from any other chapter, provided there is a regional value content of not less than:

(a) 35 percent when the build-up method is used, or

(b) 45 percent when the build-down method is used.

9606.30

A change to subheading 9606.30 from any other heading.

9607.11 – 9607.19

A change to subheading 9607.11 through 9607.19 from any other chapter; or

A change to subheading 9607.11 through 9607.19 from subheading 9607.20 provided there is a regional value content of not less than:

(a) 35 percent when the build-up method is used, or

(b) 45 percent when the build-down method is used.

9607.20

A change to subheading 9607.20 from any other heading.

9608.10 – 9608.20

A change to subheading 9608.10 through 9608.20 from any other chapter; or

A change to subheading 9608.10 through 9608.20 from subheading 9608.60 through 9608.99 provided there is a regional value content of not less than 30 percent when the build-down method is used.

9608.31 – 9608.50

A change to subheading 9608.31 through 9608.50 from any other chapter; or

A change to subheading 9608.31 through 9608.50 from subheading 9608.60 through 9608.99 provided there is a regional value content of not less than:

(a) 35 percent when the build-up method is used, or

(b) 45 percent when the build-down method is used.

9608.60

A change to subheading 9608.60 from any other heading.

9608.91

A change to subheading 9608.91 from any other subheading.

9608.99

A change to subheading 9608.99 from any other heading.

9609.10 – 9609.90

A change to subheading 9609.10 through 9609.90 from any other heading; or

A change to subheading 9609.10 through 9609.90 from subheading 9609.20 or any other heading provided there is a region value content of not less than:

(a) 35 percent when the build-up method is used, or

(b) 45 percent when the build-down method is used.

96.10 – 96.11

A change to heading 96.10 through 96.11 from any other heading.

9612.10

A change to subheading 9612.10 from any other chapter.

9612.20

A change to subheading 9612.20 from any other heading.

9613.10 – 9613.80

A change to subheading 9613.10 through 9613.80 from any other chapter; or

A change to subheading 9613.10 through 9613.80 from subheading 9613.90 provided there is a regional value content of not less than:

(a) 35 percent when the build-up method is used, or

(b) 45 percent when the build-down method is used.

9613.90

A change to subheading 9613.90 from any other heading.

9614.20

A change to subheading 9614.20 from any other subheading except from subheading 9614.90.

9614.90

A change to subheading 9614.90 from any other heading.

9615.11 – 9615.19

A change to subheading 9615.11 through 9615.19 from any other chapter; or

A change to subheading 9615.11 through 9615.19 from subheading 9615.90 provided there is a regional value content of not less than:

(a) 35 percent when the build-up method is used, or

(b) 45 percent when the build-down method is used.

9615.90

A change to subheading 9615.90 from any other heading.

96.16

A change to heading 96.16 from any other heading.

96.17

A change to heading 96.17 from any other chapter.

96.18

A change in heading 96.18 from any other heading.

## Section XXI

Works of Art, Collectors Pieces and Antiques (Chapter 97)

Chapter 97

Works of Art, Collectors Pieces and Antiques

9701.10 – 9701.90

A change to subheading 9701.10 through 9701.90 from any other subheading.

97.02 – 97.06

A change to heading 97.02 through 97.06 from any other heading.

## Appendix 4.1-A

Correlation Table for Textile and Apparel Goods

TARIFF ITEM UNITED STATES CENTRAL AMERICA DOMINICAN REPUBLIC DESCRIPTION

5108.10.aa 5108.10.60 5108.10.00 5108.10.60 Other than of Angora rabbit hair

5108.20.aa 5108.20.60 5108.20.00 5108.20.60 Other than of Angora rabbit hair

5208.21.aa 5208.21.60 5208.21.00 5208.21.60 Of metric number 69 or higher

5208.22.aa 5208.22.80 5208.22.00 5208.22.80 Of metric number 69 or higher

5208.29.aa 5208.29.80 5208.29.00 5208.29.80 Of metric number 69 or higher

5208.31.aa 5208.31.80 5208.31.00 5208.31.80 Of metric number 69 or higher

5208.32.aa 5208.32.50 5208.32.00 5208.32.50 Of metric number 69 or higher

5208.32.bb 5208.32.3020 5208.32.00 5208.32.3020 Of metric number 42 or lower of poplin or broadcloth

5208.39.aa 5208.39.80 5208.39.00 5208.39.80 Of metric number 69 or higher

5208.41.aa 5208.41.80 5208.41.00 5208.41.80 Of metric number 69 or higher

5208.42.aa 5208.42.50 5208.42.00 5208.42.50 Of metric number 69 or higher

5208.43.aa 5208.43.00 5208.43.00 5208.43.00 3-thread or 4-thread twill, including cross twill

5208.49.aa 5208.49.80 5208.49.00 5208.49.80 Of metric number 69 or higher

5208.51.aa 5208.51.80 5208.51.00 5208.51.80 Of metric number 69 or higher

5208.52.aa 5208.52.50 5208.52.00 5208.52.50 Of metric number 69 or higher  
5208.59.aa 5208.59.80 5208.59.00 5208.59.80 Of metric number 69 or higher  
5210.21.aa 5210.21.80 5210.21.00 5210.21.80 Of metric number 69 or higher  
5210.29.aa 5210.29.80 5210.29.00 5210.29.80 Of metric number 69 or higher  
5210.31.aa 5210.31.80 5210.31.00 5210.31.80 Of metric number 69 or higher  
5210.39.aa 5210.39.80 5210.39.00 5210.39.80 Of metric number 69 or higher  
5210.41.aa 5210.41.80 5210.41.00 5210.41.80 Of metric number 69 or higher  
5210.49.aa 5210.49.80 5210.49.00 5210.49.80 Of metric number 69 or higher  
5210.51.aa 5210.51.80 5210.51.00 5210.51.80 Of metric number 69 or higher  
5210.59.aa 5210.59.80 5210.59.00 5210.59.80 Of metric number 69 or higher  
5402.41.aa 5402.41.90 5402.41.00 5402.41.90 Of nylon or other polyamides other than colored multifilament, untwisted or with a twist of less than 5 turns per meter, measuring not less than 22 decitex per filament, certified by the importer to be used in the manufacture of wigs for dolls

TARIFF ITEM UNITED STATES CENTRAL AMERICA DOMINICAN REPUBLIC DESCRIPTION  
5402.43.aa 5402.43.10 5402.43.00 5402.43.10 Wholly of polyester, measuring not less than 75 decitex but not more than 80 decitex, and having 24 filaments per yarn  
5402.52.aa 5402.52.10 5402.52.00 5402.52.10 Wholly of polyester, measuring not less than 75 decitex but not more than 80 decitex, and having 24 filaments per yarn  
5407.61.aa 5407.61.11 5407.61.00 5407.61.11 Wholly of polyester, of single yarns measuring not less than 75 decitex but not more than 80 decitex, and having 24 filaments per yarn and with a twist of 900 or more turns per meter  
5407.61.bb 5407.61.21 5407.61.00 5407.61.21 Wholly of polyester, of single yarns measuring not less than 75 decitex but not more than 80 decitex, and having 24 filaments per yarn and with a twist of 900 or more turns per meter  
5407.61.cc 5407.61.91 5407.61.00 5407.61.91 Wholly of polyester, of single yarns measuring not less than 75 decitex but not more than 80 decitex, and having 24 filaments per yarn and with a twist of 900 or more turns per meter  
5408.22.aa 5408.22.10 5408.22.00 5408.22.10 Of cuprammonium rayon  
5408.23.aa 5408.23.11 5408.23.00 5408.23.11 Of cuprammonium rayon  
5408.23.bb 5408.23.21 5408.23.00 5408.23.21 Of cuprammonium rayon  
5408.24.aa 5408.24.10 5408.24.00 5408.24.10 Of cuprammonium rayon  
5512.99.aa 5512.99.0005 5512.99.00 5512.99.0005 Of yarns of different colors, except blue denim or jacquard weave  
5515.13.aa 5515.13.10 5515.13.00 5515.13.10 Other than containing 36 percent or more by weight of wool or fine animal hair  
5515.19.aa 5515.19.0090 5515.19.00 5515.19.0090 Other than of yarns of different colors, jacquard weave, poplin, broadcloth, sheeting, printcloth, cheesecloth, lawns, voiles, batistes, duck, satin weave, twill weave, or Oxford cloth

TARIFF ITEM UNITED STATES CENTRAL AMERICA DOMINICAN REPUBLIC DESCRIPTION  
5903.90.aa 5903.90.15 5903.90.90 5903.90.15 Of man-made fibers; fabrics specified in note 9 to section XI that are over 60 percent by weight of plastics  
5903.90.bb 5903.90.25 5903.90.90 5903.90.25 Of man-made fibers; fabrics specified in note 9 to section XI that are 70 percent by weight of rubber or plastics  
6001.92.aa 6001.92.0030 6001.92.10,  
6001.92.90 6001.92.0030 Velour, not over 271 grams per square meter  
6006.21.aa 6006.21.10 6006.21.00 6006.21.10 Circular knit, wholly of cotton yarns exceeding 100 metric number per single yarn

6006.22.aa 6006.22.10 6006.22.00 6006.22.10 Circular knit, wholly of cotton yarns exceeding 100 metric number per single yarn  
 6006.23.aa 6006.23.10 6006.23.00 6006.23.10 Circular knit, wholly of cotton yarns exceeding 100 metric number per single yarn  
 6006.24.aa 6006.24.10 6006.24.00 6006.24.10 Circular knit, wholly of cotton yarns exceeding 100 metric number per single yarn  
 6006.90.aa 6006.90.10 6006.90.00 6006.90.00 Other than of synthetic or artificial fibers; containing 85 percent or more by weight of silk or silk waste  
 6103.19.aa 6103.19.60 6103.19.00 6103.19.60 Containing 70 percent or more by weight of silk or silk waste  
 6103.19.bb 6103.19.90 6103.19.00 6103.19.90 Other (not of wool or fine animal hair, cotton, or man- made fibers; not containing 70 percent or more by weight of silk or silk waste)  
 6103.39.aa 6103.39.40 6103.39.00 6103.39.40 Containing 70 percent or more by weight of silk or silk waste  
 6103.39.bb 6103.39.80 6103.39.00 6103.39.80 Other (not of wool or fine animal hair, cotton, or man- made fibers; not containing 70 percent or more by weight of silk or silk waste)  
 TARIFF ITEM UNITED STATES CENTRAL AMERICA DOMINICAN REPUBLIC DESCRIPTION  
 6104.19.aa 6104.19.40 6104.19.00 6104.19.40 Containing 70 percent or more by weight of silk or silk waste  
 6104.19.bb 6104.19.80 6104.19.00 6104.19.80 Other (not of wool or fine animal hair, cotton, or man- made fibers; not containing 70 percent or more by weight of silk or silk waste)  
 6104.39.aa 6104.39.20 6104.39.00 6104.39.20 Other than of wool or fine animal hair, cotton, or man- made fibers  
 6104.59.aa 6104.59.40 6104.59.00 6104.59.40 Containing 70 percent or more by weight of silk or silk waste  
 6104.59.bb 6104.59.80 6104.59.00 6104.59.80 Other (not of wool or fine animal hair, cotton, or man- made fibers; not containing 70 percent or more by weight of silk or silk waste)  
 6203.19.aa 6203.19.50 6203.19.00 6203.19.50 Containing 70 percent or more by weight of silk or silk waste  
 6203.19.bb 6203.19.90 6203.19.00 6203.19.90 Other (not of wool or fine animal hair, cotton, or man- made fibers; not containing 70 percent or more by weight of silk or silk waste)  
 6203.39.aa 6203.39.50 6203.39.00 6203.39.50 Containing 70 percent or more by weight of silk or silk waste  
 6203.39.bb 6203.39.90 6203.39.00 6203.39.90 Other (not of wool or fine animal hair, cotton, or man- made fibers; not containing 70 percent or more by weight of silk or silk waste)  
 6203.42.aa 6203.42.40 6203.42.00 6203.42.40 Bib and brace overalls of cotton  
 6204.19.aa 6204.19.40 6204.19.00 6204.19.40 Containing 70 percent or more by weight of silk or silk waste  
 6204.19.bb 6204.19.80 6204.19.00 6204.19.80 Other (not of wool or fine animal hair, cotton, or man- made fibers; not containing 70 percent or more by weight of silk or silk waste)  
 6204.33.aa 6204.33.40 6204.33.00 6204.33.40 Containing 36 percent or more by

weight of wool or fine animal hair

TARIFF ITEM UNITED STATES CENTRAL AMERICA DOMINICAN REPUBLIC DESCRIPTION

6204.39.aa 6204.39.20 6204.39.00 6204.39.20 Containing 36 percent or more by weight of wool or fine animal hair

6204.39.bb 6204.39.60 6204.39.00 6204.39.60 Containing 70 percent or more by weight of silk or silk waste

6204.39.cc 6204.39.80 6204.39.00 6204.39.80 Other (not of wool or fine animal hair, cotton, or man-made fibers; not containing 70 percent or more by weight of silk or silk waste)

6204.39.dd 6204.39.8020 6204.39.00 6204.39.8020 Other than of artificial fibers; other than 36 percent or more by weight of wool or fine animal hair; other than containing 70 percent or more by weight of silk or silk waste; subject to wool restraints

6204.42.aa 6204.42.3040 6204.42.00 6204.42.3040 Girls'; of cotton; other than containing 36 percent or more by weight of flax fibers; other than corduroy; with two or more colors in the warp and/or the filling

6204.42.bb 6204.42.3060 6204.42.00 6204.42.3060 Girls'; of cotton; other than containing 36 percent or more by weight of flax fibers; other than corduroy; other than with two or more colors in the warp and/or the filling

6204.43.aa 6204.43.4020 6204.43.00 6204.43.4020 Girls'; other than 30 percent or more by weight of silk or silk waste; other than 36 percent or more by weight of wool or fine animal hair; with 2 or more colors in the warp and/or filling

6204.43.bb 6204.43.40.4 0 6204.43.00 6204.43.4040 Girls'; other than of 30 percent or more by weight silk or silk waste; other than 36 percent or more by weight of wool or fine animal hair; other than with 2 or more colors in the warp and/or filling

TARIFF ITEM UNITED STATES CENTRAL AMERICA DOMINICAN REPUBLIC DESCRIPTION

6204.44.aa 6204.44.4020 6204.44.00 6204.44.4020 Girls'; other than 36 percent or more by weight of wool or fine animal hair

6204.52.aa 6204.52.20 6204.52.00 6204.52.20 Other than certified hand-loomed and folklore products

6204.59.aa 6204.59.40 6204.59.00 6204.59.40 Other than wool or fine animal hair, cotton, or man-made fibers

6204.62.aa 6204.62.40 6204.62.00 6204.62.40 Other than containing 15 percent or more by weight of down; other than bib and brace overalls; other than certified hand loomed and folklore products

6207.19.aa 6207.19.9010 6207.19.00 6207.19.9010 Of man-made fibers

6207.91.aa 6207.91.3010 6207.91.00 6207.91.00 Sleepwear

6207.92.aa 6207.92.4010 6207.92.00 6207.92.00 Sleepwear

6208.91.aa 6208.91.30 6208.91.00 6208.91.30 Women's and girls' boxer shorts

6208.92.aa 6208.92.0030 6208.92.00 6208.92.0030 Women's boxer shorts

6208.92.bb 6208.92.0040 6208.92.00 6208.92.0040 Girls' boxer shorts

6303.92.aa 6303.92.10 6303.92.00 6303.92.10 Made up from fabrics described in tariff items 5407.61.aa, 5407.61.bb, or 5407.61.cc

Note: The descriptions in this table are in summary form and are for reference purposes only. In case of any inconsistency between this Appendix and Annex 3.25 (Short Supply List), the descriptions in Annex 3.25 (Short Supply List) shall prevail.

Appendix 4.1-B

Cumulation in Chapter 62 of the Harmonized System

1. For purposes of determining whether a good of chapter 62 of the Harmonized System is originating, materials used in the production of such a good that are produced in Canada or Mexico and that would be originating under this Agreement if produced in the territory of a Party shall be considered as having been produced in the territory of a Party.

(a) This Rule shall enter into force for materials described in paragraph 1 produced in Mexico on the date on which:

(i) the Central American Parties and the United States have exchanged written notifications that they have amended their laws, as necessary, and tariff schedules to implement this Rule, and have provided copies of the notifications to Mexico; and

(ii) (A) each free trade agreement between Mexico, on the one hand, and the Central American Parties, on the other, has been amended; and

(B) the Central American Parties and Mexico have exchanged written notifications, and provided copies of the notifications to the United States, that they have amended their laws, as necessary, and tariff schedules to provide for the reciprocal application of this Rule; and

(iii) the United States has entered into an agreement with Mexico to provide for textile verifications substantially similar to those set forth in Article 3.24 (Customs Cooperation), including document review and on-site visits, for materials produced in the territory of Mexico used to produce a good claimed to be originating under this Rule.

(b) This Rule shall enter into force for materials described in paragraph 1 produced in Canada on the date on which:

(i) the Central American Parties and the United States have exchanged written notifications that they have amended their laws, as necessary, and tariff schedules to implement this Rule, and have provided copies of the notifications to Canada; and

(ii) (A) each free trade agreement between Canada, on the one hand, and the Central American Parties, on the other, has been amended; and

(B) the Central American Parties and Canada have exchanged written notifications, and provided copies of the notifications to the United States, that they have amended their laws, as necessary, and tariff schedules to provide for the reciprocal application of this Rule; and

(iii) the United States has entered into an agreement with Canada to provide for textile verifications substantially similar to those set forth in Article 3.24 (Customs Cooperation), including document review and on-site visits, for materials produced in the territory of Canada used to produce a good claimed to be originating under this Rule.

(c) For purposes of this Rule, operations performed in the Dominican Republic shall be considered as if the operations were performed in the territory of a non-Party until the

2. Such treatment shall be limited to goods imported into the territory of the United States from another Party or Parties up to the overall limit specified in paragraph 3. For purposes of determining the quantity of square meter equivalents (SME) charged against the overall limit, the conversion factors listed in Correlation: U.S. Textile and Apparel Category System with the Harmonized Tariff Schedule of the United States of America 2003, U.S. Department of Commerce, Office of Textiles and Apparel, or successor publication, shall apply.

3. Subject to the sublimits set out below, the overall limit shall not exceed 100 million SME in the first calendar year that goods qualify for entry under this provision. If this provision enters into force after January 1 of that year, these limits shall be reduced in proportion to the number of full months of that year that have expired. Thereafter,

during the term of this Agreement, the overall limit may increase up to a maximum of 200 million SME in a calendar year, and the sublimits may increase so that they represent the same proportion of the overall limit as in the first calendar year. Each percentage increase of the limits shall correspond to the percentage date on which the Dominican Republic has provided written notifications to the Central American Parties and the United States that it has amended its law, as necessary, and tariff schedule to implement this Rule, and has provided copies of the notifications to Canada or Mexico, as the case may be. Further, operations performed in the Dominican Republic shall be considered as if the operations were performed in the territory of a non- Party beginning five years after the date this Agreement enters into force, unless:

(i) with respect to materials described in paragraph 1 produced in Mexico:

(A) the Dominican Republic has concluded a free trade agreement with Mexico; and

(B) the Dominican Republic and Mexico have exchanged written notifications, and provided copies of the notifications to the Central American Parties and the United States, that they have amended their laws, as necessary, and tariff schedules to provide for the reciprocal application of this Rule; or

(ii) with respect to materials described in paragraph 1 produced in Canada:

(A) the Dominican Republic has concluded a free trade agreement with Canada; and

(B) the Dominican Republic and Canada have exchanged written notifications, and provided copies of the notifications to the Central American Parties and the United States, that they have amended their laws, as necessary, and tariff schedules to provide for the reciprocal application of this Rule.

(d) The Parties may consult to consider whether this Rule should be extended to materials produced in a country other than Canada and Mexico, subject to application of the conditions of this note with respect to that country, as appropriate.

increase in imports into the territory of the United States from the other Parties of originating goods of chapter 62 of the Harmonized System. (No later than three months after the date of entry into force of this Agreement, the Parties shall consult to increase the limits specified in this paragraph to take into account the ability of the Dominican Republic to participate in such limits. The Parties shall seek to reach agreement within 60 days after such consultations begin. Any such increase shall take effect at such time as the Parties may agree, but no sooner than such time as the Dominican Republic has satisfied the applicable conditions set out in footnote 1).

(a) Not more than 45 million SME may be cotton or man-made fiber trousers and skirts in textile categories 342, 347, 348, 642, 647, or 648, excluding items identified in subparagraph (b).

(b) Not more than 20 million SME may be cotton blue denim trousers within tariff item 6203.42.aa or 6204.62.aa and blue denim skirts within tariff item 6204.52.aa.

(c) Not more than one million SME may be wool apparel in textile category 433, 435 (suit-type jackets only: subheading 6204.31 or tariff item 6204.33.aa, 6204.39.aa, or 6204.39.dd), 442, 443, 444, 447, or 448, and within heading 62.03 or 62.04.

#### Appendix 4.1-C

##### Correlation Table for Footwear

TARIFF ITEM	UNITED STATES	CENTRAL AMERICA	DOMINICAN REPUBLIC	DESCRIPTION
6401.92.aa	6401.92.90	6401.92.00	6401.92.10	Waterproof footwear, not mechanically assembled, with outer soles and uppers of rubber or plastics, nesoi, covering ankle but not knee.

6401.99.aa 6401.99.30 6401.99.00 6401.99.10 Waterproof protective footwear, not mechanically assembled with outer soles and uppers of rubber or plastics, not covering ankle, without closures.

6401.99.bb 6401.99.60 6401.99.00 6401.99.20 Waterproof protective footwear, not mechanically assembled with outer soles and uppers of rubber or plastics, not covering ankle, with closures.

6401.99.cc 6401.99.90 6401.99.00 6401.99.90 Waterproof footwear, not mechanically assembled, with outer soles and uppers of rubber or plastics, nesoi, not covering ankle.

6402.30.aa 6402.30.50 6402.30.00 6402.30.10 Footwear with outer soles & uppers of rubber or plastics, nesoi, with metal toe- cap, designed as a protection against liquids, chemicals, weather.

6402.30.bb 6402.30.70 6402.30.00 6402.30.10 Footwear with outer soles & uppers of rubber or plastics, nesoi, with metal toe- cap, not protective, valued over US\$3 but not over US\$6.50/pair.

6402.30.cc 6402.30.80 6402.30.00 6402.30.90 Footwear with outer soles & uppers of rubber or plastics, nesoi, with metal toe- cap, not protective, valued over US\$6.50 but not over US\$12/pair.

6402.91.aa 6402.91.50 6402.91.00 6402.91.10 Footwear with outer soles & uppers of rubber or plastics, nesoi, covering ankle, designed as protection against liquids, chemicals, weather.

6402.91.bb 6402.91.80 6402.91.00 6402.91.20 Footwear with outer soles & uppers of rubber or plastics, nesoi, covering ankle, nesoi, valued over US\$6.50 but not over US\$12/pair.

6402.91.cc 6402.91.90 6402.91.00 6402.91.90 Footwear with outer soles & uppers of rubber or plastics, nesoi, covering ankle,  
TARIFF ITEM UNITED STATES CENTRAL AMERICADOMINICAN REPUBLIC DESCRIPTION  
nesoi, valued over US\$12/pair.

6402.99.aa 6402.99.20 6402.99.00 6402.99.10 Footwear with outer soles & uppers of rubber or plastics, nesoi, not covering ankle, nesoi, designed as protection against liquids, chemicals, weather.

6402.99.bb 6402.99.80 6402.99.00 6402.99.20 Footwear with outer soles & uppers of rubber or plastics, nesoi, not covering ankle, nesoi, valued over US\$6.50 but not over US\$12/pair. 6402.99.cc 6402.99.90 6402.99.00 6402.99.90 Footwear with outer soles & uppers of rubber or plastics, nesoi, not covering ankle, nesoi, valued over US\$12/pair

6404.11.aa 6404.11.90 6404.11.00 6404.11.00 Sports & athletic footwear w/outer soles of rubber/plastics & uppers of textile, valued over US\$12/pair.

6404.19.aa 6404.19.20 6404.19.00 6404.19.10 Footwear with outer soles of rubber or plastics & uppers of textile for protection against water, oil, grease or chemicals, or cold or inclement weather.

#### Appendix 4.1-D

Transitional Rules of Origin for the Dominican Republic and the United States

Part I – General Interpretative Notes

The Dominican Republic and the United States shall apply this Appendix for a period of two years after the date of entry into force of this Agreement as between the Dominican Republic and the United States.

## Part II – Supplemental Rules of Origin

### Section A

For purposes of the rules in this Section, the United States shall treat a good as originating if the good satisfies the applicable change in tariff classification or regional value content requirement as a result of production in the territory of the Dominican Republic. (For greater certainty, the rules of origin provided in Section A are in addition to, rather than in lieu of, the rules of origin provided in Annex 4.1).

### Chapter 27

Mineral Fuels, Mineral Oils and Products of their Distillation; Bituminous Substances; Mineral Waxes

2710.11 – 2710.19 (The quantity of goods treated as originating as a result of the application of this rule shall not exceed an annual amount of 24 million gallons).

A change to any good of heading 27.10 from any other good of heading 27.10, provided that the good resulting from such change results from a chemical reaction, atmospheric distillation, or vacuum distillation, or from a process that alters the viscosity of the good.

### Chapter 39

Plastics and Articles Thereof

3903.20 – 3903.90

A change to subheading 3903.20 through 3903.90 from any other heading, provided there is a regional value content of not less than 35 percent when the build-down method is used.

3904.21 – 3904.40

A change to subheading 3904.21 through 3904.40 from any other heading, provided there is a regional value content of not less than 35 percent when the build-down method is used.

3905.12 – 3905.29

A change to subheading 3905.12 through 3905.29 from any other heading, provided there is a regional value content of not less than 35 percent when the build-down method is used.

3906.90

A change to subheading 3906.90 from any other heading, provided there is a regional value content of not less than 35 percent when the build-down method is used.

3907.50 – 3907.99

A change to subheading 3907.50 through 3907.99 from any other heading, provided there is a regional value content of not less than 35 percent when the build-down method is used.

### Section B

Notwithstanding the rule for heading 72.14 provided for in Annex 4.1, the Dominican Republic shall not be required to treat a good as originating as a result of production in the territory of the United States unless the following change in tariff classification has occurred:

### Chapter 72

Iron and Steel

72.14

A change to heading 72.14 from any other heading, except heading 72.13.

## ANNEX I

### Explanatory Notes

1. The Schedule of a Party to this Annex sets out, pursuant to Articles 10.13 (Non-Conforming Measures) and 11.6 (Non-Conforming Measures), a Party's existing measures that are not subject to some or all of the obligations imposed by:

- (a) Articles 10.3 (National Treatment) or 11.2 (National Treatment);
- (b) Articles 10.4 (Most-Favored-Nation Treatment) or 11.3 (Most-Favored-Nation Treatment);
- (c) Article 11.5 (Local Presence);
- (d) Article 10.9 (Performance Requirements);
- (e) Article 10.10 (Senior Management and Boards of Directors); or
- (f) Article 11.4 (Market Access).

2. Each Schedule entry sets out the following elements:

- (a) Sector refers to the sector for which the entry is made;
- (b) Obligations Concerned specifies the obligation(s) referred to in paragraph 1 that, pursuant to Articles 10.13 (Non-Conforming Measures) and 11.6 (Non-Conforming Measures), do not apply to the listed measure(s);
- (c) Level of Government indicates the level of government maintaining the listed measure(s);
- (d) Measures identifies the laws, regulations, or other measures for which the entry is made. A measure cited in the Measures element:
  - (i) means the measure as amended, continued, or renewed as of the date of entry into force of this Agreement, and
  - (ii) includes any subordinate measure adopted or maintained under the authority of and consistent with the measure; and
- (e) Description sets out commitments, if any, for liberalization on the date of entry into force of the Agreement, and the remaining non-conforming aspects of the existing measures for which the entry is made.

3. In the interpretation of a Schedule entry, all elements of the entry shall be considered. An entry shall be interpreted in light of the relevant provisions of the Chapters against which the entry is made. To the extent that:

- (a) the Measures element is qualified by a liberalization commitment from the Description element, the Measures element as so qualified shall prevail over all other elements; and
- (b) the Measures element is not so qualified, the Measures element shall prevail over all other elements, unless any discrepancy between the Measures element and the other elements considered in their totality is so substantial and material that it would be unreasonable to conclude that the Measures element should prevail, in which case the other elements shall prevail to the extent of that discrepancy.

4. In accordance with Article 10.13 (Non-Conforming Measures) and 11.6 (Non-Conforming Measures), the articles of this Agreement specified in the Obligations Concerned element of an entry do not apply to the law, regulation, or other measure identified in the Measures element of that entry.

5. Where a Party maintains a measure that requires that a service provider be a citizen, permanent resident, or resident of its territory as a condition to the provision of a service in its territory, a Schedule entry for that measure taken with respect to Article

11.2 (National Treatment), 11.3 (Most-Favored-Nation Treatment), or 11.5 (Local Presence) shall operate as a Schedule entry with respect to Article 10.3 (National Treatment), 10.4 (Most-Favored-Nation Treatment), or 10.9 (Performance Requirements) to the extent of that measure.

6. For greater certainty, Article 11.4 (Market Access) refers to non-discriminatory measures.

#### ANNEX I

Schedule of Costa Rica

Sector: Irrigation Services

Obligations Concerned: Market Access (Article 11.4)

Level of Government: Central

Measures: Law No. 7593 of 9 August 1996 – Ley de la Autoridad Reguladora de los Servicios Públicos – Arts. 5, 9, and 13

Description: Cross-Border Services

Costa Rica reserves the right to limit the number of concessions to supply irrigation services based on demand for those services. Priority will be given to concessionaires already supplying the service.

ANNEX I, Schedule of Costa Rica

Sector: Solid Waste Treatment Services

Obligations Concerned: Market Access (Article 11.4)

Level of Government: Central

Measures: Law No. 7593 of 9 August 1996 – Ley de la Autoridad Reguladora de los Servicios Públicos – Arts. 5, 9, and 13

Description: Cross-Border Services

Costa Rica reserves the right to limit the number of concessions to supply solid waste treatment services based on demand for those services. Priority will be given to concessionaires already supplying the service.

ANNEX I, Schedule of Costa Rica

Sector: Maritime and Specialty Air Services

Obligations Concerned: Market Access (Article 11.4)

Level of Government: Central

Measures: Law No. 7593 of 9 August 1996 – Ley de la Autoridad Reguladora de los Servicios Públicos – Arts. 5, 9, and 13

Description: Cross-Border Services

Costa Rica reserves the right to limit the number of concessions to supply maritime and specialty air services in national ports based on demand for those services. Priority will be given to concessionaires already supplying the service.

ANNEX I, Schedule of Costa Rica

Sector: Professional Services

Obligations Concerned: National Treatment (Article 11.2)

Most-Favored-Nation Treatment (Article 11.3)

Local Presence (Article 11.5)

Level of Government: Central

Measures: Law No. 7221 of 6 April 1991 – Ley Orgánica del Colegio de Ingenieros

Agrónomos – Arts. 5, 6, 8, 10, 15, 16, 18, 19, 20, 23, 24, and 25  
Executive Decree o. 22688-MAG-MIRENEM of 22 November 1993 – Reglamento General de la Ley Orgánica del Colegio de Ingenieros Agrónomos de Costa Rica – Arts. 6, 7, and 9  
Executive Decree No. 29410 of 2 March 2001 – Reglamento del Registro de Peritos Tasadores del Colegio de Ingenieros Agrónomos – Arts. 6, 20, and 22  
Law No. 5230 of 2 July 1973 – Ley Orgánica del Colegio de Geólogos de Costa Rica Arts. 3, and 9  
Executive Decree No. 6419-MEIC of 18 October 1976 – Reglamento del Colegio de Geólogos de Costa Rica – Arts. 4, 5, and 37  
Law No. 5142 of 30 November 1972 – Ley Orgánica del Colegio de Farmacéuticos de Costa Rica – Arts. 2, 9, and 10  
Executive Decree No. 3503-S of 6 February 1974 – Reglamento General Orgánico o Reglamento Interno del Colegio de Farmacéuticos de Costa Rica – Art. 2 and 6  
Law No. 5784 of 19 August 1975 – Ley Orgánica del Colegio de Cirujanos Dentistas de Costa Rica – Arts. 2, 6, 9, 10, 14, and 15  
Law No. 4925 of 17 December 1971 – Reforma Integral a la Ley Orgánica del Colegio Federado de Ingenieros y Arquitectos – Arts. 5, 9, 11, 13, 14, and 52  
Executive Decree No. 3414-T of 3 December 1973 – Reglamento Interior General del Colegio Federado de Ingenieros y Arquitectos de Costa Rica –Arts. 1, 3, 7, 9, and 54

#### ANNEX I, Schedule of Costa Rica

Reglamento Especial de Incorporación al Colegio Federado de Ingenieros y Arquitectos de Costa Rica, approved in Session 4-82-A.E.R., 6 December 1982 – Arts. 7 and 8  
Reglamento Especial para Determinar Inopia de Profesionales para los Efectos de Miembro Temporal o Incorporación de Extranjeros al Colegio Federado de Ingenieros y de Arquitectos de Costa Rica, approved in Session 45-82-GE of December 1982 – Arts. 1, 2, 3, 4, 5, 6, 7, and 8  
Law No. 1038 of 19 August 1947 – Ley de Creación del Colegio de Contadores Públicos – Arts. 3, 4, 12, and 15  
Law No. 3455 of 14 November 1964 – Ley Orgánica del Colegio de Médicos Veterinarios – Arts. 2, 4, 5, 7, and 27  
Executive Decree No. 19184-MAG of 10 July 1989 – Reglamento a la Ley Orgánica del Colegio de Médicos Veterinarios – Arts. 6, 7, 10, 11, 19, and 24  
Law No. 2343 of 4 May 1959 – Ley Orgánica del Colegio de Enfermeras de Costa Rica – Arts. 2, 22, 23, 24, and 28  
Executive Decree No. 11 of 10 August 1961 – Reglamento de la Ley Número 2343 del 4 de mayo de 1959 que Crea el Colegio de Enfermeras de Costa Rica – Arts. 9, 10, 53, 54, and 67  
Law No. 7764 of 17 April 1998 – Código Notarial – Arts. 3 and 10  
Law No. 1269 of 2 March 1951 – Ley Orgánica del Colegio de Contadores Privados de Costa Rica– Arts. 2 and 4  
Law No. 6038 of 13 January 1977 – Ley Orgánica del Colegio de Químicos e Ingenieros Químicos de Costa Rica – Arts. 5, 10, 14, 15, 16, 17, 18, 19, 20, and 71  
Executive Decree No. 11275-P of 27 February 1980 – Reglamento a la Ley Orgánica de Químicos e Ingenieros Químicos de Costa Rica – Arts. 1, 2, 3, 8, 9, and 83  
Law No. 3019 of 9 August 1962 – Ley Orgánica del Colegio de Médicos y Cirujanos – Arts. 4, 5, and 7  
Executive Decree No. 23110-S of 22 March 1991 – Reglamento a la Ley Orgánica del

Colegio de Médicos y Cirujanos – Art. 10

ANNEX I, Schedule of Costa Rica

Executive Decree No. 2613-SPSS of 3 November 1972 – Reglamento General para Autorizar el Ejercicio a Profesionales de Ramas Dependientes de las Ciencias Médicas y a Técnicos en Materias Médico Quirúrgicas – Arts. 1 and 4

Law No. 3838 of 19 December 1966 – Ley Orgánica del Colegio de Optometristas de Costa Rica – Arts. 6 and 7

Law No. 4420 of 18 September 1969 – Ley Orgánica del Colegio de Periodistas de Costa Rica – Arts. 2, 24, 25, and 27

Executive Decree No. 14931 of 20 October 1983 – Reforma al Reglamento de la Ley Orgánica del Colegio de Periodistas de Costa Rica – Arts. 5, 6, and 26

Law No. 7106 of 4 November 1988 – Ley Orgánica del Colegio de Profesionales en Ciencias Políticas – Arts. 6, 26, and 29

Executive Decree No. 19026-P of 31 May 1989 – Reglamento a la Ley Orgánica del Colegio de Profesionales en Ciencias Políticas y de Relaciones Internacionales – Arts. 1, 10, 12, 19, 21, and 22

Law No. 8356 of 12 June 2002 – Reforma Ley Orgánica del Colegio de Profesionales en Ciencias Políticas – Art. 1

Law No. 4288 of 12 December 1968 – Ley Orgánica del Colegio de Biólogos – Arts. 6 and 7

Executive Decree No. 39 of 6 March 1970 – Reglamento de la Ley Orgánica del Colegio de Biólogos de Costa Rica – Arts. 10, 11, 16, 17, 18, and 19

Reglamento a la Ley Orgánica al Colegio de Bibliotecarios de Costa Rica, approved in the ordinary General Assembly of 2 October 1991 – Arts. 12 and 17

Law No. 7537 of 22 August 1995 – Ley Orgánica del Colegio de Profesionales en Informática y Computación – Arts. 6 and 8

Law No. 8142 of 17 October 2001 – Ley de Traducciones e Interpretaciones Oficiales – Art. 6

Executive Decree No. 30167-RE of 25 January 2002 – Reglamento a la Ley de Traducciones e Interpretaciones Oficiales – Art. 10

ANNEX I, Schedule of Costa Rica

Law No. 7105 of 31 October 1988 – Ley Orgánica del Colegio de Licenciados en Ciencias Económicas de Costa Rica – Arts. 4, 6, 15, 19, and 20

Executive Decree No. 20014-MEIC of 19 September 1990 – Reglamento General de Profesionales en Ciencias Económicas de Costa Rica – Arts. 10, 14, and 17

Law No. 7503 of 3 May 1995 – Ley Orgánica del Colegio de Físicos – Arts. 6 and 10

Executive Decree No. 28035-MINAE-MICIT of 14 April 1999 – Reglamento a la Ley Orgánica del Colegio de Físicos – Arts. 6, 7, 10, 11, 18, and 21

Law No. 6144 of 28 November 1977 – Ley Orgánica del Colegio Profesional de Psicólogos de Costa Rica – Arts. 4, 5, and 6

Reglamento General del Colegio Profesional de Psicólogos de Costa Rica, approved in Session No. 3 of the Ordinary General Assembly of 09 March 1979 – Arts. 9, 10, and 11

Executive Decree No. 28595-S of 23 March 2000 – Reglamento de la Ley Orgánica del Colegio de Profesionales en Quiropráctica – Art. 15

Description: Cross-Border Services and Investment

To join the Professional Associations of Public Accountants, Pharmacists, Geologists,

Physicians and Surgeons, Veterinarians, Lawyers (i.e., Notaries), Dental Surgeons, Optometrists, Journalists, Nurses, Medical and Surgical Technicians and Medical Sciences Branches, all foreign professionals must prove that, in their home jurisdiction where they are allowed to practice, Costa Rican nationals can exercise their profession under like circumstances.

To join the Professional Associations of Public Accountants, Pharmacists, Geologists, Agronomical Engineers (Forestry or Agriculture/Livestock Appraisers Surveyors), Physicians and Surgeons, Veterinarians, Dental Surgeons, Journalists, Medical and Surgical Technicians and Medical Sciences Branches, Computer and Information Technology, Nurses and Official Translators and Interpreters, foreign professionals must have the migratory status of residents in Costa Rica at the time of applying for membership, as well as have a certain minimum number of years of residence.

#### ANNEX I, Schedule of Costa Rica

The number of years varies from one Professional Association to another, but usually ranges between two to five years.

To join the Professional Associations of Lawyers (i.e., Notaries), Chemists and Chemical Engineers, Political Scientists and International Relations Specialists and Physicists, foreign professionals must have the migratory status of residents in Costa Rica at the time of applying for membership. Only Costa Rican professionals duly registered in the Colegio de Ingenieros Agrónomos can supply their services for consulting enterprises in agronomical sciences operating in Costa Rica to comply with the 50 percent legal requirement of total professional consulting advisory time. Consulting or advisory work in the field of agronomical sciences carried out in Costa Rica under the auspices of foreign governments or international institutions shall be jointly conducted by Costa Rican nationals registered in the Colegio, along with foreign nationals. Foreign professionals in political sciences and international relations specialists may only be hired by public or private entities when they are active members of the Professional Association and insufficiency of Costa Rican professionals has been declared. For greater certainty, subject to the conditions and terms included in the applicable legislation, the following professional associations may provide temporary licenses to allow temporary professional practice in Costa Rica: Biologists, Economists and Social Scientists, Political Scientists and International Relations Specialists, Dental Surgeons, Pharmacists, Physicists, Computer and Information Technology Professionals, Agronomical Engineers, Architects and Engineers, Physicians and Surgeons, Veterinarians, Journalists, Psychologists, Chemists and Chemical Engineers and Chiropractors. For greater certainty, none of the measures listed in this Annex entry restricts enterprises in Costa Rica from otherwise employing foreign professionals in accordance with Costa Rican law in order to carry out contracts.

#### ANNEX I, Schedule of Costa Rica

Sector: Maritime-Land Zone

Obligations Concerned: National Treatment (Articles 10.3 and 11.2) Local Presence (Article 11.5) Market Access (Article 11.4)

Level of Government: Central

Measures: Law No. 6043 of 2 March 1977 – Ley sobre la Zona Marítimo Terrestre – Arts. 9, 10, 11, and 12, and Chapters 3 and 6

Description: Cross-Border Services and Investment

A concession is required to perform any type of development or activity in the maritime terrestrial zone. (The maritime-terrestrial zone is the 200-meter strip located along the entire length of the Atlantic and Pacific coast lines of Costa Rica, measured horizontally from the ordinary high tide line. The maritime-terrestrial zone also covers all islands located within the Costa Rican territorial waters) Such a concession shall not be granted to or held by: (a) foreign nationals that have not resided in the country for at least five years; (b) enterprises with bearer shares; (c) enterprises domiciled abroad; (d) enterprises incorporated in the country solely by foreign nationals; or (e) enterprises where more than 50 percent of the capital shares or stocks are owned by foreigners. Within the maritime-terrestrial zone, no concession may be granted within the first 50 meters counted from the high tide line nor in the area comprised between the high tide line and the low tide line.

ANNEX I, Schedule of Costa Rica

Sector: Land Transportation Services – Transportation of Passengers

Obligations Concerned: National Treatment (Articles 10.3 and 11.2) Most Favored-Nation Treatment (Articles 10.4 and 11.3) Market Access (Article 11.4)

Level of Government: Central

Measures: Executive Decree No. 26 of 10 November 1965 – Reglamento del Transporte Internacional de Personas – Arts. 1, 3, 4, 5, 9, 15, and 16 as amended by Executive Decree No. 20785-MOPT of 4 October 1991 – Art. 1

Law No. 3503 of 10 May 1965 – Ley Reguladora del Transporte Remunerado de Personas en Vehículos Automotores – Arts. 1, 3, 4, 6, 10, 11, and 25

Executive Decree No. 31180-MOPT of 24 April 2003 – Regula el Servicio Público de Transporte Remunerado de Personas en Modalidad de Taxi – Art. 1

Law No. 7969 of 22 December 1999 – Ley Reguladora del Servicio Público de Transporte Remunerado de Personas en Vehículos en la Modalidad de Taxis – Arts. 1, 2, 3, 29, 30, and 33

Executive Decree No. 5743-T of 12 February 1976 – Reglamento a la Ley Reguladora del Transporte Remunerado de Personas en Vehículos Taxis – Arts. 1, 2, 5, and 14

Executive Decree No. 28913-MOPT of 13 September 2000 – Reglamento del Primer Procedimiento Especial Abreviado para el Transporte Remunerado de Personas en Vehículos en la Modalidad de Taxi – Arts. 1, 3, and 16

Law No. 5066 of 30 August 1972 – Ley General de Ferrocarriles – Arts. 1, 4, 5, and 41

Executive Decree No. 28337-MOPT of 16 December 1999 – Reglamento sobre Políticas y Estrategias para la Modernización del Transporte Colectivo Remunerado de Personas por Autobuses Urbanos para el Área Metropolitana de San José y Zonas Aledañas que la Afecta Directa o Indirectamente – Art. 1

ANNEX I, Schedule of Costa Rica

Executive Decree No 15203-MOPT of 22 February 1984 Reglamento para la Explotación de Servicios Especiales de Transporte Automotor Remunerado de Personas – Arts. 2, 3, 4, and 5

Law No. 7593 of 9 August 1996 – Ley de la Autoridad Reguladora de los Servicios Públicos – Arts. 5, 9, 10, and 13

Description: Cross-Border Services and Investment

Costa Rica reserves the right to limit the number of concessions to operate domestic remunerated passenger transportation routes in automotive vehicles (including special

passenger transportation services as defined in Articles 2 and 3 of Executive Decree No. 15203-MOPT of 22 February 1984 – Reglamento para la Explotación de Servicios Especiales de Transporte Automotor Remunerado de Personas). Such concessions shall be awarded through bidding, which shall only be opened if the Ministerio de Obras Públicas y Transportes has previously determined the need to supply the service according to the proper technical studies. Where there are multiple bids, including one by a Costa Rican supplier, that satisfy the requirements to the same extent, the Costa Rican bid shall be preferred over the foreign bid, whether by natural persons or enterprises. A permit to operate an international remunerated passenger transportation service shall be granted only to enterprises organized under Costa Rican law or those that are at least 60 percent owned by Central American nationals. In addition to the restriction set out above, when granting permits to supply international services for remunerated passenger transportation, the principle of reciprocity shall apply. A permit is required in order to supply international remunerated passenger land transportation services. New concessions may be granted if justified by demand for the service. Priority will be given to concessionaires already supplying the service. Costa Rica reserves the right to limit the number of permits or concessions to supply domestic remunerated passenger land transportation services based on demand for the service. Priority will be given to concessionaires already supplying the service.

#### ANNEX I, Schedule of Costa Rica

The Ministerio de Obras Públicas y Transportes reserves the right to set annual limits on the number of concessions for taxi cab services to be granted in each district, county (cantón), and province. Only one taxi cab concession may be granted to each natural person, and each concession grants the right to operate only one vehicle. Bids for taxi concessions are awarded based on a point system that gives an advantage to existing suppliers. Each concession to supply regular public remunerated passenger transportation services in automotive vehicles, excluding taxi cabs, may be granted only to one person, unless an economic needs test evidences the need to have additional suppliers. In addition, one natural person may not own more than two enterprises nor be a majority shareholder in more than three enterprises operating different routes. Permission to supply non-tour bus passenger transportation services in the greater metropolitan area of the Central Valley of Costa Rica shall only be granted once it has been demonstrated that regular public bus services cannot satisfy the demand. Costa Rica reserves the right to maintain a monopoly over the supply of railroad transportation. However the State can grant concessions to private persons. Concessions may be granted if justified by demand for the service. Priority will be given to concessionaires already supplying the service.

#### ANNEX I, Schedule of Costa Rica

Sector: Land Transportation Services – Freight Transportation

Obligations Concerned: National Treatment (Articles 10.3 and 11.2) Most-Favored Nation Treatment (Articles 10.4 and 11.3) Senior Management and Boards of Directors (Article 10.10) Market Access (Article 11.4)

Level of Government: Central

Measures: Executive Decree No. 31363 of 02 June 2003 – Reglamento de Circulación por Carretera con base en el Peso y las Dimensiones de los Vehículos de Carga – Art. 69 Executive Decree No. 15624-MOPT of 28 August 1984 – Reglamento del Transporte

Automotor de Carga Local – Arts. 8, 9, 10, and 12

Law No. 7593 of 9 August 1996 – Ley de la Autoridad Reguladora de los Servicios Públicos – Arts. 5, 9, and 13

Description: Cross-Border Services and Investment

Only Costa Rican nationals or enterprises may supply motorized transportation services between two points within the territory of Costa Rica. Such an enterprise must meet the following requirements: (a) at least 51 percent of its capital must be owned by Costa Rican nationals; and (b) Costa Rican nationals must have effective control and management of the enterprise.

No motor vehicle, trailer, or tractor-trailer with foreign license plates may transport goods within the territory of Costa Rica. This prohibition does not apply to vehicles, trailers, or tractor-trailers registered in one of the Central American countries.

Foreign enterprises involved in international multi-modal freight transportation must contract enterprises organized under the laws of Costa Rica to transport containers and tractor-trailers within Costa Rica.

Costa Rica reserves the right to grant concessions to supply railroad freight transportation services based on demand for the service. Priority will be given to concessionaires already supplying the service.

ANNEX I, Schedule of Costa Rica

Sector: Water Transportation Services

Obligations Concerned: National Treatment (Articles 10.3 and 11.2) Market Access (Article 11.4) Local Presence (Article 11.5)

Level of Government: Central

Measures: Law No. 7593 of 9 August 1996 – Ley de la Autoridad Reguladora de los Servicios Públicos – Arts. 5, 9, and 13

Law No. 104 of 06 June 1853 – Código de Comercio de 1853- Libro III Del Comercio Marítimo – Arts. 537 and 580

Law No. 12 of 22 October 1941 – Ley de Abanderamiento de Barcos – Arts. 41 and 43

Law No. 2220 of 20 June 1958 – Ley de Servicio de Cabotaje de la República – Arts. 5, 7, 8, 9, 11, and 12

Executive Decree No. 66 of 4 November 1960 – Reglamento de la Ley de Servicios de Cabotaje de la República – Arts. 10, 11, 12, 15, and 16

Executive Decree No. 12568-T-S-H of 30 April 1981 – Reglamento del Registro Naval Costarricense – Arts. 8, 10, 11, 12, and 13

Executive Decree No. 23178-J-MOPT of 18 April 1994 – Traslada Registro Nacional Buques al Registro Público Propiedad Mueble – Art. 5

Description: Cross-Border Services and Investment

Costa Rica reserves the right to limit the number of concessions to water transportation services based on demand for those services. Priority will be given to concessionaires already supplying the service. A concession to supply cabotage services shall only be granted to Costa Rican nationals or enterprises organized under Costa Rican law of which at least 60 percent of the shares are owned by Costa Rican nationals.

ANNEX I, Schedule of Costa Rica

Only Costa Rican nationals, national public entities, enterprises constituted and domiciled in Costa Rica, and shipping company representatives can register vessels in Costa Rica. This rule may not apply to foreign nationals or foreign enterprises registering vessels

smaller than 50 tons for non-commercial use only.

All natural persons or enterprises established abroad that own one or more foreign registered vessels located in Costa Rica shall appoint and maintain an agent or legal representative in Costa Rica to act as liaison with the official authorities in all vessel related matters.

Trade and tourist cabotage activities between Costa Rican ports must be conducted by vessels registered in Costa Rica.

Foreign nationals who wish to act as captain of a vessel with Costa Rican registry and flag must post a bond equivalent to at least half of the value of the vessel under his/her command.

At least ten percent of the crew on Costa Rican registered vessels used for international traffic that call on Costa Rican ports shall be Costa Rican nationals, provided that such trained personnel are available domestically.

ANNEX I, Schedule of Costa Rica

Sector: Specialty Air Services

Obligations Concerned: National Treatment (Article 11.2) Most-Favored-Nation Treatment (Article 11.3) Local Presence (Article 11.5)

Level of Government: Central

Measures: Law No. 5150 of 14 May 1973 – Ley General de Aviación Civil – Arts. 143, 156, paragraphs 3 and 4, and 179

Executive Decree No. 3326-T of 25 October 1973 – Reglamento para el Otorgamiento de Certificados de Explotación – Arts. 5 and 6

Executive Decree No. 4440-T of 3 January 1975 – Reglamento para la Operación del Registro Aeronáutico Costarricense – Art. 20 and 38

Executive Decree No. 4637- T of 18 February 1975 – Reglamento de Licencias para Personal Técnico Aeronáutico – Art. 23

Executive Decree No. 31520-MS-MAG-MINAE-MOPT-MGPSP of 16 October 2003 – Reglamento para las Actividades de Aviación Agrícola – Arts. 10, 11, 13, 24, and 41

Executive Decree No. 28262-MOPT of 1 November 1999 – Reglamento de Certificados de Operador Aéreo (COA), Certificados Operativos y Autorizaciones de Operación (RAC 119) – Sections 119.33 and 119.47

Description: Cross-Border Services

Costa Rican enterprises interested in obtaining a provider certificate for any aeronautical service, including specialty air services, must demonstrate that effective control and management of the enterprise, and at least 51 percent of the capital, are in the hands of Costa Rican nationals. Certificates for the supply of any aeronautical service shall be issued to enterprises constituted under foreign law, based on the principle of reciprocity.

ANNEX I, Schedule of Costa Rica

Every holder of a provider certificate must maintain an operation and maintenance base in Costa Rica.

ANNEX I, Schedule of Costa Rica

Sector: Air Transportation Services

Obligations Concerned: National Treatment (Article 10.3) Most-Favored-Nation Treatment (Article 10.4) Senior Management and Boards of Directors (Article 10.10)

Level of Government: Central

Measures: Law No. 5150 of 14 May 1973 – Ley General de Aviación Civil – Arts. 36, 37, 42, 149, 156, and 179

Executive Decree No. 3326-T of 25 October 1973 – Reglamento para el Otorgamiento de Certificados de Explotación – Arts. 5 and 6

Executive Decree No. 4440-T of 3 January 1975 – Reglamento para la Operación del Registro Aeronáutico Costarricense – Arts. 20 and 38

Executive Decree No. 4637-T of 18 February 1975 – Reglamento de Licencias para Personal Técnico Aeronáutico – Art. 23

Description: Investment

Only Costa Rican nationals or enterprises may supply domestic air transport services, whether regular or non-regular. In order to supply these services, the Costa Rican enterprise must meet the following requirements: (a) at least 51 percent of its capital must be owned by Costa Rican nationals; and (b) effective control and management of the enterprise must be in the hands of Costa Rican nationals. Foreign nationals cannot be members of the Board of Directors of such enterprises. Only Costa Rican nationals or enterprises may register aircraft in the Registro Aeronáutico Costarricense to be used for remunerated airborne activities. Foreign nationals that legally reside in the country may also register aircraft used exclusively for non-commercial purposes. In the absence of agreements or conventions, certificates for the supply of international air transportation shall be issued based on the principle of reciprocity.

ANNEX I, Schedule of Costa Rica

Sector: Tourist Guides

Obligations Concerned: National Treatment (Article 11.2)

Level of Government: Central

Measures: Executive Decree No. 31030-MEIC-TUR of 17 January 2003 – Reglamento de los Guías de Turismo – Art. 11

Description: Cross-Border Services

Only Costa Rican nationals may apply for tour guide licenses.

ANNEX I, Schedule of Costa Rica

Sector: Travel Agencies and Tourism

Obligations Concerned: Market Access (Article 11.4)

Level of Government: Central

Measures: Law No. 5339 of 24 August 1973 – Ley Reguladora de las Agencias de Viajes – Art. 8

Executive Decree No. 24863-H-TUR of 5 December 1995 – Reglamento de la Ley de Incentivos para el Desarrollo Turístico – Art. 16

Description: Cross-Border Services

Costa Rica reserves the right to limit the number of travel agencies authorized to operate in Costa Rica based on demand for that service.

ANNEX I, Schedule of Costa Rica

Sector: Transportation Services – Custom Brokers – Assistant Custom Brokers – Custom Transportation Agents

Obligations Concerned: National Treatment (Article 11.2) Local Presence (Article 11.5)

Level of Government: Central

Measures: Law No. 7557 of 20 October 1995 – Ley General de Aduanas y sus reformas

– Arts. 28, 29, 33, 35, 40, 41, 44, 46, and 49

Executive Decree No. 25270-H of 14 June 1996 – Reglamento a la Ley General de Aduanas – Arts. 77, 78, and 113

Description: Cross-Border Services

Only persons or enterprises that have a legal representative and corporate headquarters in Costa Rica may act as a customs transportation agent, international freight agent, customs depositary, or other public function customs auxiliary. Only Costa Rican nationals may act as customs brokers.

ANNEX I, Schedule of Costa Rica

Sector: Telecommunications Related Services – Radio and Television

Obligations Concerned: National Treatment (Articles 10.3 and 11.2) Most-Favored Nation Treatment (Articles 10.4 and 11.3) Senior Management and Boards of Directors (Article 10.10) Market Access (Article 11.4)

Level of Government: Central

Measures: Constitución Política de la República de Costa Rica – Art.121 paragraph 14

Law No. 1758 of 19 June 1954 – Ley de Radio y Televisión – Arts. 1, 2, 3, and 7

Executive Decree No. 21 of 29 September 1958 – Reglamento para la Operación de Radiodifusoras de Televisión – Art. 4

Executive Decree No. 63 of 11 December 1956 – Reglamento de Estaciones Inalámbricas – Arts. 7, 13, 15, and 30

Description: Cross-Border Services and Investment In Costa Rica, wireless services may not be permanently removed from State ownership and may be supplied only by the public administration or by private parties, in accordance with the law or under a special concession granted for a limited period of time and on the basis of conditions and stipulations to be established by the Legislative Assembly. Only a Costa Rican national or enterprise with at least 65 percent of its capital owned by Costa Rican nationals may establish or manage an enterprise that supplies wireless services. This restriction does not apply to the establishment and operation of ham radio stations, but rights shall not be granted to a foreign national residing in Costa Rica when the country of origin of the foreign national does not grant that same right to Costa Rican nationals. Only a Costa Rican national or enterprise that has nominal capital stock and is owned by Costa Rican nationals may obtain a license for Ultra High Frequency (UHF) radio broadcasting services. Only a Costa Rican national or enterprise with at least 65 percent of its capital owned by Costa Rican nationals may obtain a license

ANNEX I, Schedule of Costa Rica

or be awarded a free over the air broadcast television channel for signals that originate in Costa Rica. Only a Costa Rican national or enterprise with at least 65 percent of its capital owned by Costa Rican nationals may obtain a license to operate radio; ham radio; radio-television; and maritime, aeronautical, meteorological, and private broadcasting stations. Directors and administrators of enterprises supplying radio and television services must be Costa Rican by birth or must have been naturalized Costa Ricans for at least ten years. The right to establish radiographic stations in Costa Rica for transmission or reception of official messages is permanently reserved to the State, and is not subject to concession.

ANNEX I, Schedule of Costa Rica

Sector: Wholesale and Retail Distribution – Crude Oil and Its Derivatives

Obligations Concerned: Market Access (Article 11.4)

Level of Government: Central

Measures: Law No. 7356 of 24 August 1993 – Ley del Monopolio Estatal de Hidrocarburos Administrado por Recope “Establece Monopolio a favor del Estado para la Importación, Refinación y Distribución de Petróleo, Combustibles, Asfaltos y Naftas” – Art.1

Law No. 7593 of 9 August 1996 – Ley de la Autoridad Reguladora de los Servicios Públicos – Arts. 5, 9, and 13

Description: Cross-Border Services

Wholesale distribution of crude oil and its derivatives – including fuel, asphalt, and naphtha – is subject to a State monopoly. Costa Rica reserves the right to limit the number of concessions for retail distributors of crude oil and its derivatives – including fuel, asphalt, and naphtha – based on demand for the service. Priority will be given to concessionaires already supplying the service.

ANNEX I, Schedule of Costa Rica

Sector: Services Incidental to Mining – Hydrocarbon Exploration

Obligations Concerned: Local Presence (Article 11.5)

Level of Government: Central

Measures: Constitución Política de la República de Costa Rica – Art. 121

Law No. 7399 of 3 May 1994 – Ley de Hidrocarburos – Arts. 1 and 22

Executive Decree No. 24735-MIRENEM of 29 September 1995 – Reglamento a la Ley de Hidrocarburos – Art. 17

Executive Decree No. 28148-MINAE of 30 August 1999 – Reglamento de Cesión de Derechos y Obligaciones de Contratos de Exploración y Explotación de Hidrocarburos – Art. 3

Description: Cross-Border Services

If the recipient of a concession for hydrocarbon exploration and other services incidental to the mining of hydrocarbons that is organized under the law of a foreign country, it must have a branch office and legal representative in Costa Rica.

ANNEX I, Schedule of Costa Rica

Sector: Mining and Services Incidental to Mining – Ores Other than Hydrocarbons

Obligations Concerned: Market Access (Article 11.4) National Treatment (Articles 10.3 and 11.2) Local Presence (Article 11.5)

Level of Government: Central

Measures: Constitución Política de la República de Costa Rica – Art. 121, paragraph 14

Law No. 6797 of 4 October 1982 – Código de Minería – Arts. 1, 4, 6, 7, 9, 11, 66, 67, 69, 70, 71, and 74

Description: Cross-Border Services and Investment

Exploration and other services incidental to the mining of any radioactive minerals in Costa Rica may be supplied only by the State or by private parties under a concession, in accordance with the Constitution. Concessions for mining or exploration of ores other than hydrocarbons may not be granted to foreign governments or their representatives. Concessionaires that are enterprises organized under foreign law or natural persons not resident in Costa Rica must appoint a legal representative with full powers of attorney to acquire rights and enter into obligations on behalf of the represented natural persons or

enterprise, and must also maintain an office in Costa Rica. Banks of the Costa Rican Banking System shall not grant funds in an amount greater than ten percent of the total investment to enterprises with more than 50 percent foreign ownership. Only individuals can constitute mining cooperatives, and 75 percent of the members must be Costa Rican nationals.

ANNEX I, Schedule of Costa Rica

Sector: Scientific and Research Services

Obligations Concerned: Local Presence (Article 11.5)

Level of Government: Central

Measures: Law No. 7788 of 30 April 1998 – Ley de Biodiversidad – Art. 63

Description: Cross-Border Services Foreign nationals or enterprises domiciled abroad that supply scientific research and bioprospecting (bioprospecting includes the systematic search, classification, and investigation, for commercial purposes, of new sources of chemical compounds, genes, proteins, microorganisms, and other products with real or potential economic value found in biodiversity) services with regard to biodiversity (biodiversity includes the variability of live organisms of any source, found in land, air, marine, aquatic, or other ecological ecosystems, as well as the diversity within each species and between species and the ecosystems of which they are a part. Biodiversity also includes intangible elements such as: the knowledge, innovation, and individual or collective traditional practice, with real or potential economic value, associated with genetic and bio-chemical resources protected or not by intellectual property rights or sui generis registry systems) in Costa Rica shall designate a legal representative that resides in Costa Rica.

ANNEX I, Schedule of Costa Rica

Sector: Free Zones

Obligations Concerned: Performance Requirements (Article 10.9)

Level of Government: Central

Measures: Law No. 7210 of 23 November 1990 – Ley de Régimen de Zonas Francas – Art. 22

Executive Decree No. 29606-H-COMEX of 18 June 2001 – Reglamento a la Ley de Régimen de Zonas Francas – Arts. 55 and 57

Description: Investment

An enterprise established in the Free Zone in Costa Rica may not introduce more than 25 percent of its total sales in goods or 50 percent of its total sales in services into Costa Rica's customs territory. An enterprise established in the Free Zone in Costa Rica that only repackages or redistributes goods but does not alter them may not introduce any such goods into Costa Rica's customs territory.

ANNEX I, Schedule of Costa Rica

Sector: Services Incidental to Agriculture and Forestry

Obligations Concerned: National Treatment (Article 11.2)

Level of Government: Central

Measures: Law No. 7317 of 30 October 1992 – Ley de Conservación de la Vida Silvestre – Arts. 28, 29, 31, 38, 39, 64, and 66

Executive Decree No. 26435-MINAE of 1 October 1997 – Reglamento a la Ley de Conservación de la Vida Silvestre – Art. 32

Description: Cross-Border Services

A license for scientific or cultural collection of species shall be issued for a maximum of one year for nationals or residents, and six months or less for all other foreigners. Nationals and residents shall pay a lower fee than non-resident foreigners to obtain the license referred to above.

ANNEX I, Schedule of Costa Rica

Sector: Fisheries and Services Incidental to Fishing

Obligations Concerned: National Treatment (Article 10.3) Performance Requirements (Article 10.9)

Level of Government: Central

Measures: Constitución Política de la República de Costa Rica – Art. 6

Law 190 of 28 September 1948 – Ley de Pesca y Caza Marítimas – Art. 7

Law No. 6267 of 29 August 1978 – Reforma a la Ley de Pesca y Barcos de Bandera Extranjera en Mar Patrimonial – Arts. 3, 5, and 14

Executive Decree No. 23943-MOPT-MAG of 5 January 1995 – Reglamento Regulador del Procedimiento para Otorgar Licencias de Pesca a Buques Extranjeros que Deseen Ejercer la Actividad de Pesca en Aguas Jurisdiccionales Costarricenses – Art. 6

Executive Decree No. 12737-A of 23 June 1981 – Reserva con Exclusividad la Pesca para Fines Comerciales a Costarricenses – Art. 1

Executive Decree No. 17658-MAG of 17 July 1987 – Clasifica Permisos para Pesca de Camarones en el Litoral Pacífico – Arts. 1, 2, and 3

Description: Investment

The State exercises complete and exclusive sovereignty over its territorial waters within a distance of 12 miles measured from the low-tide mark along its shores, over its continental shelf, and its insular undersea base, in accordance with principles of international law. It also exercises special jurisdiction over the seas adjacent to its territory within a distance of two hundred miles measured from the same mark, in order to protect, preserve, and exploit exclusively all the natural resources and wealth existing in the waters, soil, and subsoil of those zones, in accordance with those principles. Catch of shrimp and fish with scales may only be allowed in Costa Rica with vessels built in the country with wood obtained in Costa Rica and made by Costa Rican nationals.

ANNEX I, Schedule of Costa Rica

Foreign flag fishing vessels may pay lower fees and benefit from automatic renewal of fishing permits if they supply their catch to national enterprises. National enterprises are those with at least 51 percent of their capital belonging to Costa Rican nationals.

Commercial fishing within the 12 miles of Costa Rican territorial waters is exclusively reserved to Costa Rican nationals and Costa Rican enterprises with at least 51 percent of their capital belonging to Costa Rican nationals that fish with vessels flying the Costa Rican flag. The commercial catch of shrimp in Costa Rican territorial waters of the Pacific Ocean is reserved to vessels with Costa Rican registry and flag owned by Costa Rican nationals.

ANNEX I, Schedule of Costa Rica

Sector: Electric Energy

Obligations Concerned: Market Access (Article 11.4) Local Presence (Article 11.5) National Treatment (Articles 10.3 and 11.2)

Level of Government: Central

Measures: Constitución Política de la República de Costa Rica – Art. 121

Law No. 7200 of 28 April 1990 – Ley que Autoriza la Generación Eléctrica Autónoma o Paralela – Arts. 1, 2, 3, 5, 7, and 26 as amended by Law No. 7508 of 09 May 1995 – Ley sobre Reforma a la Ley que Autoriza la Generación Autónoma o Paralela – Arts. 2 and 3

Law No. 7789 of 30 April 1998 – Transformación de la Empresa de Servicios Públicos de Heredia – Art. 15

Executive Decree No. 20346 MIRENEM of 21 March 1991 – Reglamento a la Ley que Autoriza la Generación Eléctrica Autónoma o Paralela – Arts. 4, 5, 6, and 8

Executive Decree No. 24866-MINAE of 12 December 1995 – Reglamento al Capítulo II de la Ley de Generación Paralela: Régimen de Competencia – Art. 34

Law No. 7593 of 9 August 1996 – Ley de la Autoridad Reguladora de los Servicios Públicos – Arts. 5, 9, and 13

Law No. 8345 of 20 February 2003 – Ley de Participación de las Cooperativas de Electrificación Rural y de las Empresas de Servicios Públicos Municipales en el Desarrollo Nacional – Arts. 1, 2, 3, 6, 7, 9, 11, 12, and 13

Description: Cross-Border Services and Investment Costa Rica reserves the right to grant concessions for the transmission, distribution, and trade of electric energy by legislation based on demand for the service. Priority will be given to concessionaires already supplying the service. For greater certainty, some of the enterprises that currently have concessions to supply these services include: Instituto Costarricense de Electricidad (ICE); Empresa de Servicios Públicos de Heredia; Junta Administrativa del Servicio Eléctrico

ANNEX I, Schedule of Costa Rica

Municipal de Cartago (JASEC); Compañía Nacional de Fuerza y Luz; and cooperative associations, cooperative consortiums, and public municipal service enterprises in accordance with the provisions of Law No. 8345. All of these enterprises may enter into joint ventures with public or private enterprises to supply their services, subject to the provisions stipulated by law. In the case of Empresa de Servicios Públicos de Heredia, no less than 51 percent of the capital of the private enterprise may be owned by Costa Rican nationals. Private persons may invest in activities for the operation of limited capacity power plants (for greater certainty, ICE may authorize the operation of a limited capacity plant, provided that the power generated by all such private plants in Costa Rica does not represent more than 15 percent of the total power produced by all public and private plants in the national electric system. Also for greater certainty, any power generated using water in the public domain may be provided only by the State or by private parties, under a concession, in accordance with the Constitution) not exceeding 20,000 kW, provided they meet the following requirements:

(a) ICE may purchase electricity from enterprises in which no less than 35 percent of the capital is owned by Costa Rican nationals.

(b) Enterprises organized under foreign law that sign a power purchase contract with ICE must establish a branch office in Costa Rica.

ANNEX I, Schedule of Costa Rica

Sector: Higher Education Services

Obligations Concerned: National Treatment (Articles 10.3 and 11.2) Senior Management

and Boards of Directors (Article 10.10)

Level of Government: Central

Measures: Executive Decree No. 30431 of 23 April 2002 – Reglamento de la Educación Superior Parauniversitaria – Arts. 6 and 61, paragraph (d)

Description: Cross-Border Services and Investment

No less than 85 percent of the faculty, administrative faculty, and administrative staff of a private institute of higher education must be Costa Rican nationals.

ANNEX I, Schedule of Costa Rica

Sector: Human Health Service Professionals – Physicians and Surgeons, Dental Surgeons, Microbiologists, Pharmacists, Nurses, and Nutritionists

Obligations Concerned: National Treatment (Article 11.2)

Level of Government: Central

Measures: Law No. 7559 of 9 November 1995 – Ley de Servicio Social Obligatorio para los Profesionales en las Ciencias de la Salud – Arts. 2, 3, 5, 6, and 7

Executive Decree No. 25068 of 21 March 1996 – Reglamento de Servicio Social

Obligatorio para los Profesionales en Ciencias de la Salud – Arts. 7, 13, 14, 17, 18, 21, and 22

Executive Decree No. 25841-S of 5 February 1997 – Reforma al Reglamento de Servicio Social Obligatorio para los Profesionales en Ciencias de la Salud – Art. 1

Description: Cross-Border Services

All Physicians and Surgeons, Dental Surgeons, Microbiologists, Pharmacists, Nurses, and Nutritionists must perform the equivalent of a one-year continuous, remunerated mandatory social services requirement. The assignment of the slots to perform mandatory social services is made through a drawing. If there are enough slots to perform mandatory social services for all applicants, applicants who are Costa Rican nationals are given priority over applicants who are foreign nationals with respect to assignment of the specific slots.

If the number of slots offered in the drawing is less than the number of applicants, applicants who are Costa Rican nationals shall have the priority to freely choose if they want to participate or not in the drawing. Such choice shall be respected as long as the number of applicants who do not wish to choose a slot is equal to or less than the number of shortage of slots. When the number of applicants who are Costa Rican nationals that do not wish to participate in the drawing exceeds the number of shortage of slots, a lottery shall be made among them to determine who shall participate in the drawing of slots.

ANNEX I, Schedule of Costa Rica

If there is still a shortage of slots when the applicants who are Costa Rican nationals have already made their choice, the same procedure shall be applied for the drawing of slots among applicants who are foreign nationals. Subject to the conditions and terms included in the legislation and regulations applicable to each professional category listed above, the mandatory social service requirement may be waived for temporary professional practice.

ANNEX I, Schedule of Costa Rica

Sector: Audiovisuals – Advertising – Services of Cinema, Radio, Television, and Other Shows

Obligations Concerned: Performance Requirements (Article 10.9) Local Presence (Article

11.5) National Treatment (Articles 10.3 and 11.2) Most-Favored-Nation Treatment (Articles 10.4 and 11.3) Market Access (Article 11.4)

Level of Government: Central

Measures: Law No. 6220 of 20 April 1978 – Regula Medios de Difusión y Agencias de Publicidad – Art. 3

Law No. 1758 of 19 June 1954 – Ley de Radio y Televisión – Art. 11

Executive Decree No. 12764-G of 22 June 1981 – Reglamenta Ley de Publicidad – Arts. 1 and 5

Description: Cross-Border Services and Investment

Mass media and advertising services may only be provided by enterprises incorporated in Costa Rica with nominative stock or established as “sociedades personales” under Costa Rican law. Radio and television programs must observe the following rules:

- If the commercials consist of jingles recorded abroad, a lump sum must be paid every time the commercial is aired on domestically transmitted television. Only 30 percent of the commercials aired on each domestic television station or projected in each cinema may originate from abroad.
- Commercials imported in a physical medium from outside the Central American region and aired on domestically transmitted television must pay a tax equivalent to 100 percent of the declared value of the production of the commercial. Radio, movie, or television commercials are considered national when they are produced in any of the Central American countries with which there is reciprocity in the matter.
- The number of radio programs and radio soap operas recorded abroad may not exceed 50 percent of the total number aired per domestically transmitted radio station per day.

ANNEX I, Schedule of Costa Rica

- The number of programs filmed or videotaped abroad may be limited to 60 percent of the total number of programs aired on domestically transmitted television per day. Radio, movie, or television commercials are considered national when at least 90 percent of the jingle has been composed or arranged by Costa Rican nationals, at least 90 percent of the image has been drawn, photographed, printed, filmed, or videotaped by Costa Rican nationals, and when at least 90 percent of the technical personnel participating in the overall production are Costa Rican nationals.

ANNEX I, Schedule of Costa Rica

Sector: News Agency Services

Obligations Concerned: National Treatment (Article 11.2) Local Presence (Article 11.5)

Level of Government: Central

Measures: Executive Decree No. 14931-C of 20 October 1983 – Reforma Reglamento Ley Orgánica Colegio Periodistas – Arts. 6 and 26

Executive Decree No. 15294-C of 27 February 1984

Description: Cross-Border Services

Except as authorized, a journalist who is a foreign national may cover events in Costa Rica only if he or she is a resident of Costa Rica. The Board of Directors of the Colegio de Periodistas may grant non-resident foreign nationals a special permit to cover events in Costa Rica for up to one year and may extend that period, provided that doing so does not harm or conflict with the interests of members of the Colegio de Periodistas. If the Colegio de Periodistas decides that an event of international importance will or has occurred in Costa Rica, the Colegio de Periodistas may grant a non-resident foreign

national with appropriate professional credentials a temporary permit to cover the event for the foreign media the journalist represents. Such permit may be valid for up to one month after the event.

ANNEX I, Schedule of Costa Rica

Sector: Sports Services and Other Entertainment Services

Obligations Concerned: Market Access (Article 11.4) National Treatment (Articles 10.3 and 11.2) Local Presence (Article 11.5)

Level of Government: Central

Measures: Law No. 7744 of 19 December 1997 – Ley de Concesión y Operación de Marinas Turísticas – Arts. 1, 12, and 21 Executive Decree No. 27030-TUR-MINAE-MOPT of 20 May 1998 – Reglamento a la Ley de Concesión y Funcionamiento de Marinas Turísticas – Art. 52

Description: Cross-Border Services and Investment

To obtain concessions to develop tourism marinas or docking facilities, enterprises with their principal place of business abroad must be established in Costa Rica. Foreign nationals shall appoint a representative with sufficient legal authority and with permanent residence in Costa Rica. All foreign flag vessels using marina services may remain in the Costa Rican exclusive economic zone for a maximum period of two years, extendable for like periods. While in Costa Rica, foreign flag vessels and their crew cannot supply water transportation services or fishing, diving, or other sports or tourism-related activities, except tourism cruises.

ANNEX I, Schedule of Costa Rica

Sector: Railroads, Ports, and Airports

Obligations Concerned: Market Access (Article 11.4) Local Presence (Article 11.5) Level of Government: Central

Measures: Constitución Política de la República de Costa Rica – Art.121, paragraph 14 Law No. 7762 of 14 April 1998 – Ley General de Concesión de Obras Públicas con Servicios Públicos – Arts. 2, 3, 4, 5, and 31

Description: Cross-Border Services

National railroads, docks, and airports – the latter while in use – may not be sold, leased or encumbered, directly or indirectly, or be otherwise removed from State ownership and control. The Executive Branch may grant concessions for railroads, railways, docks, and international airports. In the case of Limon, Moin, Caldera, and Puntarenas docks, concessions may only be granted for future works or expansions. All enterprises holding railroad, port or airport concession must be organized under Costa Rican law and domiciled in Costa Rica.

ANNEX I, Schedule of Costa Rica

Sector: Wireless Services

Obligations Concerned: Market Access (Article 11.4) National Treatment (Articles 10.3 and 11.2) Most-Favored-Nation Treatment (Articles 10.4 and 11.3)

Level of Government: Central

Measures: Constitución Política de la República de Costa Rica – Art. 121, paragraph 14 Law No. 1758 of 19 June 1954 – Ley de Radio y Televisión – Arts. 1, 2, 3, and 25

Description: Cross Border Services and Investment

In Costa Rica, wireless services may not be permanently removed from State ownership

and may be supplied only by the public administration or by private parties, in accordance with the law or under a special concession granted for a limited period of time and on the basis of conditions and stipulations to be established by the Legislative Assembly. The right to establish radiographic stations in Costa Rica for transmission or reception of official messages, is permanently reserved to the State, and is not subject to concession. Only a Costa Rican national or enterprise with at least 65 percent of its capital owned by Costa Rican nationals may establish or manage an enterprise that supplies wireless services. This restriction does not apply to the establishment and operation of ham radio stations, but rights shall not be granted to a foreign national residing in Costa Rica when the country of origin of the foreign national does not grant that same right to Costa Rican nationals. Notwithstanding the measures listed above, including any requirements regarding ownership of capital by Costa Rican nationals, Costa Rica shall allow telecommunications services providers of another Party, on a non-discriminatory basis, to effectively compete to supply directly to the customer, through the

ANNEX I, Schedule of Costa Rica

technology of their choice, the following telecommunications services in its territory: (If Costa Rica requires a license for the provision of a listed service, Costa Rica shall make licenses available within the timeframes specified in this subparagraph).

(i) private network services, (private network services (closed-user group services) mean networks provided for communications with no interconnection to the public switched telecommunications network at either end. Nothing in this Annex shall be construed to prevent Costa Rica from prohibiting persons operating private networks from using their networks to supply public telecommunications networks or services to third parties) no later than January 1, 2006;

(ii) Internet services, (internet services shall include electronic mail; retrieval and processing on-line information and databases and electronic data exchange services, and offering the ability to access the Internet) no later than January 1, 2006; and

(iii) mobile wireless services, (mobile wireless services mean voice, data, and/or broadband services provided by radio electric means in specifically allocated bands, using mobile or fixed terminal equipment, using cellular, PCS (Personal Communications Service), satellite, or any other similar technology that may be developed in the future for these services) no later than January 1, 2007.

ANNEX I, Schedule of Costa Rica

Sector: On Premise Supply of Liquors for Consumption

Obligations Concerned: Market Access (Article 11.4)

Level of Government: Central

Measures: Law No. 10 of 7 October 1936 – Ley sobre la Venta de Licores – Arts. 8, 11, and 16

Description: Cross-Border Services

Municipalities decide the number of establishments selling liquor that can be authorized in each one of the areas under their jurisdiction. In no case can this number exceed the following proportion:

(a) in province capitals, one establishment selling foreign liquor and one establishment selling domestic liquor per three hundred residents;

(b) in all other cities with over one thousand inhabitants, one establishment selling

foreign liquor per five hundred residents and one establishment selling domestic liquor per three hundred residents;

(c) cities under one thousand residents but over five hundred residents may have two establishments selling foreign liquor and two selling domestic liquor; and

(d) any other cities with five hundred residents or less may have one establishment selling foreign liquor and one establishment selling domestic liquor. No establishment for on-premise supply of liquors for consumption will be allowed outside the perimeter of cities or where no permanent police authority exists. In a public auction, no person may receive authorization for more than one establishment selling foreign liquor and one establishment selling domestic liquor in the same city.

#### ANNEX I, Schedule of Costa Rica

Sector: Lottery Sale Services

Obligations Concerned: Market Access (Article 11.4)

Level of Government: Central

Measures: Law No. 7395 of 3 May 1994 – Ley de Loterías – Art. 2 Law No. 1387 of 21 November 1951 – Ley de Rifas y Loterías – Art. 1

Description: Cross-Border Services

The Junta de Protección Social de San José shall be the sole manager and distributor of lottery, except for the “Juego Crea”. All lottery, “tiempos”, raffles, and clubs that award prizes consisting of payments in cash are prohibited, except for the “Juego Crea” and those issued by the Junta de Protección Social de San José.

#### ANNEX I

Schedule of the Dominican Republic

Sector: All Sectors

Obligations Concerned: National Treatment (Article 10.3)

Measures: - Ley sobre Inversión Extranjera, No. 16-95, November 20, 1995, Art. 5 - Ley General sobre Medio Ambiente y Recursos Naturales, No. 64-00, August 18, 2000, Art. 101

Description: Investment

Only Dominican nationals may perform activities related to the disposal of toxic, hazardous, or dangerous or radioactive waste produced outside the Dominican Republic.

#### ANNEX I, Schedule of the Dominican Republic

Sector: Professional Services – Legal Services

Obligations Concerned: National Treatment (Article 11.2) Market Access (Article 11.4)

Measures: - Ley del Notariado, No. 301, June 18, 1964, Arts. 4, 5, and 10 - Ley de Organización Judicial, y sus modificaciones, No. 821, November 21, 1927, Chapter XI, Art. 73 - Ley que crea el Colegio de Abogados, No. 91, February 3, 1983, Art. 4

Description: Cross-Border Services

To practice law before the courts in the Dominican Republic or to render public notary services a lawyer must be a Dominican national and a member of the Colegio de Abogados. A foreign lawyer may render legal services other than those related to the judicial function or appearing in court provided the foreign lawyer is a member of the Colegio de Abogados. A foreign lawyer who is not a member of the Colegio de Abogados may supply foreign legal consulting services provided that the foreign lawyer is licensed to practice law in a jurisdiction that permits Dominican nationals to supply foreign legal

consulting services. The Dominican Republic shall permit foreign lawyers who are supplying foreign legal consulting services from the territory of a Party into the territory of the Dominican Republic in the period preceding the date of signature of this Agreement to continue supplying such services. The authorization of new notaries public is subject to quotas, proportional to the number of inhabitants in each municipality and the national district.

ANNEX I, Schedule of the Dominican Republic

A foreign lawyer may become a member of the Colegio de Abogados:

- (a) by obtaining a law degree in the Dominican Republic;
- (b) by obtaining revalidation of a law degree issued in a foreign country; or
- (c) if the government of a jurisdiction in which the foreign national has a license to practice law has an agreement with the Dominican Republic establishing reciprocal treatment for Dominican lawyers. For purposes of this entry:
  - (a) lawyer means in general all persons who, in the exercise of a function and by reason of special knowledge regarding the law, render legal advice, and includes professors and researchers working in universities, all the judges of the Dominican Republic, court appointed lawyers (abogados de oficio), public prosecutors, public notaries, legal advisors and consultants to natural or corporate persons, public or private; and
  - (b) foreign legal consulting service means providing advice by a lawyer regarding matters with respect to which the lawyer or law firm is authorized to render legal services in his, her, or its home market.

ANNEX I, Schedule of the Dominican Republic

Sector: Professional Services – Architectural and Engineering Services

Obligations Concerned: National Treatment (Article 11.2) Most-Favored-Nation Treatment (Article 11.3) Local Presence (Article 11.5)

Measures: - Ley sobre el Ejercicio de Ingeniería, la Arquitectura, la Agrimensura y Profesiones Afines, No. 6200, February 22, 1962, Arts. 17, 18, and 19 - Decreto que Reglamenta el Ejercicio Profesional del Ingeniero Químico, No.511-86, June 26, 1986, Arts. 8, 9, and 10 - Ley sobre la Promoción del Desarrollo Turístico en Destinos Subdesarrollados y en Nuevos Destinos en Provincias y Localidades con Potencial Extraordinario, que Crea el Fondo Oficial para la Promoción del Turismo, No. 158-01, October 9, 2001, Art. 14

Description: Cross-Border Services

Only members of the Colegio Dominicano de Ingenieros, Arquitectos y Agrimensores de la Republica Dominicana (“CODIA”) may practice as engineers, architects, and land surveyors. A foreign professional who meets the relevant qualifications may join CODIA as long as Dominican nationals are not prohibited from practicing in the jurisdiction in which the foreign professional is licensed. However, professionals who graduated from foreign universities who are not members of CODIA may practice in the Dominican Republic when:

- (a) the Executive Branch, in special and justified cases, contracts their services to perform specialized jobs or technical consulting in those fields of the profession in which such services are necessary; or
- (b) an enterprise or institution contracts the professional to supply a specific service for a specified time and sufficiently demonstrates the necessity for this to CODIA, which will then authorize the professional to supply the service. A Dominican chemical engineer

must review the plans for and installation of any production facility constructed in the Dominican Republic by foreign technicians or enterprises. In addition, if

ANNEX I, Schedule of the Dominican Republic

foreign technicians whose activities are related to the chemical engineering field are used in the installation or start up of a production facility, at least one Dominican chemical engineer must have a role in their supervision. After the installation and start up of a production facility, the facility may not employ foreign technicians related to the field of chemical engineering if Dominican engineers with the relevant expertise are available. If no qualified Dominican engineer is available, an enterprise may employ foreign technicians, but only as long as their number is proportionate to the number of Dominican technicians. (In practice, an enterprise may meet this requirement at any time by employing three Dominican technicians for every seven foreign technicians). However, this requirement does not apply to enterprises that employ at least one Dominican engineer. To provide architectural and engineering services related to construction, persons who are not members of CODIA must associate with a CODIA member. A Dominican professional must prepare any projects and preliminary plans that are submitted to qualify for benefits from the Fondo Oficial de Promoción Turística. Foreign nationals and enterprises organized under foreign law must associate with an enterprise organized under Dominican law in order to provide services related to urban and architectural studies for a tourism-related project.

ANNEX I, Schedule of the Dominican Republic

Sector: Professional Services

Accounting, Auditing, and Bookkeeping Services.

Obligations Concerned: National Treatment (Article 11.2) Local Presence (Article 11.5)

Market Access (Article 11.4)

Measures: - Decreto que aprueba el Reglamento Interno del Instituto de Contadores Públicos Autorizados de la República Dominicana, No. 2032, June 1, 1984, Art. 6 - Código de Ética Profesional del Instituto de Contadores Públicos Autorizados de la República Dominicana (ICPARD), October 9, 2001, Art. 3.2.13

Description: Cross-Border Services

Only Dominican nationals may practice as Certified Public Accountants in the Dominican Republic. Foreign public accountants, auditors, or bookkeepers, as individuals or enterprises, may practice their profession only in association with a Dominican accountant.

ANNEX I, Schedule of the Dominican Republic

Sector: Professional Services – Health Services and Related Professions

Obligations Concerned: National Treatment (Article 11.2) Most-Favored-Nation

Treatment (Article 11.3) Local Presence (Article 11.5)

Measures: - Ley General de Salud, No.42-01, March 8, 2001, Arts. 92 and 93

- Ley que crea el Colegio Dominicano de Psicólogos/as, No. 22- 01, February 1, 2001,

Art. 4-c - Ley que Establece un Impuesto sobre los Honorarios Cobrados por Médicos

Extranjeros que Ejerzan en la República Dominicana, No. 3491, March 6, 1953, Art. 1

(The reference in Article 1 of Law No. 3491 to Law No. 289 does not signify that Article 1, 2, or 3 of Law No. 289 is a measure within the scope of this entry)

Description: Cross-Border Services

Foreign nationals graduated from foreign universities may practice health-related

professions in the Dominican Republic provided that:

(a) there is an agreement between governments allowing professionals to practice in both countries;

(b) the service is not offered or is insufficient in the Dominican Republic; and

(c) the foreigner has the degree certified for equivalency and obtains an exequátur from the Executive Branch. However, health professionals authorized by the Secretaría de Estado de Salud Pública y Asistencia Social (SESPAS) may practice their profession provided they are visiting the country to render public health services on a non-profit basis. Other health professionals may practice medicine or surgery on a temporary basis if requested or contracted by a clinic or hospital of the Dominican Republic and authorized by SESPAS and by the Asociación Médica Dominicana. For greater certainty, such temporary practice may include training, demonstration, lecturing, or research through a health-related facility, including a university or laboratory. Before leaving the country, the facility or the foreign health professional must present a declaration to SESPAS

ANNEX I, Schedule of the Dominican Republic

stating in detail the amounts, if any, the professional has charged to private patients. To offer psychology services in the Dominican Republic a professional must be permanent resident.

ANNEX I, Schedule of the Dominican Republic

Sector: Energy Related Services

Obligations Concerned: National Treatment (Article 10.3) Market Access (Article 11.4)

Measures: - Ley General de Electricidad, No. 125-01, July 26, 2001, Art. 53 - Ley General de Reforma de la Empresa Pública, No. 141-97, June 24, 1997, Arts. 13 and 14

Description: Cross-Border Services

Three joint ventures currently distribute electricity on an exclusive basis within specified regions of the Dominican Republic pursuant to concessions granted by the Government of the Dominican Republic.

ANNEX I, Schedule of the Dominican Republic

Sector: Mining

Obligations Concerned: National Treatment (Article 10.3)

Measures: - Ley de Minería de la República Dominicana, No.146, June 4, 1971, Art. 9

Description: Investment

Mining concessions may not be granted to any foreign government either directly or through the intermediation of a natural person or an enterprise. In duly justified cases, and with the prior approval of the National Congress, the Executive Branch may enter into special agreements with foreign mining enterprises that are partially or wholly state owned.

ANNEX I, Schedule of the Dominican Republic

Sector: Communications – Audio-Visual Services

Obligations Concerned: Performance Requirements (Article 10.9) National Treatment

(Article 11.2) Most-Favored-Nation Treatment (Article 11.3)

Measures: - Decreto que introduce modificaciones en el Reglamento No. 824, del 25 de marzo de 1971, sobre la Operación de la Comisión Nacional de Espectáculos Públicos y Radiodifusión, No. 4306, February 22, 1974, Arts. 101 and 109

Description: Cross-Border Services and Investment

Only Dominican nationals may work as announcers for a radio or television broadcast to a national audience in the territory of the Dominican Republic. However, the Comisión Nacional de Espectáculos Públicos y Radiofonía may authorize enterprises that make such broadcasts, in special cases and for a period of six months, to hire foreign nationals to serve as announcers. This authorization may be extended at the discretion of the National Commission for Public Entertainment and Radio. Only Dominican nationals may serve as sports narrators, including commercial announcers and commentators, in transmitting sporting events for a national audience in the Dominican Republic. However, foreign nationals may serve as sports narrators as long as in their country of origin Dominican sportscasters may also do so. In all radio programming that originates in the Dominican Republic, 50 percent of the music played shall be by Dominican authors, composers, and singers. For every three soap operas that are broadcast for a national audience in the Dominican Republic, one must be by Dominican authors and must have been made in the Dominican Republic.

ANNEX I, Schedule of the Dominican Republic

Sector: Communications – Advertising Services

Obligations Concerned: National Treatment (Article 11.2)

Measures: - Reglamento sobre la Operación de la Comisión Nacional de Espectáculos Públicos y Radiodifusión, No. 824, March 25, 1971, Art. 74.

Description: Cross-Border Services

Seventy-five percent of all artists, announcers, singers and other participants in the production of any jingle, video, tape, script, advertisement for use in cinemas (cintas cinematográficas), or commercial that is transmitted and presented on radio and television must be Dominican nationals. For greater certainty, this requirement applies only to such advertisements that are produced in the Dominican Republic. However, if a commercial for Dominican goods and services to be sold in the Dominican Republic needs to be produced abroad, 25 percent of the artists and production personnel in charge of production must be Dominican nationals.

ANNEX I, Schedule of the Dominican Republic

Sector: Communications – News Agency Services

Obligations Concerned: Senior Management and Boards of Directors (Article 10.10)

Measures: - Ley sobre Expresión y Difusión del Pensamiento, No. 6132, December 15, 1972, Art. 5

Description: Investment

The senior manager of every newspaper or periodical produced in the Dominican Republic must be a Dominican national.

ANNEX I, Schedule of the Dominican Republic

Sector: Communications – Broadcasting

Obligations Concerned: National Treatment (Articles 10.3 and 11.2) Market Access (Article 11.4) Local Presence (Article 11.5)

Measures: - Ley General de Telecomunicaciones, No. 153-98, May 27, 1998, Chapters V, X and XI

Description: Cross-Border Services and Investment

In order to obtain a corresponding authorization to install and operate broadcast

networks and to provide broadcast services in the Dominican Republic it is required to have a legal domicile in the Dominican Republic and be a stock company (compañía por acciones) or a non-profit organization incorporated under the laws of the Dominican Republic. Only Dominican nationals may own and control an enterprise that provides public radio broadcasting services that originate in the Dominican Republic. For greater certainty, this entry does not apply to content providers.

ANNEX I, Schedule of the Dominican Republic

Sector: Communications

Obligations Concerned: Market Access (Article 11.4) Local Presence (Article 11.5)

Measures: - Ley General de Telecomunicaciones, No. 153-98, May 27, 1998, Chapter V

Description: Cross-Border Services

In order to obtain the corresponding authorization to install and operate telecommunications networks in the Dominican Republic, in order to provide telecommunications services to users in the Dominican Republic, it is required to have a legal domicile in the Dominican Republic and be a stock company (compañía por acciones) incorporated under the laws of the Dominican Republic.

ANNEX I, Schedule of the Dominican Republic

Sector: Distribution, Trade, and Commission Agent Services

Obligations Concerned: Market Access (Article 11.4) Local Presence (Article 11.5)

Performance Requirements (Article 10.9)

Measures: - Ley de Promoción Agrícola y Ganadera, No. 532, December 12, 1969, Art.

41 - Reglamento sobre Preparación, Clasificación y Transporte del Café, No. 7107,

September 18, 1961, Art. 15

- Ley que Establece que el Instituto de Estabilización de Precios será el Distribuidor Único del Azúcar de Producción Nacional para el Consumo Interno, No. 80, November 28, 1974, Art. 1

- Ley que Crea e Integra el Consejo de Administración Salinera, como Distribuidor Exclusivo de toda la Sal en Grano de Origen Marino Producido en el País, No. 286-98, July 29, 1998, Art. 1, y su Reglamento de Aplicación, No. 1294-00, December 13, 2001

Description: Cross-Border Services and Investment

Only enterprises organized as stock companies (compañías por acciones) under Dominican law may operate as deposit warehouses for the care and conservation of imported goods. Coffee for export must be packed in locally manufactured sacks. Only the Instituto de Estabilización de Precios (INESPRE) may distribute domestically produced sugar in the Dominican Republic. Only the Consejo de Administración Salinera may distribute marine unrefined salt produced in the Dominican Republic.

ANNEX I, Schedule of the Dominican Republic

Sector: Tourism and Services Related to Travel

Obligations Concerned: National Treatment (Article 11.2) Local Presence (Article 11.5)

Measures: - Ley Orgánica de Turismo, No. 541, December 31, 1969, Arts. 18 and 23

Reglamento para el Transporte Terrestre Turístico de Pasajeros, No. 817-03, August 20, 2003, Art. 11

- Decreto que Autoriza el Establecimiento de Casinos, Juegos de Bingo y Tragamonedas, No. 6273, December 8, 1960, Art. 2

Description: Cross-Border Services

To operate in the Dominican Republic, foreign travel agencies and tour operators must

be duly authorized in their country of origin and represented by a local agency. Tour guide licenses may be granted to foreign nationals only in exceptional circumstances, such as when no Dominican tour guide can satisfy the needs of a particular tour group, including the need to speak a particular language. All casino and game employees must be Dominican nationals. Drivers for land transport of tourists must be Dominican nationals or foreign nationals resident in the Dominican Republic.

ANNEX I, Schedule of the Dominican Republic

Sector: Recreational and Cultural Services

Obligations Concerned: National Treatment (Article 11.2)

Measures: - Ley sobre Expresión y Difusión del Pensamiento, No. 6132, December 15, 1972, Art. 33

- Reglamento sobre la Operación de la Comisión Nacional de Espectáculos Públicos y Radiodifusión, No. 824, March 25, 1971, Art. 122

Description: Cross-Border Services

Variety shows offered to audiences in theaters, nightclubs, and other entertainment venues that are performed by foreign artists must include the performance of one Dominican artist for each foreign artist.

ANNEX I, Schedule of the Dominican Republic

Sector: Transportation – Maritime Transportation

Obligations Concerned: National Treatment (Articles 10.3 and 11.2) Senior Management and Boards of Directors (Article 10.10) Local Presence (Article 11.5)

Measures: - Ley sobre Policía de Puertos y Costas, No. 3003, May 17, 1951 Art. 56 and its paragraph

- Ley sobre Protección y Desarrollo de la Marina Mercante, No. 180, May 30, 1975, Arts. 1 and 4

- Decreto que Establece el Reglamento Tarifario de la Autoridad Portuaria Dominicana, No. 572-99, December 30, 1999, Art. 3, para. I, subparas. a and b, note 2

Description: Cross-Border Services and Investment

Vessels used for towing, passenger or freight transportation, or loading or unloading in Dominican ports, as well as vessels used to navigate inland waterways in the Dominican Republic, must be Dominican flagged vessels. Cabotage in the Dominican Republic is exclusively reserved for national flagged vessels. When a Dominican flag vessel cannot perform this service, a temporary permit may be granted to a national shipowner for a foreign flag vessel to offer this service. All Dominican Republic flag ships of more than 50 tons, providing cabotage are exempt from the requirement to have a harbor pilot on board and to pay pilotage fees provided they do not transport cargo abroad.

When loading and unloading merchandise or passengers, Dominican Republic flag vessels pay 50 percent of the amount set for foreign-flag vessels. The fees for foreign flag vessels range from 1.00 U.S. dollars per foot of beam per day in port to 1.15 U.S. dollars per foot of beam per day in port. Tariffs applied to foreign tourist yachts (for greater certainty, this tariff does not apply to cruise vessels) will be 0.50 U.S. dollars per foot of beam per day or its equivalent in Dominican pesos (RD\$). The fees for national tourist yachts range from RD\$ 300.00 for 25 passengers to RD\$ 800.00 for up to 99 passengers, and for 100 or more passengers, the fee increases by RD\$ 10.00 for each passenger.

ANNEX I, Schedule of the Dominican Republic

For purposes of this entry, national shipowner means a shipowner who is a Dominican national and resides in the Dominican Republic. If the ship is co-owned or is community property, 70 percent of its value must belong to Dominicans residing in the Dominican Republic. Enterprises organized under Dominican law, whose main purpose is the administration of Dominican flag vessels and maritime commercial passenger and/or freight transportation, must comply with the following requirements:

(a) 70 percent of the shares and participations, as well as 70 percent of the subscribed and paid-in capital, must belong to Dominican nationals that reside in the Dominican Republic or enterprises organized under Dominican law.

(b) 75 percent of the Board of Directors must be Dominican nationals residing in the Dominican Republic; and

(c) it must be organized as a stock company (compañía por acciones) under Dominican law and have its main headquarters and official domicile in the Dominican Republic.

ANNEX I, Schedule of the Dominican Republic

Sector: Air Transportation

Obligations Concerned: National Treatment (Article 10.3) – Senior Management and Boards of Directors (Article 10.9)

Measures: - Ley sobre Aeronáutica Civil, No. 505, November 10, 1969, Arts. 128, 130 and 140

- Decreto que Reglamenta u Regula los Operadores, Agentes y Consignatarios de Vuelos no Regulares, No.751-02, September 19,2002, Arts. 1 and 2

Description: Investment

Air transportation of passengers, cargo or correspondence between destinations within the Dominican Republic (cabotage) is reserved for aircraft owned by Dominican persons. For purposes of the preceding paragraph, enterprises shall be deemed to be Dominican enterprises when at least 51 percent of their capital is owned by Dominican nationals and at least 51 percent of their administrators are Dominican nationals as well. All enterprises performing the functions of operator, agent, or non-regular (charter) flight consignee, must be organized under Dominican law, must be at least 51 percent owned by Dominican nationals, and must employ Dominican nationals in senior management.

ANNEX I, Schedule of the Dominican Republic

Sector: Air Transportation – Specialty Air Services and Maintenance and Repair of Aircraft

Obligations Concerned: National Treatment (Article 11.2) Most-Favored-Nation Treatment (Article 11.3)

Measures: - Ley sobre Aeronáutica Civil, No. 505, November 10, 1969, Arts. 79, 82, and 128

Description: Cross-Border Services

Aerial advertising and publicity, agricultural works, fumigation, fishing prospects, air taxis, filming, photography, and surveyance shall be reserved for Dominican persons. The Dirección General de Aeronáutica Civil may issue temporary permits to foreign pilots that come to the country to perform air transport services on a temporary basis, provided that it is demonstrated that there is no available Dominican personnel to provide the service. Foreign nationals may engage in remunerated aeronautical activities only if they hold licenses or certificates either issued in the Dominican Republic, or issued in a foreign

country in which Dominican nationals holding licenses or certificates issued in the Dominican Republic are able to engage in such remunerated aeronautical activities.

ANNEX I, Schedule of the Dominican Republic

Sector: Free Zones

Obligations Concerned: Performance Requirements (Article 10.9)

Measures: - Ley sobre Fomento de Zonas Francas, No. 8-90, January 15, 1990, Art. 17

Description: Investment

An enterprise established in the Free Zone of the Dominican Republic may not introduce more than 20 percent of its total sales in goods or services into the Dominican Republic's customs territory. This non-conforming measure shall cease to exist no later than December 31, 2009 in accordance Article 3.4 (Waiver of Customs Duties), paragraph 3.

ANNEX I, Schedule of the Dominican Republic

Sector: Oil Exploitation and Exploration Services

Obligations Concerned: National Treatment (Article 10.3)

Measures: - Ley sobre la Exploración, Explotación y Beneficios por Particulares de los Yacimientos de Petróleo y sus Derivados, los Hidrocarburos y demás Combustibles Similares, No. 4532, August 30, 1956, Art. 4

Description: Investment

Sovereign foreign governments may not be granted the right to explore, exploit, or benefit from oil and other hydrocarbon substances, nor shall any natural person or enterprise enjoying these rights allow a sovereign foreign government as a partner, associate, or shareholder.

ANNEX I, Schedule of the Dominican Republic

Sector: Fishing

Obligations Concerned: National Treatment (Article 10.3)

Measures: - Ley de Pesca, No. 5914, May 22, 1962, Arts. 15 (para. 1), and 19 (paras. a and b)

- Proyecto de Ley que crea el Consejo Dominicano de Pesca y Acuicultura, Art. 41

Description: Investment

Only natural persons residing in the Dominican Republic or enterprises organized under Dominican law may obtain fishing permits or fishing licenses. To engage in maritime or fluvial fishing and hunting, an enterprise must be organized under Dominican law and 50 percent of its capital must be owned by Dominican nationals. In order to obtain fishing permits, foreign-flag vessels must be previously authorized by the Marina de Guerra and the Dirección Nacional de Drogas. Only Dominican nationals may engage in artisanal fishing within 54 nautical miles of the coast.

ANNEX I, Schedule of the Dominican Republic

Sector: Educational Services

Obligations Concerned: Market Access (Article 11.4) Local Presence (Article 11.5)

Measures: - Ley sobre Educación Superior, Ciencia y Tecnología, No. 139-01, August 13, 2001, Art. 44

- Reglamento Orgánico para las Instituciones Educativas, No. 66,97, May 28, 1999, Art. 19.2

Description: Cross-Border Services

To teach at any Education Center in the kindergarten, pre-school, elementary, intermediate, high school, technical, or university level, a foreign national must reside in the Dominican Republic. The Secretaría de Estado de Educación Superior, Ciencia y Tecnología (SEESCYT) may deny a request to create a new institution of higher learning or professional or technical institute if there is no economic need of such institution or institute. For greater certainty, this entry does not apply to the supply of foreign language training, corporate, business, and industrial training programs, skill development programs, or educational consulting services, including technical support and development of curriculums and programs. It also does not apply to foreign educational institutions that offer their programs through institutions already established in the Dominican Republic.

ANNEX I, Schedule of the Dominican Republic

Sector: Cooperative Associations

Obligations Concerned: National Treatment (Article 10.3)

Measures: - Ley sobre Asociaciones Cooperativas, No. 127-64, January 27, 1964, Arts. 1, 50, and 51

Description: Investment

Cooperatives are non-profit associations constituted by natural persons residing in the Dominican Republic or enterprises organized under the laws of the Dominican Republic. They may accept foreign nationals residing in the Dominican Republic as associates in a proportion not larger than 50 percent of the total membership and shares.

ANNEX I, Schedule of the Dominican Republic

Sector: Lotteries

Obligations Concerned: Market Access (Article 11.4)

Measures: - Ley que Estable una Renta Pública bajo la Denominación de Lotería Nacional, No. 5158, June 25, 1959, Arts. 1, 2, and 3

Description: Cross-Border Services

The Lotería Nacional is the state enterprise that operates and manages the lottery of the Dominican Republic. A private enterprise currently holds an exclusive concession to provide electronic lottery services in the Dominican Republic. Under Dominican law, a lottery is any system used to distribute prizes in money through raffles among people buying tickets for that purpose.

ANNEX I, Schedule of the Dominican Republic

Sector: Retail Distribution of Pharmaceutical Products

Obligations Concerned: Market Access (Article 11.4)

Measures: - Ley General de Salud, No. 42-01, March 8, 2001, Art. 103

Description: Cross-Border Services

Pharmaceutical establishments shall be at a distance of at least 500 meters from each other. For purposes of this entry, pharmaceutical establishment means a pharmacy, drug store, or industrial pharmaceutical laboratory.

ANNEX I, Schedule of the Dominican Republic

Sector: Services Incidental to Mining, Hydro-Electric Plant Construction and Management; Electricity Transmission, Marketing and Distribution Services; Public Irrigation Services;

Management and Operation of Water Distribution and Waste Management Services; Airport and Port Construction, Operation and Management Services; and Operation of Lotteries

Obligations Concerned: Market Access (Article 11.4)

Existing Measures: - Ley Minera de la República Dominicana, No. 146, June 4, 1971, Art. 3

- Ley General de Electricidad, No. 125-01, July 26, 2001, Art. 41

- Ley sobre el Dominio de Aguas Terrestre y Distribución de Aguas Publicas, No. 5852, March 29, 1962, Arts. 17 and 18

- Ley que Crea el Instituto Nacional de Recursos Hidráulicos (INDRHI), No. 6, September 8, 1964, Art. 4

- Ley que Estable una Renta Pública bajo la Denominación de Lotería Nacional, No. 5158, June 25, 1959, Arts. 1 and 3

Description: Cross-Border Services

In granting concessions to supply the following services:

- construction or temporary management of a hydro-electric power plant;
- construction or temporary management of an electric transmission project;
- distribution or marketing of electricity;
- irrigation services or construction, management, operation, or maintenance of water distribution or waste management services;
- construction, operation, or management of a port or airport;
- services incidental to mining; or
- operation of lotteries; the Dominican Republic reserves the right to impose limitations on the number of service suppliers in the form of numerical quotas, monopolies, or exclusive service suppliers; or require supply of these services through a joint venture.

ANNEX I, Schedule of the Dominican Republic

For greater certainty, any other conditions on the grant of such concession shall be otherwise consistent with the Agreement and services suppliers of the other Parties will be permitted to obtain such concessions.

ANNEX I

Schedule of El Salvador

Sector: All Sectors

Obligations Concerned: National Treatment (Article 10.3) Most-Favored-Nation Treatment (Article 10.4)

Level of Government: Central

Measures: Constitución de la República de El Salvador, Arts. 95 and 109

Description: Investment

Rural land may not be owned by a foreign person, including a branch of a foreign person, if the person is a national of a country or is organized under the law of a country that does not permit Salvadoran persons to own rural land, except in the case of land to be used for industrial plants. An enterprise organized under Salvadoran law, a majority of whose capital is owned by foreign persons, or a majority of whose partners are foreign persons, is subject to the preceding paragraph.

ANNEX I, Schedule of El Salvador

Sector: All Sectors

Obligations Concerned: National Treatment (Article 10.3) Most-Favored-Nation Treatment (Article 10.4)

Level of Government: Central

Measures: Constitución de la República de El Salvador, Arts. 95 and 115

Ley de Inversiones, Legislative Decree No. 732, Art. 7

Código de Comercio, Art. 6

Description: Investment

Only the following persons may engage in small scale commerce, industry, and the supply of services in El Salvador:

(a) Salvadoran nationals born in El Salvador; and

(b) nationals of Central American Parties.

An enterprise organized under Salvadoran law, a majority of whose capital is owned by foreign persons, or a majority of whose partners are foreign persons, may not establish a small scale enterprise to engage in small scale commerce, industry, and the supply of services ("small scale enterprise"). For purposes of this entry, a small scale enterprise is an enterprise with a capitalization not greater than 200,000 U.S. dollars.

ANNEX I, Schedule of El Salvador

Sector: Cooperative Production Societies

Obligations Concerned: National Treatment (Article 10.3)

Level of Government: Central

Measures: Reglamento de la Ley General de Asociaciones Cooperativas, Title VI, Chapter 1, Art. 84

Description: Investment

In cooperative production societies, at least 75 percent of the total number of partners must be Salvadoran persons. For purposes of this non-conforming measure, a branch of an enterprise that is not organized under Salvadoran law is not a Salvadoran person. For greater certainty, a cooperative production society exists to provide certain benefits to its members including with respect to distribution, sales, management, and technical assistance. Its functions are not only economic but also social.

ANNEX I, Schedule of El Salvador

Sector: Duty-Free Commercial Centers and Establishments

Obligations Concerned: National Treatment (Article 10.3)

Level of Government: Central

Measures: Constitución de la República de El Salvador, Art. 95

Ley para el Establecimiento de Tiendas Libres en los Puertos Marítimos de El Salvador, Art. 5

Description: Investment

Only Salvadoran nationals born in El Salvador and enterprises organized under Salvadoran law may apply for a permit to establish duty-free commercial centers or establishments in El Salvador's seaports.

However, an enterprise organized under Salvadoran law, a majority of whose capital is owned by foreign persons, or a majority of whose partners are foreign persons, may not establish duty free commercial centers or establishments in El Salvador's seaports.

ANNEX I, Schedule of El Salvador

Sector: Air Services – Specialty Air Services

Obligations Concerned: Most-Favored-Nation Treatment (Article 11.3) National Treatment (Article 11.2)

Level of Government: Central

Measures: Ley Orgánica de Aviación Civil, Arts. 5, 89, and 92

Description: Cross-Border Services

The supply of specialty air services requires prior authorization from the Autoridad de Aviación Civil. Authorization from the civil aviation authority is subject to reciprocity and must take into account national air transport policy.

ANNEX I, Schedule of El Salvador

Sector: Air Services – Aircraft Repair and Maintenance Services During which an Aircraft is Withdrawn from Service and Pilots of Specialty Air Services

Obligations Concerned: National Treatment (Article 11.2) Most-Favored-Nation Treatment (Article 11.3)

Level of Government: Central

Measures: Ley Orgánica de Aviación Civil, Arts. 39 and 40

Description: Cross-Border Services

El Salvador applies reciprocity requirements when determining whether to recognize or validate licenses, certificates, and permits issued by foreign air transport authorities to:

- (a) technical staff supplying aircraft repair and maintenance services while an aircraft is withdrawn from service; and
- (b) pilots and other technical staff supplying specialty air services.

ANNEX I, Schedule of El Salvador

Sector: Communications Services – Advertising and Promotional Services for Radio and Television

Obligations Concerned: Most-Favored-Nation Treatment (Article 11.3) National Treatment (Article 11.2)

Level of Government: Central

Measures: Decreto de las disposiciones para regular la explotación de obras de naturaleza intelectual por medios de comunicación pública y la participación de artistas salvadoreños en espectáculos públicos, Legislative Decree No. 239, June 9, 1983, published in Diario Oficial No. 111, Vol. 279, June 15, 1983, Art. 4

Decree No. 18, Sustitución de los artículos 1 y 4 del Decreto Legislativo No. 239, June 9, 1983, published in Diario Oficial No. 7, Vol. 282, January 10, 1984

Description: Cross-Border Services

At least 90 percent of the production and recording of any commercial advertisement for use in El Salvador's public communications media, meaning over-the-air television and radio broadcasts and printed material that originate in El Salvador, must be carried out by enterprises organized under Salvadoran law. A commercial advertisement produced or recorded by an enterprise organized under the law of another Central American Party may be used in the Salvadoran media, as long as similar treatment is extended by that Party to commercial advertisements produced or recorded in El Salvador. The broadcast in El Salvador's public media of a commercial advertisement for an international product, brand, or service that has been imported into El Salvador or produced in El Salvador under license and does not satisfy the requirements referenced above will be permitted and may be subject to a one-time-fee.

ANNEX I, Schedule of El Salvador

Sector: Communications Services – Television and Radio Broadcasting Services

Obligations Concerned: National Treatment (Article 10.3)

Level of Government: Central

Measures: Ley de Telecomunicaciones, Art. 123

Description: Investment

Concessions and licenses for free reception broadcasting services shall only be granted to Salvadoran nationals born in El Salvador or enterprises organized under Salvadoran law whose equity capital is at least 51 percent owned by Salvadoran persons.

ANNEX I, Schedule of El Salvador

Sector: Performing Arts

Obligations Concerned: National Treatment (Article 11.2)

Level of Government: Central

Measures: Ley de Migración, Arts. 62-A and 62-B

Legislative Decree No. 382, May 29, 1970, published in Diario Oficial No. 64, Vol. 227, April 10, 1970

Executive Decree No. 16, May 12, 1970, published in Diario Oficial No. 87, Vol. 227, May 18, 1970, Art. 1

Description: Cross-Border Services

No foreign artist may give paid performances of any kind without the prior express authorization of the Ministerio de Gobernación, which shall first seek, within 15 days, the advisory opinion of the legally established craft union of the artistic field in which the artist is involved. Foreign artists shall pay, to the relevant union, a performance fee deposit of 10 percent of the gross income likely to be earned in the country. Where it is not possible to make the advance payment, the artist shall pay an adequate amount as a “security deposit” to the relevant union. No foreign artist or group of artists may perform in the country for more than 30 days consecutively or intermittently within a year from the date of the first performance. An artist is any person acting in El Salvador, individually or in a company consisting of one or more persons, to give performances in music, song, dance or readings, or to present shows, whether in person (i.e., live) or before a large or small audience or on radio or television.

ANNEX I, Schedule of El Salvador

Sector: Circuses

Obligations Concerned: National Treatment (Article 11.2)

Level of Government: Central

Measures: Ley de Migración, Art. 62-C

Decree No. 122, November 4, 1988, published in Diario Oficial No. 219, Vol. 301, November 25, 1988, Art. 3

Legislative Decree No. 382, May 29, 1970, published in Diario Oficial No. 64, Vol. 227, April 10, 1970

Decree No. 193, March 8, 1989, published in Diario Oficial No. 54, Vol. 302, March 17, 1989, Arts. 1 and 2

Reglamento para la Aplicación de los Decretos Legislativos 122 and 193 Relativos a Empresas Circenses, Arts. 1 and 2

Description: Cross-Border Services

Foreign circuses or other similar shows must pay to the relevant circus union a

performance fee equal to 2.5 percent of the gross income likely to be earned daily from ticket sales. The fee must be paid in full through the withholding system. All foreign circuses must be authorized by the appropriate Ministry and once authorized, notify the Asociación Salvadoreña de Empresarios Circenses (ASEC) and pay ASEC 3 percent of the gross income earned from ticket sales for each performance, as well as 10 percent of total earnings from sales to the audience, inside the circus, of flags, caps, tee shirts, balloons, photographs and other paraphernalia. The foreign circus shall pay an adequate amount as a security deposit to ASEC. A foreign circus entering El Salvador may only work in the city of San Salvador for 15 days, which may be extended for a further 15 days. A foreign circus that has performed in El Salvador can only return to the country after at least one year has elapsed since the date on which the circus left the country.

ANNEX I, Schedule of El Salvador

Sector: Performing Arts

Obligations Concerned: National Treatment (Article 11.2)

Level of Government: Central

Measures: Decreto de las disposiciones para regular la explotación de obras de naturaleza intelectual por medios de comunicación pública y la participación de artistas salvadoreños en espectáculos públicos, Legislative Decree No. 239, June 9, 1983, published in Diario Oficial No. 111, Vol. 279, June 15, 1983, Art. 3

Decree No. 18, Sustitución de los artículos 1 y 4 del Decreto Legislativo No. 239, June 9, 1983, published in Diario Oficial No. 7, Vol. 282, January 10, 1984

Description: Cross-Border Services

In the case of public performances involving the live participation of artists of any kind, the participation of Salvadoran nationals shall be equivalent to 20 percent of the number of participating foreigners.

ANNEX I, Schedule of El Salvador

Sector: Construction and Related Engineering Services

Obligations Concerned: Most-Favored-Nation Treatment (Articles 10.4 and 11.3)

National Treatment (Articles 10.3 and 11.2) Local Presence (Article 11.5)

Level of Government: Central

Measures: Ley de Incentivos a las Empresas Nacionales de la Industria de la Construcción, Legislative Decree No. 504, published in Diario Oficial No. 167, Vol. 308, July 9, 1990, as amended by Legislative Decree No. 733, published in Diario Oficial No. 80, Vol. 311, April 23, 1991

Description: Cross-Border Services and Investment To participate in design activities, consulting, consulting and management of engineering or architectural projects, or any type of work or study relating to such projects' construction, whether before, during, or after construction, an enterprise a majority of whose capital is owned by foreign nationals ("foreign enterprise") must be contractually associated with an enterprise established in El Salvador ("Salvadoran enterprise") that is legally registered and qualified with the Ministerio de Obras Públicas, unless the foreign enterprise determines that such Salvadoran enterprise is not available. The foreign enterprise must have a resident representative in El Salvador. Further, an engineering or architectural project is subject to the following requirements:

(a) enterprises organized under Salvadoran law must have an investment in the project equal to at least 20 percent of the value of the project; and

(b) such enterprises must supply at least 30 percent of the technical staff and 90 percent of the administrative staff on the project.

The requirements of subparagraph (b) do not apply if the foreign enterprise determines that Salvadoran enterprises are not able to provide the necessary resources.

ANNEX I, Schedule of El Salvador

For greater certainty, technical staff and administrative staff do not include senior management. The requirements of subparagraphs (a) and (b) do not apply:

- (i) when the funds for the project come partially or entirely from foreign governments or international organizations; or
- (ii) to specific projects or grants for specialized technical cooperation.

ANNEX I, Schedule of El Salvador

Sector: Public Accounting and Public Auditing

Obligations Concerned: Most-Favored-Nation Treatment (Articles 10.4 and 11.3)

National Treatment (Articles 10.3 and 11.2)

Level of Government: Central

Measures: Ley Reguladora del Ejercicio de la Contaduría, Arts. 2, 3, and 4

Description: Cross-Border Services and Investment Only a Salvadoran national may be authorized as a public accountant. Only a person authorized as a public accountant may be authorized as an external auditor. For an enterprise to be authorized to supply public accounting services, the principal partners, shareholders, or associates must be Salvadoran nationals, and at least one person among the partners, shareholders, associates, or administrators must be authorized as a public accountant in El Salvador.

ANNEX I, Schedule of El Salvador

Sector: Professional Services:

- Architectural Services
- Engineering Services
- Integrated Engineering Services
- Urban Planning and Landscaping Services

Obligations Concerned: National Treatment (Article 11.2) Local Presence (Article 11.5)

Level of Government: Central

Measures: Ley de Urbanismo y Construcción, Arts. 4 and 8

Registro Nacional de Arquitectos, Ingenieros, Proyectistas y Constructores, Executive Decree No. 34, published in Diario Oficial No. 4, Vol. 306, January 8, 1990

Reglamento Interno del Consejo Nacional de Arquitectos, Ingenieros, Proyectistas y Constructores, Executive Decree No. 75, published in Diario Oficial No. 11, Vol. 310, January 17, 1991, Arts. 25, 26, and 27

Description: Cross-Border Services

Only architects and engineers who are inscribed in the Registro Nacional de Arquitectos, Ingenieros, Proyectistas y Constructores (“Registro Nacional”) may supervise architectural and engineering work on construction projects and sign and seal architectural or engineering plans for such projects. An architect or engineer must be resident in El Salvador to be inscribed in the Registro Nacional. Draftsmen, builders, and electrical installation technicians must be Salvadoran nationals in order to be inscribed in the Registro Nacional.

ANNEX I, Schedule of El Salvador

Sector: Professional Services: Health Services (Including but not limited to: General and Specialist Medical Services, Dental Services, Veterinary Services, Paramedical Services, Services rendered by Psychologists, Midwives, Nurses, Physiotherapists, Chemists and Qualified Clinical Laboratory Technicians, and Technical and Auxiliary Staff)

Obligations Concerned: Most-Favored-Nation Treatment (Article 11.3) National Treatment (Article 11.2) Local Presence (Article 11.5)

Level of Government: Central

Measures: Código de Salud, Arts. 4, 5, 17, 23, 30, 31, 32, and 306

Description: Cross-Border Services

A permit is necessary for the exercise of the health services professions and their specialized, technical, and auxiliary activities. Permits are issued by the appropriate Junta de Vigilancia. The Junta de Vigilancia may grant permanent, temporary, or provisional permits. A permanent permit is available only for private professional activity. Other permits are subject to restrictions and limitations in accordance with the law for specified reasons. To grant a permanent permit the Junta de Vigilancia shall require that persons be Salvadoran nationals by birth or authorized to permanently reside in the country. In addition to fulfilling the requirements under the law, foreigners must provide proof that the jurisdiction in which they earned their qualification allows Salvadoran nationals or graduates to practice their profession in analogous circumstances.

ANNEX I, Schedule of El Salvador

Sector: Professional Services – Legal Services (Notary Public)

Obligations Concerned: Most-Favored-Nation Treatment (Article 11.3) National Treatment (Article 11.2) Local Presence (Article 11.5)

Level of Government: Central

Measures: Ley de Notariado, Art. 4

Description: Cross-Border Services

Only persons authorized by the Supreme Court of Justice may exercise the profession of notary public. Only Salvadoran nationals who are attorneys may obtain such authorization. Central American nationals who have been authorized to practice law in El Salvador and who have resided in the country for at least two years may also obtain such authorization, provided that:

(a) they have not been barred from practicing the profession of notary public in their own country; and

(b) Salvadoran nationals may practice the same profession in their country without any additional requirements than those laid down in Salvadoran law.

ANNEX I, Schedule of El Salvador

Sector: Professional Services – Teachers

Obligations Concerned: National Treatment (Article 11.2)

Level of Government: Central

Measures: Constitución de la República, Art. 60

Description: Cross-Border Services

Only Salvadoran nationals may teach national history and the Constitution.

ANNEX I, Schedule of El Salvador

Sector: Professional Services: Customs Agents  
Obligations Concerned: Most-Favored-Nation Treatment (Articles 10.4 and 11.3)  
National Treatment (Articles 10.3 and 11.2)  
Level of Government: Central  
Measures: Reglamento del Código Aduanero Uniforme Centroamericano, Art. 18  
Description: Cross-Border Services and Investment  
Only nationals of the Central American Parties may work as customs agents.

ANNEX I, Schedule of El Salvador

Sector: Transport Services – Road Transport Services  
Obligations Concerned: National Treatment (Articles 10.3 and 11.2)  
Measures: Constitución de la República de El Salvador, Art. 95  
Ley de Transporte Terrestre, Tránsito y Seguridad Vial, Arts. 38-A and 38-B  
Reglamento General de Transporte Terrestre, Arts. 1 and 2  
Level of Government: Central  
Description: Cross-Border Services and Investment  
Permits for the supply of services in passenger transport, regular and non-regular, within El Salvador may only be granted to Salvadoran nationals or their partners. Only vehicles with Salvadoran license plates may transport goods from points in El Salvador to other points in El Salvador. At least 51 percent of the equity capital of an enterprise engaged in such goods transport in El Salvador must be owned by Salvadoran persons. If such capital is owned by an enterprise, at least 51 percent of the stock of that enterprise must be owned by Salvadoran nationals.

ANNEX I, Schedule of El Salvador

Sector: Energy  
Obligations Concerned: Market Access (Article 11.4)  
Measures: Ley reguladora del deposito, transporte y distribución de productos de petróleo, Art. 8  
Description: Cross-Border Services  
The construction of a gas service station will not be authorized if it is not a prudent distance from another gas station, in order to avoid excessive concentration. A prudent distance is considered one of not less than 600 meters in an urban area and 10 kilometers in a rural area. The 10 kilometer requirement also applies to one-way roads. For two-way roads containing medians, the distance will be measured on each side of the road independently.

ANNEX I, Schedule of El Salvador

Sector: Land Transport  
Obligations Concerned: Market Access (Article 11.4)  
Measures: Reglamento General de Transporte Terrestre, Title III, Art. 11 and Title V, Arts. 29 and 30  
Description: Cross-Border Services  
Public passenger land transportation concessions for a specific route will be limited, subject to technical studies of existing demand. A free public passenger land transportation concession is limited to one vehicle.

ANNEX I

Schedule of Guatemala

Sector: All Sectors

Obligations Concerned: National Treatment (Article 10.3)

Level of Government: Central

Measures: Decree No. 118-96 that amends Decree Nos. 38-71 and 48-72, Arts. 1 and 2

Description: Investment

Only the following persons may be granted title to, rent, or use state-owned lands in the Department of El Petén:

- (1) Guatemalans by birth who do not own rural real estate anywhere in the country that exceeds 45 hectares; and
- (2) Guatemalans by birth who do not own industrial, mining or commercial enterprises. Enterprises owned 100 percent by Guatemalans by birth that meet the requirements set out in the preceding paragraph may be granted title to, rent, or use state-owned lands in the Department of El Petén.

ANNEX I, Schedule of Guatemala

Sector: All Sectors

Obligations Concerned: National Treatment (Article 10.3)

Level of Government: Central

Measures: Ley de Titulación Supletoria, Decree 49-79, Art. 2

Description: Investment

Only Guatemalans by birth and enterprises that are majority owned by Guatemalans by birth may take adverse possession of real estate.

ANNEX I, Schedule of Guatemala

Sector: All Sectors

Obligations Concerned: National Treatment (Article 10.3)

Level of Government: Central

Measures: Constitución Política de la República de Guatemala, Art. 122 Ley Reguladora de las Áreas de Reservas Territoriales del Estado de Guatemala, Decree No. 126-97, Art. 5

Description: Investment

Foreign nationals require an authorization from the Oficina de Control de Areas de Reserva del Estado to acquire ownership of the following state-owned land:

- (a) real estate located in urban zones; and
- (b) real estate for which rights were registered in the General Property Registry before March 1, 1956 in the following locations:
  - (i) a 3-kilometer-long strip of land along the ocean;
  - (ii) 200 meters around the lakeshores;
  - (iii) 100 meters on either side of the navigable rivers; and
  - (iv) 50 meters around any spring that serves as a source of water for the population.

Only the Government may rent state-owned land described above to enterprises organized under Guatemalan law.

ANNEX I, Schedule of Guatemala

Sector: All Sectors

Obligations Concerned: National Treatment (Article 10.3)

Level of Government: Central

Measures: Constitución Política de la República de Guatemala, Art. 123

Description: Investment

Only Guatemalans by birth and enterprises 100 percent owned by Guatemalans by birth may own or possess real property located within 15 kilometers of the borders. Foreign nationals may, however, own or possess urban real estate and real estate for which rights were registered in the General Property Registry before March 1, 1956 within the 15 kilometer area.

ANNEX I, Schedule of Guatemala

Sector: All Sectors

Obligations Concerned: National Treatment (Article 10.3)

Level of Government: Central

Measures: Código de Comercio, Decree No. 2-70, and its amendments contained in Decree No. 62-95, Art. 2

Description: Investment

For an enterprise organized under foreign law to be established in Guatemala, in any form, it must allocate an assigned amount of capital for its operations in Guatemala, and execute a guarantee in favor of third parties in an amount not less than the equivalent in quetzales of US\$ 50,000, which must remain in effect for the duration of the enterprise's operations in Guatemala. The exact amount of the guarantee shall be determined by the Registro Mercantil, based on, among other factors, the amount of the investment. For greater certainty, the requirement of a bond is not to be construed to prevent an enterprise organized under the laws of a foreign country from establishing in Guatemala.

ANNEX I, Schedule of Guatemala

Sector: Forestry

Obligations Concerned: National Treatment (Article 10.3)

Level of Government: Central

Measures: Constitución Política de la República de Guatemala, Art. 126

Description: Investment

Only Guatemalans by birth or enterprises organized under Guatemalan law may exploit and renew forestry resources.

ANNEX I, Schedule of Guatemala

Sector: Professional Services – Notaries

Obligations Concerned: National Treatment (Article 11.2) Local Presence (Article 11.5)

Level of Government: Central

Measures: Código de Notariado, Decree No. 314, Art. 2

Description: Cross-Border Services

To practice as a notary public, an individual must be a Guatemalan by birth domiciled in Guatemala.

ANNEX I, Schedule of Guatemala

Sector: Professional Services

Obligations Concerned: National Treatment (Article 10.3)

Level of Government: Central

Measures: Código de Comercio, Decree No. 2-70, Art. 213

Description: Investment

An enterprise organized under the laws of a foreign country that supplies a professional service that requires a legally recognized university degree, certificate, or diploma may not be established in Guatemala. However, such an enterprise may supply its services in Guatemala through a contract or other relationship with an enterprise established in Guatemala.

ANNEX I, Schedule of Guatemala

Sector: Performing Arts

Obligations Concerned: National Treatment (Article 11.2) Local Presence (Article 11.5)

Level of Government: Central

Measures: Ley de Espectáculos Públicos, Decree No. 574, Arts. 36, 37, and 49 Acuerdo Ministerial No. 592-99 del Ministerio de Cultura y Deportes, Art. 1

Description: Cross-Border Services

Prior authorization from the Dirección de Espectáculos is required to contract with foreign groups, enterprises, or artists. In order for foreign artists or artist groups to perform in Guatemala, they must have a consent letter from any of the legally recognized non-governmental artist unions in the country. In mixed performances, made up of one or more films and variety shows, preference will be given to Guatemalans if the circumstances of the cast, schedule, and contract so allow.

ANNEX I, Schedule of Guatemala

Sector: Tour Guides

Obligations Concerned: National Treatment (Article 11.2) Local Presence (Article 11.5)

Level of Government: Central

Measures: Acuerdo No. 219-87 del Instituto Guatemalteco de Turismo – INGUAT Funcionamiento de Guías de Turismo, Art. 6

Description: Cross-Border Services

Only Guatemalans by birth or nationals of a foreign country that are residents in Guatemala may provide tour guide services in Guatemala.

ANNEX I, Schedule of Guatemala

Sector: Specialty Air Services

Obligations Concerned: Most-Favored-Nation Treatment (Article 11.3)

Level of Government: Central

Measures: Ley de Aviación Civil, Decreto del Congreso 93-2000, Art. 24

Description: Cross-Border Services

In order to perform aeronautical duties on board foreign aircraft, individuals are required to have a certificate, license, or the equivalent, accepted by the Dirección General de Aeronáutica Civil, or issued pursuant to an international agreement to which Guatemala is a party, under conditions of reciprocity.

ANNEX I, Schedule of Guatemala

Sector: Specialty Air Services

Obligations Concerned: National Treatment (Article 11.2)

Level of Government: Central

Measures: Ley de Aviación Civil, Decree No. 93-2000, Art. 62

Description: Cross-Border Services

In the operation of specialty air services by Guatemalan operators, all personnel

performing aeronautical duties on board the aircraft must be Guatemalans by birth. However, the Dirección General de Aeronáutica Civil may authorize foreign nationals to perform such duties for a period not to exceed three months, counting from the date of authorization. The Dirección General de Aeronáutica Civil may extend this period if it determines that there are no such trained personnel in Guatemala.

ANNEX I, Schedule of Guatemala

Sector: Air Transportation

Obligations Concerned: National Treatment (Article 10.3) Senior Management and Boards of Directors (Article 10.10)

Level of Government: Central

Measures: Ley de Aviación Civil, Decree No. 93-2000, Art. 71

Description: Investment

Only Guatemalans by birth or enterprises organized under Guatemalan law may operate commercial air transportation services in Guatemala. For greater certainty, commercial air transportation services includes all domestic air transport, including of passengers, mail or cargo. In order to supply such services, an enterprise must also meet the following requirements:

- (a) the enterprise must have its principal place of business in Guatemala; and
- (b) at least one-half, plus 1, of the directors, managers and individuals who have responsibility for management and control of the enterprise must be Guatemalans by birth or be a permanent resident of Guatemala.

ANNEX I

Schedule of Honduras

Sector: All Sectors

Obligations Concerned: National Treatment (Article 10.3)

Level of Government: Central

Measures: Decree No. 131, Constitución de la República, Title III, Chapter II, Art. 107

Decree No. 90-1990, Ley para la Adquisición de Bienes Urbanos en las Áreas que delimita el Artículo 107 de la Constitución de la República, Arts. 1 and 4

Decree No. 968, Ley para la Declaratoria, Planeamiento y Desarrollo de las Zonas de Turismo, Title V, Chapter V, Art. 16

Description: Investment

State land, common land, and private land within 40 kilometers of the borders and coastlines, and such land on islands, keys, coral reefs, breakwaters, rocks, and sand shoals in Honduras, can only be acquired, possessed, or held under any title by Honduran nationals by birth, by enterprises fully owned by Honduran nationals, and by state institutions.

Notwithstanding the preceding paragraph, any person may acquire, possess, hold, or lease for up to 40 years (which may be renewed) urban lands in such areas provided that it is certified and approved for tourist purposes, economic or social development, or for the public interest by the Secretaría de Estado en el Despacho de Turismo.

Any person that acquires, possesses, or holds such urban land may transfer that land only after prior authorization by the Secretaría de Estado en el Despacho de Turismo.

ANNEX I, Schedule of Honduras

Sector: All Sectors

Obligations Concerned: National Treatment (Article 10.3) Most-Favored-Nation Treatment (Article 10.4)  
Level of Government: Central  
Measures: Decree No. 131, Constitución de la República de Honduras, Title VI, Chapter I, Art. 337  
Agreement No. 345-92, Reglamento de la Ley de Inversiones, Chapters I and VI, Arts. 3 and 49  
Description: Investment  
Small-scale industry and trade are reserved to Honduran persons.  
Foreign investors cannot engage in small-scale industry or trade unless they are naturalized citizens and their country of origin grants reciprocity.  
“Small-scale industry and trade” means an enterprise with capital, excluding land, buildings, and vehicles, of less than 150,000 Lempiras.

ANNEX I, Schedule of Honduras  
Sector: All Sectors  
Obligations Concerned: National Treatment (Article 10.3) Most-Favored-Nation Treatment (Article 10.4)  
Level of Government: Central  
Measures: Decree No. 65-87, May 20, 1987, Ley de Cooperativas de Honduras, Title II, Chapter I, Arts. 18 and 19  
Agreement No. 191-88, May 30, 1988, Reglamento de la Ley de Cooperativas de Honduras, Art. 34(c) and (d)  
Description: Investment  
Non-Honduran cooperatives may establish in Honduras if they receive authorization from the Instituto Hondureño de Cooperativas. Authorization will be granted if:  
(a) reciprocity exists in the country of origin; and  
(b) the non-Honduran cooperative has at least one permanent legal representative in Honduras.

ANNEX I, Schedule of Honduras  
Sector: Customs Agents and Customs Agencies  
Obligations Concerned: National Treatment (Article 10.3 and 11.2)  
Level of Government: Central  
Measures: Decree No. 212-87, Ley de Aduanas, Title IX, Chapter I, First and Third Sections, Arts. 177 and 182  
Description: Cross-Border Services and Investment  
Licensed customs agents must be Honduran nationals by birth.  
Employees of the customs agent, who act on behalf of the customs agent, also must be Honduran nationals by birth.

ANNEX I, Schedule of Honduras  
Sector: Agricultural  
Obligations Concerned: National Treatment (Article 10.3)  
Level of Government: Central  
Measures: Agreement No. 2124-92, Reglamento de Adjudicación de Tierras en la Reforma Agraria, Arts. 1 and 2  
Description: Investment  
Agrarian reform beneficiaries must be Honduran nationals by birth, individually or

organized in peasant cooperatives or other peasant enterprises.

ANNEX I, Schedule of Honduras

Sector: Communications Services – Mail

Obligations Concerned: Market Access (11.4)

Level of Government: Central

Measures: Decree No. 120-93, Ley Orgánica de le Empresa de Correos de Honduras, Arts. 3 and 4

Description: Cross-Border Services

The operation of the mail system in Honduras is reserved exclusively to the Empresa Hondureña de Correos (HONDUCOR). (However, this exclusivity does not apply to the supply of express delivery services).

ANNEX I, Schedule of Honduras

Sector: Radio, Television, and Newspaper Services

Obligations Concerned: Senior Management and Boards of Directors (Article 10.10)

Level of Government: Central

Measures:

Decree No. 131, Constitución de la República de Honduras, Chapter II, Art. 73, third paragraph

Decree No. 6, Ley de Emisión del Pensamiento, Chapter IV, Art. 30

Decree No. 759, Ley del Colegio de Periodistas de Honduras, Art. 8, amended by Decree No. 79, January 1, 1981

Description: Investment

Only Honduran nationals by birth may exercise senior management of newspapers or free over the air broadcast (radio and television) news media, including its intellectual, political, and administrative orientation. (This does not apply to newspapers or news media that are established outside Honduras).

ANNEX I, Schedule of Honduras

Sector: Telecommunications

Obligations Concerned: National Treatment (Article 11.2)

Level of Government: Central

Measures: Decree No.185-95, Ley Marco del Sector Telecomunicaciones, Chapter I, Art. 26

Agreement No. 141-2002, Reglamento General de la Ley Marco del Sector de Telecomunicaciones, December 26, 2002, Title III, Chapter I, Art. 93

Description: Cross-Border Services

Foreign governments may not directly participate in the provision of public telecommunications services.

ANNEX I, Schedule of Honduras

Sector: Telecommunications

Obligations Concerned: Market Access (Article 11.4)

Level of Government: Central

Measures: Decree No. 244-98, October 2, 1998, Art.1

Description: Cross-Border Services

The Empresa Hondureña de Telecomunicaciones (HONDUTEL) has the exclusive right to

provide national and international telecommunications services throughout the territory of Honduras, such as: carrier, telex, telephone and telegraph services, including telegraph services in places where there is no other means of communication with the rest of the country. HONDUTEL shall benefit from the exclusive right to provide such services until December 24, 2005.

Timetable for reduction:

Starting on December 25, 2005, HONDUTEL shall no longer have the exclusive right to provide national and international telecommunications services throughout the territory of Honduras, such as: carrier, telex, telephone and telegraph services, including telegraph services in places where there is no other means of communication with the rest of the country.

ANNEX I, Schedule of Honduras

Sector: Construction or Consulting Services and Related Engineering Services – Civil Engineering

Obligations Concerned: National Treatment (Articles 10.3 and 11.2) Most-Favored Nation Treatment (Article 11.3) Market Access (Article 11.4) Local Presence (Article 11.5)

Level of Government: Central

Measures: Decree No. 47-1987, Ley Orgánica del Colegio de Ingenieros Civiles de Honduras, Art. 67

Reglamento de Ley Orgánica del Colegio de Ingenieros Civiles de Honduras, Arts. 100 (A) – (D) and 101

Decree No. 753, Ley Orgánica del Colegio de Arquitectos de Honduras, Art. 37(b), (c), (d), (g), and (h)

Reglamento de Ley Orgánica del Colegio de Arquitectos de Honduras, Arts. 4(h), 7(a), (c), (d) and (h), 13, 68, and 69

Decree No. 902, Ley Orgánica del Colegio de Ingenieros Mecánicos, Electricistas y Químicos de Honduras, Art. 40 (c), (d), and (h)

Description: Cross-Border Services and Investment

Consulting and construction enterprises must be organized under Honduran law in order to be members of the Colegio de Ingenieros Civiles de Honduras (CICH) and to perform civil engineering projects in Honduras. For greater certainty, consulting and construction enterprises organized under foreign law may register provisionally with the CICH to perform specific civil engineering projects. Higher membership fees apply to foreign owned enterprises. In addition, foreign workers must be authorized by the CICH in order to work on such projects.

ANNEX I, Schedule of Honduras

Sector: Distribution Services – Petroleum Products (Liquid Fuel, Automotive Oil, Diesel, Kerosene, and LPG)

Obligations Concerned: National Treatment (Article 10.3) Local Presence (Article 11.5)

Level of Government: Central

Measures: Decree No. 549, Ley de Representantes, Distribuidores y Agentes de Empresas Nacionales y Extranjeras, Chapter I and VI, Arts. 4 and 25

Decree No. 804, amending Art. 4 of the Ley de Representantes, Distribuidores y Agentes de Empresas Nacionales y Extranjera

Description: Cross-Border Services and Investment

Only Honduran nationals and enterprises organized under Honduran law may be authorized to sell petroleum products. Enterprises must be at least 51 percent owned by Honduran nationals.

ANNEX I, Schedule of Honduras

Sector: Electricity

Obligations Concerned: Market Access (Article 11.4)

Level of Government: Central

Measures: Decree No. 158-94, Ley Marco del Sub Sector Eléctrico, November 26, 1994, Chapter V, Art. 15

Description: Cross-Border Services

Only the Honduran Government, through the Empresa Nacional de Energía Eléctrica, may transmit electricity or operate the electricity transmission system and dispatch center.

ANNEX I, Schedule of Honduras

Sector: Lotteries

Obligations Concerned: Market Access (Article 11.4)

Level of Government: Central

Measures: Ley Orgánica de la Lotería Nacional, Decree No. 438, April 23, 1977, Art. 5(c)

Description: Cross-Border Services

The Patronato Nacional de la Infancia (PANI) exclusively administers the national lottery.

ANNEX I, Schedule of Honduras

Sector: Education Services – Private Preschool, Primary, and Secondary Educational Services

Obligations Concerned: National Treatment (Article 11.2) Most-Favored-Nation Treatment (Article 11.3) Local Presence (Article 11.5) Senior Management and Boards of Directors (Article 10.10)

Level of Government: Central

Measures: Decree No. 131, Constitución de la República, Title III, Chapter VIII, Arts. 34, 166, and 168

Decree No. 79, Ley Orgánica de Educación, Arts. 64 and 65

Decree No. 136-97, Ley del Estatuto del Docente, Arts. 7 and 8

Executive Agreement No. 0760-5E-99, Reglamento General del Estatuto del Docente, Art. 6

Description: Cross-Border Services and Investment

A school director or supervisor must be a Honduran national by birth.

Teachers at all levels of the education system must be Honduran nationals by birth.

Foreign nationals may, however, teach particular subjects at the middle and high school levels if there are no such Honduran nationals available to teach such subjects.

Notwithstanding the preceding sentence, foreign nationals may teach the Constitution, civic education, geography, and the history of Honduras only if there is reciprocity for Honduran nationals in their country of origin.

Private schools at all levels must be organized under Honduran law. For greater certainty, there are no restrictions on foreign ownership of such schools.

ANNEX I, Schedule of Honduras

Sector: Entertainment Services – Music Entertainers

Obligations Concerned: National Treatment (Articles 10.3 and 11.2)

Level of Government: Central

Measures: Decree No. 123, October 23, 1968, Ley de Protección a los Artistas Musicales, Arts. 1 – 4

Description: Cross-Border Services and Investment

Notwithstanding the measure listed above, Honduras agrees that foreign music artists who wish to perform individually or as a group in Honduras must pay five percent of the contracted fee to the Artist Union of Honduras and the manager or leaser shall, if possible, contract local artists to perform during the same performance.

For greater certainty, foreign music artists must register with the Artist Union of Honduras for each performance in Honduras.

ANNEX I, Schedule of Honduras

Sector: Championships and Soccer Games Services

Obligations Concerned: National Treatment (Article 11.2) Most-Favored-Nation Treatment (Article 11.3) Local Presence (Article 11.5)

Level of Government: Central

Measures: Reglamento de Campeonatos y Competencias Liga Nacional de Fútbol No Aficionado de Primera División, Arts. 9 and 10

Description: Cross-Border Services

Foreign nationals that are players in the Honduran national soccer league must be temporarily resident in Honduras. Each team in such league may register a maximum of four foreign players, one of whom must be a national from a Central American country.

ANNEX I, Schedule of Honduras

Sector: Amusement, Cultural, and Sports Services – Casinos and Gambling (Encompasses Roulette, Cards, Punter, Baccarat, Slot Machines, and the Like)

Obligations Concerned: National Treatment (Article 10.3) Local Presence (Article 11.5)

Level of Government: Central

Measures: Decree No. 488, February 16, 1977, Ley de Casinos de Juegos de Envite o Azar, Art. 3

Description Cross-Border Services and Investment

Only Hondurans nationals by birth and enterprises organized under Honduran law may operate a casino.

ANNEX I, Schedule of Honduras

Sector: Environmental Services

Obligations Concerned: Market Access (Article 11.4)

Level of Government: Central

Measures: Decree No. 134-90, Ley de Municipalidades, Art. 13(3) and (4)

Decree No. 104-93, Ley General del Ambiente, Arts. 29 and 67

Description: Cross-Border Services

Only the State, through its municipalities, may provide public water distribution, waste disposal, and sanitation and hygiene services. For greater certainty, municipalities are responsible for the construction of aqueducts, the maintenance and administration of potable water, sanitary sewerage, and drainage, and the promotion and development of related projects.

ANNEX I, Schedule of Honduras

Sector: Distribution, Wholesale and Retail – Weapons, Munitions, and Other Related Items

Obligations Concerned: Market Access (Article 11.4)

Level of Government: Central

Measures: Decree No. 131, Constitución de la República, Title V, Chapter X, Art. 292

Decree No. 80-92, Ley de Inversiones, Chapter VI, Art.16

Description: Cross-Border Services

The wholesale and retail distribution of the following items are reserved solely for the Fuerzas Armadas de Honduras:

- munitions;
- warplanes,
- military rifles,
- all classes of pistols and revolvers, 41 caliber or higher;
- Honduran Army standard-issue pistols;
- silencers for all classes of firearms;
- firearms;
- accessories and munitions;
- cartridges for firearms;
- apparatus and other accessories required to load cartridges;
- gunpowder, explosives, caps, and fuses;
- gas masks; and
- air rifles.

For greater certainty, use of explosives for commercial purposes may be permitted by the appropriate Honduran authority.

ANNEX I, Schedule of Honduras

Sector: Investigation and Security Services

Obligations Concerned: National Treatment (Article 10.3) Senior Management and Boards of Directors (Article 10.10)

Level of Government: Central

Measures: Decree No. 156-98, Ley Orgánica de la Policía Nacional, Art.91

Description: Investment

In order to be established in Honduras, foreign private security enterprises must partner with Honduran enterprises working in the same field and appoint a Honduran national by birth as a senior manager.

ANNEX I, Schedule of Honduras

Sector: Fisheries

Obligations Concerned: National Treatment (Article 10.3)

Level of Government: Central

Measures: Decree No. 154, Ley de Pesca, Chapter IV, Arts. 20, 26, and 29

Description : Investment

Only Honduran nationals resident in Honduras and enterprises organized under Honduran law at least 51 percent owned by Honduran nationals can engage in commercial fishing in the territorial waters, rivers, and lakes in Honduras. For greater certainty, only Honduran flag vessels can perform commercial fishing activities in territorial waters in Honduras. For greater certainty, only Honduran nationals by birth can be captains of commercial fishing vessels.

ANNEX I, Schedule of Honduras

Sector: Professional Services

Obligations Concerned: National Treatment (Article 11.2) Most-Favored-Nation Treatment (Article 11.3) Local Presence (Article 11.5)

Level of Government: Central

Measures: Decree No. 131, Constitución de la República de Honduras, Chapter VIII, Art. 177 Reglamento para el Reconocimiento de Estudios Universitarios e Incorporación de Profesionales, Arts. 2, 11, and 18

Description: Cross-Border Services

Notwithstanding existing measures relating to requirements for the practice of professions, including the measures listed above, Honduras agrees that authorization for professional practice will be granted based on principles of reciprocity.

Honduras agrees that if a jurisdiction in the United States recognizes professional degrees awarded by Honduran educational institutions, then Honduras will recognize equivalent professional degrees awarded by U.S. educational institutions.

Likewise, Honduras agrees that if a jurisdiction in the United States allows Honduran nationals to apply for and receive a license or certificate for the provision of a professional service, then Honduras will allow U.S. nationals to apply for and receive an equivalent license or certificate.

For greater certainty, the preceding paragraphs do not grant the automatic recognition of professional degrees or right to practice a profession, nor do they eliminate the nationality requirement for certain professions reserved exclusively for Honduran nationals, as provided for in Annexes I or II.

In addition, the relevant professional association in Honduras will recognize a license granted by a jurisdiction in the United States, and allow the holder of that license to register with the association and practice the profession in Honduras on a temporary basis based on the license issued in a jurisdiction in the United States, in the following cases:

ANNEX I, Schedule of Honduras

(a) no educational institution in Honduras offers a course of study that would allow the practice of the profession in Honduras;

(b) the holder of the license is a recognized expert in the profession; or

(c) allowing the professional to practice in Honduras will, through training, demonstration, or other such opportunity, further the development of the profession in Honduras.

ANNEX I, Schedule of Honduras

Sector: Air Transportation

Obligations Concerned: National Treatment (Article 10.3) Senior Management and Boards of Directors (Article 10.10)

Level of Government: Central

Measures: Decree No. 146, Ley de Aeronáutica Civil, Chapter X, Second, Third, and Fourth Sections, Art.80

Description: Investment

Only Honduran nationals and enterprises organized under Honduran law may supply domestic and international commercial public air transportation services by means of a

Honduran flag aircraft.

Such enterprises must be controlled and at least 51 percent owned by Honduran nationals.

ANNEX I, Schedule of Honduras

Sector: Air Transportation

Obligations Concerned: National Treatment (Article 11.2) Most-Favored-Nation Treatment (Article 11.3) Local Presence (Article 11.5)

Level of Government: Central

Measures: Decree No. 146, Ley de Aeronáutica Civil, Chapter X, Second, Third, and Fourth Sections, Arts. 37, 125, and 126

Description: Cross-Border Services

Private specialty air transportation services for remuneration can only be provided by Honduran nationals or enterprises organized under Honduran law and must be authorized by the Secretaría de Obras Públicas, Transporte y Vivienda.

When Honduran personnel are not available to perform such activities, foreign pilots or other technical personnel may be allowed to exercise such activities, with preference given to qualified personnel from any Central American country.

ANNEX I, Schedule of Honduras

Sector: Maritime Transportation - Coastal Navigation

Obligations Concerned: National Treatment (Articles 10.3 and 11.2) Most-Favored Nation Treatment (Articles 10.4 and 11.3) Local Presence (Article 11.5)

Level of Government: Central

Measures: Decree No. 167-94, January 2, 1995, Ley Orgánica de la Marina Mercante Nacional, Title II, III, Chapter VII, Art. 40 Agreement No. 000764, December 13, 1997, Reglamento de Transporte Marítimo, Art. 6

Description: Cross-Border Services and Investment

Coastal navigation for commercial purposes is reserved for Honduran merchant vessels. If there are no Honduran merchant vessels, or if they are not available, and for the time period that such circumstances exist, the Dirección General de la Marina Mercante may authorize foreign merchant vessels to provide coastal navigation in Honduras. In such circumstances, preference shall be given to Central American flag vessels.

Honduran merchant vessels must be organized under Honduran law, at least 51 percent of its subscribed and paid-in share capital must be owned by Honduran nationals, and the company must be domiciled in Honduras.

ANNEX I, Schedule of Honduras

Sector: Land Transportation

Obligations Concerned: National Treatment (Articles 10.3 and 11.2) Most-Favored Nation Treatment (Article 11.3) Market Access (Article 11.4) Local Presence (Article 11.5)

Level of Government: Central

Measures: Decree No. 319-1976, Ley de Transporte Terrestre, Arts. 3, 5, 17, 18, 27, and 28

Agreement No. 200, Reglamento de la Ley de Transporte Terrestre, Arts. 1, 7, 32, 33, and 34

Description: Cross-Border Services and Investment

Public domestic land passenger and cargo transportation services may be supplied only by Honduran nationals and enterprises that are organized under Honduran law and at least 51 percent owned by Honduran nationals. It is necessary to obtain a certificate of operation from the Dirección General de Transporte de la Secretaría de Obras Públicas, Transporte y Vivienda (SOPTRAVI), which is subject to an economic needs test. Public international land passenger and cargo transportation services may be supplied by foreign nationals and enterprises organized under foreign law based on reciprocity, but authorization for particular routes will be granted on a preferential basis to Honduran nationals and to enterprises organized under Honduran law.

ANNEX I, Schedule of Honduras

Sector: Transportation – Railways

Obligations Concerned: National Treatment (Article 10.3) Senior Management and Boards of Directors (Article 10.10)

Level of Government: Central

Measures: Decree No. 48, Ley Constitutiva del Ferrocarril Nacional de Honduras, Chapters I and VIII, Arts. 32 and 12 (amended by Decree No. 54)

Description: Investment

The Ferrocarril Nacional de Honduras may only sell its subsidiaries to Honduran nationals and enterprises organized under Honduran law.

The senior manager of the Ferrocarril Nacional de Honduras must be a Honduran national by birth.

ANNEX I, Schedule of Honduras

Sector: Other Business Services – Warehousing

Obligations Concerned: Market Access (Article 11.4)

Level of Government: Central

Measures: Agreement No. 1055, Reglamento de los Almacenes Generales de Depositos, Art. 3

Description: Cross-Border Services

Only enterprises organized under Honduran law with fixed capital and the sole purpose of providing warehousing services shall be authorized to provide such services.

ANNEX I, Schedule of Honduras

Sector: Business Consulting Services

Obligations Concerned: National Treatment (Article 11.2) Most-Favored-Nation Treatment (Article 11.3) Market Access (Article 11.4)

Level of Government: Central

Measures: Decree No. 900, Ley Orgánica del Colegio de Administradores de Empresas de Honduras, Arts. 61-E and 61-F Reglamento de Ley Orgánica del Colegio de Administradores de Empresas de Honduras, Arts. 96, 111, 113, and 114

Description: Cross-Border Services

Foreign nationals may enter into contracts to provide business administration consulting services after confirmation of the contract by the Colegio de Administradores de Empresas de Honduras.

Enterprises organized under foreign law may enter into contracts to provide business administration consulting services after confirmation of the contract by the Colegio de Administradores de Empresas de Honduras if such services are not otherwise available in

Honduras or because of contractual needs. In order to provide such services, such enterprises must form a partnership with Honduran firms that are duly registered with the Colegio de Administradores de Empresas de Honduras.

Foreign nationals and enterprises organized under foreign law must pay registration fees that are higher than those imposed on Honduran nationals and enterprises organized under Honduran law.

ANNEX I, Schedule of Honduras

Sector: Economic Consulting Services

Obligations Concerned: Local Presence (Article 11.5)

Level of Government: Central

Measures: Decree No. 1002, Ley Orgánica del Colegio Hondureño de Economistas, Art. 58

Description: Cross-Border Services

In order to provide economic consulting services into the territory of Honduras, economic consulting enterprises organized under foreign law must be represented by a member of the Colegio Hondureño de Economistas.

ANNEX I, Schedule of Honduras

Sector: Agricultural Engineering and Agronomy

Obligations Concerned: National Treatment (Article 11.2) Most-Favored-Nation Treatment (Article 11.3)

Level of Government: Central

Measures: Decree No. 148-95, Ley Orgánica del Colegio de Profesionales en Ciencias Agrícolas de Honduras, Art. 5 Reglamento de la Ley Orgánica del Colegio de Profesionales en Ciencias Agrícolas de Honduras, Art. 9 and Tabla de Pagos al COLPROCAH

Description: Cross-Border Services

Foreign agricultural engineers and agronomists may be subject to higher professional association registration fees than those imposed on Honduran agricultural engineers and agronomists.

ANNEX I, Schedule of Honduras

Sector: Forestry Engineers

Obligations Concerned: National Treatment (Article 11.2) Local Presence (Article 11.5)

Level of Government: Central

Measures: Ley Orgánica del Colegio de Ingenieros Forestales de Honduras, Art. 66

Description: Cross-Border Services

Forestry engineering consulting enterprises organized under foreign law must hire Honduran nationals that are members of the Association of Forestry Engineers of Honduras in a proportion meaningful to the size of the project.

ANNEX I, Schedule of Honduras

Sector: Veterinarians

Obligations Concerned: National Treatment (Article 11.2) Most-Favored-Nation Treatment (Article 11.3) Local Presence (Article 11.5)

Level of Government: Central

Measures: Ley Orgánica del Colegio de Veterinarios de Honduras, Art. 12 Reglamento de la Ley Orgánica del Colegio de Médicos Veterinarios de Honduras, Art. 5

Description: Cross-Border Services

Foreign enterprises wishing to supply veterinary services in Honduras must be organized under Honduran law. Foreign veterinarians may be subject to higher professional association fees than those imposed on Central American veterinarians.

ANNEX I, Schedule of Honduras

Sector: Microbiologists and Clinicians

Obligations Concerned: National Treatment (Article 11.2)

Level of Government: Central

Measures: Reglamento de Inscripción del Colegio de Microbiólogos y Químicos Clínicos, Arts. 5, 6, and 8

Description: Cross-Border Services

Foreign microbiologists and clinicians must pay a higher registration fee than those paid by Honduran microbiologists and clinicians.

ANNEX I, Schedule of Honduras

Sector: Notaries

Obligations Concerned: National Treatment (Article 11.2)

Level of Government: Central

Measures: Decree No. 277-2002, August 16, 2002, Ley del Notariado, Art. 4

Description: Cross-Border Services

Notaries must be Honduran nationals.

ANNEX I, Schedule of Honduras

Sector: Electrical Energy Services

Obligations Concerned: Market Access (Article 11.4)

Level of Government: Central

Measures: Decree No. 158-94, Ley Marco del Sub-sector Eléctrico, Art. 23

Description: Cross-Border Services

In order to be established in Honduras and supply electrical energy distribution services, an enterprise must be organized as a commercial corporation with nominative stock.

ANNEX I, Schedule of Honduras

Sector: Telecommunications

Obligations Concerned: Market Access (Article 11.4)

Level of Government: Central

Measures: Decree No. 80-2003, Art. 1(3.5) Executive Decree No. PCM-018-2003, October 2, 2003, Art. 1, No. IV (a) Decree No. 109-2003, October 24, 2003, Art. 1, No. IV (a)

Description: Cross-Border Services

The Comisión Nacional de Telecomunicaciones (CONATEL) will not authorize additional mobile telephony operators until December 2005. CONATEL will authorize at least one additional operator after that date.

ANNEX I, Schedule of Honduras

Sector: Public Accountants

Obligations Concerned: Local Presence (Article 11.5)

Level of Government: Central

Measures: Decree No. 19-93, Ley Orgánica del Colegio de Profesionales Universitarios en Contaduría Pública, Art. 23

Description: Cross-Border Services

Any person wishing to supply public accountancy services in the territory of Honduras must be organized under Honduran law.

ANNEX I, Schedule of Honduras

Sector: Architects

Obligations Concerned: Local Presence (Article 11.5)

Level of Government: Central

Measures: Reglamento Interno Colegio de Arquitectos de Honduras, Art. 7(c) and (d)

Description: Cross-Border Services

Enterprises organized under foreign law must designate a member of the Colegio de Arquitectos de Honduras (CAH) as their representative prior to registering with the CAH to supply architectural services in Honduras. For greater certainty, enterprises organized under foreign law may only register for specific projects.

ANNEX I

Schedule of Nicaragua

Sector: Musicians and Artists

Obligations Concerned: National Treatment (Article 11.2) Most-Favored-Nation Treatment (Article 11.3)

Measures: Ley de Promoción a las Expresiones Artísticas Nacionales y de Protección a los Artistas Nicaragüenses, Law No. 215, published in La Gaceta No. 134, July 17, 1996, Arts. 14, 23, 24, 25, and 31

Description: Cross-Border Services

Foreign artists or musical bands may perform in Nicaragua solely by means of a prior contract.

Foreign artists performing shows or reviews of a commercial nature shall include in their program a Nicaraguan artist or group that performs similar shows.

Foreign artists or artistic groups not wishing to include a national artist in their program must pay one percent of the show's net receipts to the Instituto Nicaragüense de Cultura unless the foreign artists' or groups' country of origin does not levy such tax on Nicaraguan artists or artistic groups.

Foreigners selected for the design and construction of public, pictorial, or sculptural monuments erected in Nicaragua, shall do so in association with Nicaraguan artists.

ANNEX I, Schedule of Nicaragua

Sector: Tourism – Hotels, Restaurants, Tour Guides, Car Rental, and Other Tourism Related Activities.

Obligations Concerned: National Treatment (Article 11.2) Local Presence (Article 11.5)

Measures: Ley de Incentivos a la Industria Turística de la República de Nicaragua, Law No. 306, published in La Gaceta No. 117, June 21, 1999, Arts. 16.1 and 16.2

Reglamento de Empresas y Actividades Turísticas de Nicaragua, published in La Gaceta No. 99, May 28, 2001, Arts. 16 and 17

Reglamento de los Operadores de Viajes de Nicaragua, published in La Gaceta No. 100, May 29, 2001, Art. 8

Reglamento que Regula las Actividades de las Empresas Arrendadoras de Vehículos

Automotrices y Acuáticos (Rent a Car), published in La Gaceta No. 108, June 8, 2001, Art. 9

Reglamento de Guías de Turistas, published in La Gaceta No. 40, February 26, 2001, Art. 9

Reglamento de Agencias de Viajes de Nicaragua, published in La Gaceta No. 96, May 21, 2001, Art. 5

Description: Cross-Border Services

In order to supply tourism services in Nicaragua an enterprise must be organized under Nicaraguan law; and a foreign national must reside in Nicaragua or appoint a legal representative in Nicaragua. This paragraph does not apply to the supply of tourism services during a cruise. Tour Guides must be Nicaraguan nationals.

ANNEX I, Schedule of Nicaragua

Sector: Services Related to Construction

Obligations Concerned: National Treatment (Article 11.2) Local Presence (Article 11.5)

Measures: Ley Reguladora de la Actividad de Diseño y Construcción, Decree No. 237, December 1, 1986, Arts. 2, 4, and 6

Description: Cross-Border Services

In order to supply construction services in Nicaragua an enterprise must be organized under Nicaraguan law; and a foreign national must reside in Nicaragua or appoint a legal representative in Nicaragua.

ANNEX I, Schedule of Nicaragua

Sector: Distribution of Fireworks, Firearms, and Munitions

Affected Obligation: National Treatment (Article 11.2) Local Presence (Article 11.5)

Measures: Reglamento de la Ley de la Policía Nacional, Decree No. 26-96, published in La Gaceta No. 32, February 14, 1996, Arts. 76 and 77

Description: Cross-Border Services

In order to engage in the distribution of fireworks, firearms, and munitions in Nicaragua an enterprise must be organized under Nicaraguan law; and a foreign national must reside in Nicaragua.

ANNEX I, Schedule of Nicaragua

Sector: Private Security Services

Obligations Concerned: National Treatment (Article 11.2) Local Presence (Article 11.5)

Measures: Manual de la Vigilancia Civil, No. 001, July 6, 1998, Art. 6

Description: Cross-Border Services

An enterprise must be established in Nicaragua to operate a private security guard company. Natural persons serving as armed guards must be Nicaraguan nationals.

ANNEX I, Schedule of Nicaragua

Sector: Radio Broadcast, Free Television Reception

Affected Obligation: National Treatment (Articles 10.3 and 11.2)

Measures: Ley de Reforma a la Ley No. 200, "Ley General de Telecomunicaciones Servicios Postales", Law No. 326, published in La Gaceta No. 244, December 22, 1999, Art. 1

Reglamento del Servicio de Radiodifusión Televisiva, Administrative Agreement No. 07 97, published in La Gaceta No. 228, November 28, 1997, Art. 12

Description: Cross-Border Services and Investment

A license for operating free over the air television and radio broadcast services (known under Nicaraguan law as "medios de comunicación social") may only be granted to Nicaraguan persons. In the case of enterprises, Nicaraguan nationals must own 51 percent of the capital.

ANNEX I, Schedule of Nicaragua

Sector: Communications – Professional Radio and Television Broadcast Services

Obligations Concerned: National Treatment (Article 11.2) Most-Favored-Nation Treatment (Article 11.3)

Measures: En Radiodifusoras y Televisiones del País, Únicamente Locutores Nicaragüenses Podrán ser Utilizados para las Narraciones de Programas Deportivos, Decree No. 66, published in La Gaceta No. 256, November 10, 1972, Arts. 1 and 3  
Description: Cross-Border Services

Enterprises that supply radio and television broadcast services in Nicaragua shall only use the professional services of announcers who are Nicaraguan nationals for narration, commentary, and live broadcast in sports or similar commercial programs.

Notwithstanding the foregoing, foreign nationals will be allowed to serve as announcers if the laws of their own countries allow Nicaraguan nationals to supply such services. The provisions of this measure shall not apply to the broadcast of programs by foreign announcers when the transmission of such programs is aimed exclusively at other countries.

ANNEX I, Schedule of Nicaragua

Sector: Electricity Distribution

Obligations Concerned: Local Presence (Article 11.5)

Measures: Ley de la Industria Eléctrica, Law No. 272, published in La Gaceta No.74, April 23, 1998, Arts. 4 and 76

Description: Cross-Border Services

In order to engage in the distribution of electricity an enterprise must be organized under Nicaraguan law.

ANNEX I, Schedule of Nicaragua

Sector: Services Incidental to Mining – Hydrocarbons

Obligations Concerned: Local Presence (Article 11.5)

Measures: Ley Especial de Exploración y Explotación de Hidrocarburos, Law No. 286, published in La Gaceta No. 109, June 12, 1998, Art. 11

Reglamento a la Ley Especial de Exploración y Explotación de Hidrocarburos, Decree No. 43-98, published in La Gaceta No. 117, June 24, 1998, Arts. 5 and 6

Description: Cross-Border Services

An enterprise that supplies hydrocarbon exploration and testing services must be organized under Nicaraguan law. To conduct studies of hydrocarbons such as geological or geophysical studies, drafting topographic maps, seismic, or geochemical studies, a foreign national must designate a legal representative permanently domiciled in Nicaragua.

ANNEX I, Schedule of Nicaragua

Sector: Services Incidental to Mining – Metallic and Non-Metallic Minerals

Obligations Concerned: Local Presence (Article 11.5)

Measures: Reglamento de la Ley No. 387, Ley Especial de Exploración y Explotación de Minas, Decree No. 119 –2001, published in La Gaceta No. 4, January 7, 2002, Art. 31

Description: Cross-Border Services

In order to obtain a concession for exploration for metallic and nonmetallic minerals in Nicaragua an enterprise must be organized under Nicaraguan law. A foreign national not resident in Nicaragua must appoint a legal representative domiciled in Managua, Nicaragua.

ANNEX I, Schedule of Nicaragua

Sector: Fisheries and Services Incidental to Fishing

Obligations Concerned: National Treatment (Articles 10.4 and 11.2) Performance Requirements (Article 10.9) Local presence (Article 11.5)

Measures: Ley de Licitación Pública de Licencias y Concesiones Pesqueras, Law No.165, February 22, 1994, Art. 6

Ley Especial sobre Explotación de la Pesca, Decree No. 557, published in La Gaceta No. 32, February 7, 1961, Arts. 2 and 9

Normativa para la Pesca y Acuicultura en Nicaragua, Acuerdo Ministerial Agreement DGRN-PA. No. 359-2004, Arts. 11 and 78

Description: Cross-Border Services and Investment

Processing, packing, and other services related to fishing products must be carried out by enterprises organized under Nicaraguan law and licensed in Nicaragua. Processing and packing for export of fishing products captured in Nicaraguan territorial waters shall be carried out in enterprises in Nicaragua. Only Nicaraguan nationals may engage in artisanal fishing as a family enterprise for subsistence.

ANNEX I, Schedule of Nicaragua

Sector: Land Transportation

Obligations Concerned: National Treatment (Article 11.2) Most-Favored-Nation Treatment (Article 11.3) Local Presence (Article 11.5)

Measures: Ley General de Transporte, Decree No. 164, published in La Gaceta No. 34, February 17, 1986, Art. 2

Ley Reglamentaria para la Emisión y Obtención de las Licencias de Funcionamiento en el Transporte Terrestre, Decree No. 1140, published in La Gaceta No. 280, November 30, 1982, Art. 7

Comunicado del Ministerio de Construcción y Transporte, November 12, 1990

Description: Cross-Border Services

To supply point-to-point land transportation of cargo or passengers within Nicaragua, an enterprise must be established in Nicaragua. An enterprise organized under the laws of a foreign country may supply international land transportation of cargo or passengers to the extent that a specific agreement between such country and Nicaragua provides for reciprocal treatment of enterprises organized under the laws of Nicaragua.

Notwithstanding the foregoing, only Nicaraguan persons may supply collective land transportation services in the interior of Nicaragua.

ANNEX I, Schedule of Nicaragua

Sector: Maritime Transportation

Obligations Concerned: National Treatment (Article 11.2)

Measures: Ley de Transporte Acuático, Law No. 399, published in La Gaceta No. 166, September 3, 2001, Arts. 44, 45, and 48

Ley Reguladora para el Servicio de Practicaje, Decree No. 15-49, published in La Gaceta No. 4, January 5, 1985, Art. 64

Description: Cross-Border Services

In order to operate as a shipowner or shipping enterprise in Nicaragua, a natural person must be a Nicaraguan national and an enterprise must be organized under Nicaraguan law. To operate as a shipping agent, general shipping agent, or shipping consignment agent, a natural person must be a Nicaraguan national, and an enterprise must be organized under Nicaraguan law. Only a Nicaraguan national or an enterprise established in Nicaragua may obtain a route concession to engage in maritime transportation. Cabotage is reserved exclusively for enterprises established in Nicaragua. Only Nicaraguan nationals may be named as official pilots for any port in Nicaragua.

ANNEX I, Schedule of Nicaragua

Sector: Ports

Obligations Concerned: Market Access (Article 11.4)

Measures: Creación de la Empresa Portuaria Nacional, Decree No. 35-95, published in La Gaceta No. 119, June 27, 1995, Arts. 6 and 7

Description: Cross-Border Services

The administration and operation of the existing ports of national interest (Corinto, Sandino, San Juan del Sur, Cabezas, El Rama and El Bluff) is reserved to the Empresa Portuaria Nacional (EPN).

ANNEX I, Schedule of Nicaragua

Sector: Air Transportation – Repair and Maintenance Services, Specialty Air Services

Obligations Concerned: National Treatment (Article 11.2) Most-Favored-Nation

Treatment (Article 11.3) Local Presence (Article 11.5)

Measures: Código de Aviación Civil, Decree No. 176, published November 22, 1956, with corrections on September 3, 1957, Arts. 32, 120, and 121

Reglamento para la Aviación Agrícola, Decree No. 36-A, published in La Gaceta No. 136, June 19, 1962, Arts. 11 and 13

Description: Cross-Border Services

The authorization of the Dirección General de Aeronáutica Civil is required to supply specialty air services and aircraft repair services in the territory of Nicaragua. Only Nicaraguan nationals or enterprises organized under Nicaraguan law may supply private, for profit air services. For greater certainty, private air services include:

(a) air-related tasks such as aero-topography, aero-photography, commercial advertising, and other similar tasks;

(b) agricultural fumigation services;

(c) industrial activities other than public transportation; and

(d) scientific civil aviation applications, such as educational flights, the determination of hurricane trajectories and migratory birds, and other similar applications.

Flight personnel who participate in aviation activities for agricultural purposes within the national territory must be Nicaraguan nationals. Similarly, aircraft used for such purposes must be licensed in Nicaragua. Only Nicaraguan technical personnel may engage in remunerated repair and maintenance services or specialty air services in

Nicaragua. In the absence of such personnel, the Dirección General de Aeronáutica Civil may allow foreign pilots or other technical personnel to engage in such activities, in which case the Dirección

ANNEX I, Schedule of Nicaragua

General de Aeronáutica Civil must give preference to nationals of other Central American Parties.

ANNEX I, Schedule of Nicaragua

Sector: Air Transportation

Obligations Concerned: National Treatment (Article 10.4) Senior Management and Boards of Directors (Article 10.10)

Measures: Código de Aviación Civil, Decree No. 176, published November 22, 1956, with corrections on September 3, 1957, Arts. 75, 120, and 121

Investment

Only an enterprise organized under Nicaraguan law may be granted a license to engage in public air transportation services. Nicaraguan nationals must own at least 51 percent of the capital, have effective control, and be in the senior management positions of such enterprises. Only Nicaraguan nationals and enterprises organized under Nicaraguan law may engage in remunerated private air transportation services.

ANNEX I, Schedule of Nicaragua

Sector: Professional Services

Obligations Concerned: National Treatment (Article 11.2) Most-Favored-Nation Treatment (Article 11.3) Local Presence (Article 11.5)

Measures: Ley de Incorporación de Profesionales en Nicaragua, Decree No. 132, published in La Gaceta No. 47, November 2, 1979, Art. 5

Description: Cross-Border Services

A foreign professional may practice in Nicaragua in a form and subject to the same conditions that are permitted for Nicaraguans in the country of origin of such professional. Nicaragua agrees that if a jurisdiction in a foreign country allows Nicaraguan nationals to apply for and receive the licenses or certificates necessary to practice a profession in such jurisdiction, a foreign national with a license or certificate to practice the profession in such jurisdiction shall also be allowed to apply for and receive any license or certificate necessary to practice in Nicaragua. In addition, the relevant professional association in Nicaragua will recognize a license granted by a foreign jurisdiction, and allow the holder of that license to register with the association and practice the profession in Nicaragua based on the foreign license, in the following cases:

- (a) no academic institution in Nicaragua offers a course of study that would allow the practice of the profession in Nicaragua;
- (b) the holder of the license is a recognized expert in the profession; or
- (c) allowing the professional to practice in Nicaragua will, through training, demonstration, or other such opportunity, further the development of the profession in Nicaragua.

ANNEX I, Schedule of Nicaragua

Sector: Public Accounting and Auditing

Obligations Concerned: National Treatment (Article 11.2) Local Presence (Article 11.5)  
Measures: Ley para el Ejercicio de Contador Público, Law No. 6 published in La Gaceta, April 30, 1959, Art. 19

Description: Cross-Border Services

Foreign public accounting firms, auditors, and accountants, either as individuals or enterprises, may exercise their profession in Nicaragua, or other related activity, through an authorized Nicaraguan public accounting firm or association.

ANNEX I, Schedule of Nicaragua

Sector: Professional Services – Notary Publics

Obligations Concerned: National Treatment (Article 11.2) Most-Favored-Nation Treatment (Article 11.3)

Measures: Ley del 19 de noviembre de 1938, published in La Gaceta No. 267, December 10, 1938, Art.1

Ley del Notariado, Annex to Código de Procedimiento Civil de Nicaragua, Art. 10

Description: Cross-Border Services

Public notaries must be Nicaraguan nationals by birth authorized by the Supreme Court of Justice in order to practice their profession. Central American nationals by birth authorized to act as attorneys in the Republic may also obtain this authorization after residing in Nicaragua at least five years, provided they are allowed to exercise their profession as public notaries in their own countries, and that Nicaraguans are authorized to act as public notaries in their respective countries.

ANNEX I, Schedule of Nicaragua

Sector: Customs Brokers

Obligations Concerned: National Treatment (Article 11.2) Most-Favored-Nation Treatment (Article 11.3) Local Presence (Article 11.5)

Measure: Ley que Establece el Autodespacho para la Importación, Exportación y otros Regímenes, Law No. 265, published in La Gaceta No. 219, November 17, 1997, Arts. 49, 50, and 52

Description: Cross Border Services

A customs broker must be a Nicaraguan national or a national of a country that permits Nicaraguan nationals to serve as customs brokers. An enterprise operating as a customs broker in Nicaragua must be organized under Nicaraguan law and at least one official of the customs enterprise must have a valid license.

ANNEX I, Schedule of Nicaragua

Sector: Scientific Research Services

Obligations Concerned: Local Presence (Article 11.5)

Measures: Ley General sobre Explotación de Nuestras Riquezas, Decree No. 316, published in La Gaceta, April 17, 1958, Art. 83

Description: Cross-Border Services

To engage in scientific research activities related to natural resources a foreign national must have a legal representative in Nicaragua during the entire time the research is being conducted.

ANNEX I, Schedule of Nicaragua

Sector: Regime on Free Zones and Regime on Active Improvement

Obligations Concerned: Performance Requirements (Article 10.9)

Measures: Reglamento del Decreto de Zonas Francas Industriales de Exportación, Decree No. 31-92, published in La Gaceta No.112, June 12, 1992, Arts. 22 and 67

Description: Investment

An enterprise authorized to operate in a free zone may introduce up to 40 percent of its production by volume into the territory of Nicaragua after payment of duties and taxes, depending on whether it falls under category A (or “primera categoría”), B (or “segunda categoría”), or C (or “tercera categoría”). Nicaragua will apply this measure consistent with its obligations under the WTO Agreement on Subsidies and Countervailing Measures.

ANNEX I, Schedule of Nicaragua

Sector: Telecommunications

Obligations Concerned: Market Access (Article 11.4) National Treatment (Article 11.2)

Measures: Contrato de Concesión del Instituto Nicaragüense de Telecomunicaciones y Correos published in La Gaceta No. 67, April 12, 2002, clause 8.1

Description: Cross-Border Services

The Empresa Nicaragüense de Telecomunicaciones (ENITEL) has an exclusive regime for providing basic telephone services, including local telephone service, national and international long distance, and supply of television and telegraph links, pursuant to its concession contract. ENITEL exclusivity will end according to Nicaraguan law or concession but in any event no later than April 13, 2005.

ANNEX I, Schedule of Nicaragua

Sector: Development of Maps

Obligations Concerned: Market Access (Article 11.4)

Measures: Ley Orgánica del Instituto Nicaragüense de Estudios Territoriales (INETER), Law No. 311, published in La Gaceta No. 103, July 28, 1999, Art. 4

Description: Cross-Border Services

The developing, drafting, editing, and publishing of official regional, property, urban, and rural maps, as well as thematic maps and hydrographical, nautical, and aeronautical charts of Nicaragua in different scales is reserved to the Instituto Nicaragüense de Estudios Territoriales.

ANNEX I, Schedule of Nicaragua

Sector: Potable Water, Sanitary Sewer Systems, and Sewage Collection and Disposal.

Affected Obligation: Market Access (Article 11.4)

Measures: Ley de Creación de la Empresa Nicaragüense de Acueductos y Alcantarillados Sanitarios (ENACAL), Law No. 276, published in La Gaceta No. 12, January 20, 1998, Art. 3

Ley de Suspensión de Concesiones de Uso de Aguas, Law No. 440, Arts. 2 and 3

Description: Cross-Border Services

The establishment, construction, and development of public works for the supply and distribution of drinking water, and collecting and disposing of wastewater, may only be performed by the Empresa Nicaragüense de Acueductos y Alcantarillados Sanitarios (ENACAL). ENACAL is the State entity responsible for providing potable water and collecting and disposing of wastewater, and has the following functions:

(a) to capture, treat, conduct, store, distribute, and sell potable water; and to gather, treat and finally dispose of wastewater;

- (b) to purchase natural water, purchase and sell potable water, as well as to commercialize the services of collection, treatment and final disposal of wastewater;
- (c) take all necessary measures so that the release of treated wastewater minimizes the environmental impact;
- (d) develop the Company's Expansion Plan for the short, medium and long terms;
- (e) investigate, explore, develop, and exploit the water resources; and
- (f) any other activity required for its development.

ANNEX I, Schedule of Nicaragua

Sector: Airports

Affected Obligation: Market Access (Article 11.4)

Measures: Ley de la Empresa Administradora de Aeropuertos Internacionales, Decree No. 1292, published in La Gaceta No. 186, August 16, 1983, Art. 3

Description: Cross-Border Services

The Empresa Administradora de Aeropuertos Internacionales (EAAI) is responsible for establishing, operating, administering, carrying out works, and providing services in international airports.

ANNEX I, Schedule of Nicaragua

Sector: Energy Services

Obligations Concerned: Market Access (Article 11.4)

Measures: Ley de la Industria Eléctrica, Law No. 272, published in La Gaceta No. 74, April 23, 1998, Arts. 27 and 58

Description: Cross-Border Services

Electricity transmission services may only be provided by the Centro Nacional de Despacho de Carga.

ANNEX I, Schedule of Nicaragua

Sector: Administration of Lotteries

Obligations Concerned: Market Access (Article 11.4)

Measures: Reglamento Interno de la Lotería Nacional, published in La Gaceta No. 229, December 3, 1996, Arts. 4 and 5

Description: Cross-Border Services

Only the Lotería Nacional, a State-owned enterprise, may administer lotteries, drawings, raffles, promotions, and games of chance for money or prizes. Notwithstanding the preceding sentence, commercial promotions are allowed through the prior authorization of the Lotería Nacional, which shall be freely granted.

ANNEX I, Schedule of Nicaragua

Sector: Public Communications Services

Obligations Concerned: Market Access (Article 11.4)

Measures: Ley General de Telecomunicaciones y Servicios Postales, Law No. 200, published in La Gaceta No. 154, August 18, 1995, Art. 118

Description: Cross-Border Services

The issuance, finance, and marketing of postal stamps, as well as the usage of franking machines and other analogous systems, is reserved to the Correos de Nicaragua.

ANNEX I

Schedule of the United States

Sector: Atomic Energy

Obligations Concerned: National Treatment (Article 10.3)

Level of Government: Central

Measures: Atomic Energy Act of 1954, 42 U.S.C. §§ 2011 et seq.

Description: Investment

A license issued by the United States Nuclear Regulatory Commission is required for any person in the United States to transfer or receive in interstate commerce, manufacture, produce, transfer, use, import, or export any nuclear “utilization or production facilities” for commercial or industrial purposes. Such a license may not be issued to any entity known or believed to be owned, controlled, or dominated by an alien, a foreign corporation, or a foreign government (42 U.S.C. § 2133(d)). A license issued by the United States Nuclear Regulatory Commission is also required for nuclear “utilization and production facilities,” for use in medical therapy, or for research and development activities. The issuance of such a license to any entity known or believed to be owned, controlled, or dominated by an alien, a foreign corporation, or a foreign government is also prohibited (42 U.S.C. § 2134(d)).

ANNEX I, Schedule of United States

Sector: Business Services

Obligations Concerned: National Treatment (Article 11.2) Local Presence (Article 11.5)

Level of Government: Central

Measures: Export Trading Company Act of 1982, 15 U.S.C. §§ 4011-4021 15 C.F.R. Part 325

Description: Cross-Border Services

Title III of the Export Trading Company Act of 1982 authorizes the Secretary of Commerce to issue “certificates of review” with respect to export conduct. The Act provides for the issuance of a certificate of review where the Secretary determines, and the Attorney General concurs, that the export conduct specified in an application will not have the anticompetitive effects proscribed by the Act. A certificate of review limits the liability under federal and state antitrust laws in engaging in the export conduct certified. Only a “person” as defined by the Act can apply for a certificate of review. “Person” means “an individual who is a resident of the United States; a partnership that is created under and exists pursuant to the laws of any State or of the United States; a State or local government entity; a corporation, whether organized as a profit or nonprofit corporation, that is created under and exists pursuant to the laws of any State or of the United States; or any association or combination, by contract or other arrangement, between such persons.”

A foreign national or enterprise may receive the protection provided by a certificate of review by becoming a “member” of a qualified applicant. The regulations define “member” to mean “an entity (U.S. or foreign) that is seeking protection under the certificate with the applicant. A member may be a partner in a partnership or a joint venture; a shareholder of a corporation; or a participant in an association, cooperative, or other form of profit or nonprofit organization or relationship, by contract or other arrangement.”

ANNEX I, Schedule of United States

Sector: Business Services

Obligations Concerned: National Treatment (Article 11.2) Local Presence (Article 11.5)

Level of Government: Central

Measures: Export Administration Act of 1979, as amended, 50 U.S.C. app. §§ 2401-2420

International Emergency Economic Powers Act, 50 U.S.C. §§ 1701-1706

Export Administration Regulations, 15 C.F.R. Parts 730 - 774

Description: Cross-Border Services

With some limited exceptions, exports and reexports of commodities, software, and technology subject to the Export Administration Regulations require a license from the Bureau of Industry and Security, U.S. Department of Commerce (BIS). Certain activities of U.S. persons, wherever located, also require a license from BIS. An application for a license must be made by a person in the United States.

In addition, release of controlled technology to a foreign national in the United States is deemed to be an export to the home country of the foreign national and requires the same written authorization from BIS as an export from the territory of the United States.

ANNEX I, Schedule of United States

Sector: Mining

Obligations Concerned: National Treatment (Article 10.3) Most-Favored-Nation Treatment (Article 10.4)

Level of Government: Central

Measures: Mineral Lands Leasing Act of 1920, 30 U.S.C. Chapter 3A 10 U.S.C. § 7435

Description: Investment

Under the Mineral Lands Leasing Act of 1920, aliens and foreign corporations may not acquire rights-of-way for oil or gas pipelines, or pipelines carrying products refined from oil and gas, across on- shore federal lands or acquire leases or interests in certain minerals on on-shore federal lands, such as coal or oil. Non-U.S. citizens may own a 100 percent interest in a domestic corporation that acquires a right-of-way for oil or gas pipelines across on-shore federal lands, or that acquires a lease to develop mineral resources on on-shore federal lands, unless the foreign investor's home country denies similar or like privileges for the mineral or access in question to U.S. citizens or corporations, as compared with the privileges it accords to its own citizens or corporations or to the citizens or corporations of other countries (30 U.S.C. §§ 181, 185(a)).

Nationalization is not considered to be denial of similar or like privileges.

Foreign citizens, or corporations controlled by them, are restricted from obtaining access to federal leases on Naval Petroleum Reserves if the laws, customs, or regulations of their country deny the privilege of leasing public lands to citizens or corporations of the United States (10 U.S.C. § 7435).

ANNEX I, Schedule of United States

Sector: All Sectors

Obligations Concerned: National Treatment (Article 10.3) Most-Favored-Nation Treatment (Article 10.4)

Level of Government: Central

Measures: 22 U.S.C. §§ 2194 and 2198(c)

Description: Investment

The Overseas Private Investment Corporation insurance and loan guarantees are not

available to certain aliens, foreign enterprises, or foreign-controlled domestic enterprises.

ANNEX I, Schedule of United States

Sector: Air Transportation

Obligations Concerned: National Treatment (Article 10.3) Most-Favored-Nation Treatment (Article 10.4) Senior Management and Boards of Directors (Article 10.10)

Level of Government: Central

Measures: 49 U.S.C. Subtitle VII, Aviation Programs 14 C.F.R. Part 297 (foreign freight forwarders); 14 C.F.R. Part 380, Subpart E (registration of foreign (passenger) charter operators)

Description: Investment

Only air carriers that are “citizens of the United States” may operate aircraft in domestic air service (cabotage) and may provide international scheduled and non-scheduled air service as U.S. air carriers.

U.S. citizens also have blanket authority to engage in indirect air transportation activities (air freight forwarding and passenger charter activities other than as actual operators of the aircraft). In order to conduct such activities, non-U.S. citizens must obtain authority from the Department of Transportation. Applications for such authority may be rejected for reasons relating to the failure of effective reciprocity, or if the Department of Transportation finds that it is in the public interest to do so.

Under 49 U.S.C. § 40102(a)(15), a “citizen of the United States” means:

- (a) an individual who is a U.S. citizen;
- (b) a partnership in which each member is a U.S. citizen; or
- (c) a U.S. corporation of which the president and at least two-thirds of the board of directors and other managing officers are U.S. citizens, and at least 75 percent of the voting interest in the corporation is owned or controlled by U.S. citizens.

ANNEX I, Schedule of United States

In addition, this statutory requirement has historically been interpreted by the Department of Transportation (and the Civil Aeronautics Board before it) to require that an air carrier in fact be under the actual control of U.S. citizens. The Department of Transportation makes this determination on a case-by-case basis, and has provided guidance as to certain lines of demarcation. For example, total foreign equity investment of up to 49 percent (with a maximum of 25 percent being voting stock), by itself, is not construed as indicative of foreign control. See Department of Transportation Order 91-1-41, January 23, 1991.

ANNEX I, Schedule of United States

Sector: Air Transportation

Obligations Concerned: National Treatment (Articles 10.3 and 11.2) Most-Favored-Nation Treatment (Articles 10.4 and 11.3) Local Presence (Article 11.5) Senior Management and Boards of Directors (Article 10.10)

Level of Government: Central

Measures: 49 U.S.C., Subtitle VII, Aviation Programs 49 U.S.C. § 41703 14 C.F.R. Part 375

As qualified by paragraph 2 of the Description element

Description: Cross-Border Services

1. Authorization from the Department of Transportation is required for the provision of

specialty air services in the territory of the United States.\*

Investment

2. "Foreign civil aircraft" require authority from the Department of Transportation to conduct specialty air services in the territory of the United States. "Foreign civil aircraft" are aircraft of foreign registry or aircraft of U.S. registry that are owned, controlled, or operated by persons who are not citizens or permanent residents of the United States (14 C.F.R. § 375.1). Under 49 U.S.C. § 40102(a)(15), a "citizen of the United States" means:

(a) an individual who is a U.S. citizen;

(b) a partnership in which each member is a U.S. citizen; or

(c) a U.S. corporation of which the president and at least two-thirds of the board of directors and other managing officers are U.S. citizens, and at least seventy-five percent of the voting interest in the corporation is owned or controlled by U.S. citizens.

ANNEX I, Schedule of United States

In addition, this statutory requirement has historically been interpreted by the Department of Transportation (and the Civil Aeronautics Board before it) to require that an air carrier in fact be under the actual control of U.S. citizens. The Department of Transportation makes this determination on a case-by-case basis, and has provided guidance as to certain lines of demarcation. For example, total foreign equity investment of up to 49 percent (with a maximum of 25 percent being voting stock), by itself, is not construed as indicative of foreign control. See Department of Transportation Order 91-1-41, January 23, 1991.

\*A person of Costa Rica, the Dominican Republic, El Salvador, Guatemala, Honduras, and Nicaragua will be able to obtain such an authorization given their governments' acceptance of the U.S. definition of specialty air services in Chapter Eleven (Cross Border Trade in Services).

ANNEX I, Schedule of United States

Sector: Transportation Services – Customs Brokers

Obligations Concerned: National Treatment (Articles 10.3 and 11.2) Local Presence (Article 11.5)

Level of Government: Central

Measures: 19 U.S.C. § 1641(b)

Description: Cross-Border Services and Investment

A customs broker's license is required to conduct customs business on behalf of another person. Only U.S. citizens may obtain such a license. A corporation, association, or partnership established under the law of any state may receive a customs broker's license if at least one officer of the corporation or association, or one member of the partnership, holds a valid customs broker's license.

ANNEX I, Schedule of United States

Sector: All Sectors

Obligations Concerned: National Treatment (Article 10.3) Most-Favored-Nation Treatment (Article 10.4)

Level of Government: Central

Measures: Securities Act of 1933, 15 U.S.C. §§ 77c(b), 77f, 77g, 77h, 77j, and 77s(a) 17 C.F.R. §§ 230.251 and 230.405

Securities Exchange Act of 1934, 15 U.S.C. §§ 78l, 78m, 78o(d), and 78w(a) 17 C.F.R. § 240.12b-2

Description: Investment

Foreign firms, except for certain Canadian issuers, may not use the small business registration forms under the Securities Act of 1933 to register public offerings of securities or the small business registration forms under the Securities Exchange Act of 1934 to register a class of securities or file annual reports.

ANNEX I, Schedule of United States

Sector: Communications – Radiocommunications

Obligations Concerned: National Treatment (Article 10.3)

Level of Government: Central

Measures: 47 U.S.C. § 310

Foreign Participation Order 12 FCC Rcd 23891 (1997)

Description: Investment

The United States reserves the right to restrict ownership of radio licenses in accordance with the above statutory and regulatory provisions. Radiocommunications consists of all communications by radio, including broadcasting.

ANNEX I, Schedule of United States

Sector: Professional Services – Patent Attorneys, Patent Agents, and Other Practice before the Patent and Trademark Office

Obligations Concerned: National Treatment (Article 11.2) Most-Favored-Nation Treatment (Article 11.3) Local Presence (Article 11.5)

Level of Government: Central

Measures: 35 U.S.C. Chapter 3 (practice before the U.S. Patent and Trademark Office) 37 C.F.R. Part 10 (representation of others before the U.S. Patent and Trademark Office)

Description: Cross-Border Services

As a condition to be registered to practice for others before the U.S. Patent and Trademark Office (USPTO):

(a) a patent attorney must be a U.S. citizen or an alien lawfully residing in the United States (37 C.F.R. § 10.6(a));

(b) a patent agent must be a U.S. citizen, an alien lawfully residing in the United States, or a non-resident who is registered to practice in a country that permits patent agents registered to practice before the USPTO to practice in that country; the latter is permitted to practice for the limited purpose of presenting and prosecuting patent applications of applicants located in the country in which he or she resides (37 C.F.R. §10.6(c)); and

(c) a practitioner in trademark and non-patent cases must be an attorney licensed in the United States, a “grandfathered” agent, an attorney licensed to practice in a country that accords equivalent treatment to attorneys licensed in the United States, or an agent registered to practice in such a country; the latter two are permitted to practice for the limited purpose of representing parties located in the country in which he or she resides (37 C.F.R. § 10.14(a)- (c)).

ANNEX I, Schedule of United States

Sector: All Sectors

Obligations Concerned: National Treatment (Articles 10.3 and 11.2) Most-Favored  
Nation Treatment (Articles 10.4 and 11.3) Local Presence (Article 11.5) Performance  
Requirements (Article 10.9) Senior Management and Boards of Directors (Article 10.10)

Level of Government: Regional

Measures: All existing non-conforming measures of all states of the United States, the  
District of Columbia, and Puerto Rico

Description: Cross-Border Services and Investment

## ANNEX II

### Explanatory Note

1. The Schedule of a Party of this Annex sets out, pursuant to Articles 10.13 (Non-Conforming Measures) and 11.6 (Non-Conforming Measures), the specific sectors, sub sectors, or activities for which that Party may maintain existing, or adopt new or more restrictive, measures that do not conform with obligations imposed by:

- (a) Articles 10.3 (National Treatment) or 11.2 (National Treatment);
- (b) Articles 10.4 (Most-Favored-Nation Treatment) or 11.3 (Most-Favored-Nation Treatment);
- (c) Article 11.5 (Local Presence)
- (d) Article 10.9 (Performance Requirements);
- (e) Article 10.10 (Senior Management and Boards of Directors); or
- (f) Article 11.4 (Market Access).

2. Each Schedule entry sets out the following elements:

- (a) Sector refers to the sector for which the entry is made;
- (b) Obligations Concerned specifies the obligation(s) referred to in paragraph 1 that, pursuant to Articles 10.13 (Non-Conforming Measures) and 11.6 (Non-Conforming Measures), do not apply to the sectors, subsectors, or activities listed in the entry;
- (c) Description sets out the scope of the sectors, subsectors, or activities covered by the entry; and
- (d) Existing Measures identifies, for transparency purposes, existing measures that apply to the sectors, subsectors, or activities covered by the entry.

3. In accordance with Article 10.13 (Non-Conforming Measures) and 11.6 (Non-Conforming Measures), the articles of this Agreement specified in the Obligations Concerned element of an entry do not apply to the sectors, subsectors, and activities identified in the Description element of that entry.

## ANNEX II

### Schedule of Costa Rica

Sector: All Sectors

Obligations Concerned: Most-Favored-Nation Treatment (Articles 10.4 and 11.3)

Description: Cross-Border Services and Investment

Costa Rica reserves, vis-à-vis the United States and the Dominican Republic, the right to adopt or maintain any measure that accords differential treatment to countries under any bilateral or multilateral international agreement in force or signed prior to the date of entry into force of this Agreement. Costa Rica reserves the right to adopt or maintain any measure that accords differential treatment to countries under any bilateral or multilateral international agreement in force or signed after the date of entry into force of this Agreement involving:

- (a) aviation;
- (b) fisheries; or
- (c) maritime matters, including salvage.

## ANNEX II, Schedule of Costa Rica

Sector: Cultural Industries

Obligations Concerned: Most-Favored-Nation Treatment (Articles 10.4 and 11.3)

Description: Cross-Border Services and Investment

Costa Rica reserves the right to adopt or maintain any measure that accords differential

treatment to countries under any existing or future bilateral or multilateral international agreement with respect to cultural industries, such as audiovisual cooperation agreements. For greater certainty, government supported subsidy programs for the promotion of cultural activities are not subject to the limitations or obligations of this Agreement. Cultural industries means persons engaged in any of the following activities:

- (a) Publication, distribution, or sale of books, magazines, periodical publications, or printed or electronic newspapers, excluding the printing and typesetting of any of the foregoing;
- (b) Production, distribution, sale, or display of recordings of movies or videos;
- (c) Production, distribution, sale, or display of music recordings in audio or video format;
- (d) Production, distribution, or sale of printed music scores or scores readable by machines; or
- (e) Radiobroadcasts aimed at the public in general, as well as all radio, television, and cable television-related activities, satellite programming services, and broadcasting networks.

#### ANNEX II, Schedule of Costa Rica

Sector: Social Services

Obligations Concerned: National Treatment (Articles 10.3 and 11.2) Most-Favored Nation Treatment (Articles 10.4 and 11.3) Local Presence (Article 11.5) Performance Requirements (Article 10.9) Senior Management and Boards of Directors (Article 10.10) Market Access (Article 11.4)

Description: Cross-Border Services and Investment

Costa Rica reserves the right to adopt or maintain any measure with respect to the provision of law enforcement and correctional services, and the following services to the extent they are social services established or maintained for a public purpose: income security or insurance, social security or insurance, social welfare, public education, public training, health, child care, public sewage services, and water supply services.

#### ANNEX II

Schedule of the Dominican Republic

Sector: All Sectors

Obligations Concerned: National Treatment (Article 10.3)

Description: Investment

The Dominican Republic reserves the right to adopt or maintain any measure relating to the ownership or control of land within 20 kilometers of the Dominican border.

#### ANNEX II, Schedule of the Dominican Republic

Sector: All Sectors

Obligations Concerned: National Treatment (Article 10.3) Senior Management and Boards of Directors (Article 10.10)

Description: Investment

The Dominican Republic reserves the right to limit the transfer or disposal of any interest held in an existing state enterprise, such that only a Dominican national may receive such interest. However, the preceding sentence pertains only to the initial transfer or disposal of such interest. The Dominican Republic does not reserve this right with respect to subsequent transfers or disposals of such interest.

The Dominican Republic reserves the right to limit control of any new enterprise created

by the transfer or disposal of any interest as described in the preceding paragraph, but not through limitations on the ownership of the interest. The Dominican Republic also reserves the right to adopt or maintain any measure related to the nationality of senior management and members of the board of directors in such new enterprise.

ANNEX II, Schedule of the Dominican Republic

Sector: All Sectors

Obligations Concerned: Most-Favored-Nation Treatment (Articles 10.4 and 11.3)

Description: Cross-Border Services and Investment

The Dominican Republic reserves the right to adopt or maintain any measure that accords differential treatment to countries under any bilateral or multilateral international agreement in force or signed prior to the date of entry into force of this Agreement. The Dominican Republic reserves the right to adopt or maintain any measure that accords differential treatment to countries under any bilateral or multilateral international agreement in force or signed after the date of entry into force of this Agreement involving:

- (a) aviation;
- (b) fishing; or
- (c) maritime affairs, including salvage.

ANNEX II, Schedule of the Dominican Republic

Sector: Communications

Obligations Concerned: Most-Favored-Nation Treatment (Articles 10.4 and 11.3)

Description: Cross-Border Services and Investment

The Dominican Republic reserves the right to adopt or maintain any measure that accords differential treatment to persons of other countries due to application of reciprocity measures or through international agreements involving sharing of the radio spectrum, guaranteeing market access, or national treatment with respect to the one way satellite transmission of direct-to-home and direct broadcasting satellite television services and digital audio services.

ANNEX II, Schedule of the Dominican Republic

Sector: Governmental Finances

Obligations Concerned: National Treatment (Article 10.3)

Description: Investment

The Dominican Republic reserves the right to adopt or maintain any measure relating to the restriction of the acquisition by foreign nationals of bonds, treasury securities, fixed term instruments, or other instruments of public debt issued for particular sectors by the Central Bank or the Government of the Dominican Republic. This non-conforming measure is not intended to affect the rights of United States financial institutions (banks) established in the Dominican Republic, to acquire, sell, or dispose of such instruments when required for purposes of regulatory capital.

ANNEX II, Schedule of the Dominican Republic

Sector: Services Related to Craft Industry

Obligations Concerned: National Treatment (Article 11.2) Market Access (Article 11.4)

Description: Cross-Border Services

The Dominican Republic reserves the right to adopt or maintain any measure relating to

the distribution, retailing, or exhibition of handicrafts that are identified as handicrafts of the Dominican Republic.

ANNEX II, Schedule of the Dominican Republic

Sector: Social Services

Obligations Concerned: National Treatment (Articles 10.3 and 11.2) Most-Favored Nation Treatment (Articles 10.4 and 11.3) Local Presence (Article 11.5) Performance Requirements (Article 10.9) Senior Management and Boards of Directors (Article 10.10)  
Description: Cross-Border Services and Investment

The Dominican Republic reserves the right to adopt or maintain any measure with respect to the provision of law enforcement and correctional services, and the following services to the extent they are social services established or maintained for a public purpose: income security or insurance, social security or insurance, social welfare, public education, public training, health, and child care.

ANNEX II, Schedule of the Dominican Republic

Sector: Socially and Economically Disadvantaged Groups

Obligations Concerned: National Treatment (Articles 10.3 and 11.2) Local Presence (Article 11.5) Performance Requirement (Article 10.9) Senior Management and Boards of Directors (Article 10.10)

Description: Cross-Border Services and Investment

The Dominican Republic reserves the right to adopt or maintain any measure according rights or preferences to socially or economically disadvantaged groups.

ANNEX II

Schedule of El Salvador

Sector: All Sectors

Obligations Concerned: Most-Favored-Nation Treatment (Articles 10.4 and 11.3)

Description: Cross Border Services and Investment

El Salvador reserves, vis-à-vis the United States and the Dominican Republic, the right to adopt or maintain any measure that accords differential treatment to countries under any bilateral or multilateral international agreement in force or signed prior to the date of entry into force of this Agreement. El Salvador reserves the right to adopt or maintain any measure that accords differential treatment to countries under any bilateral or multilateral international agreement in force or signed after the date of entry into force of this Agreement involving:

- (a) aviation;
- (b) fisheries; or
- (c) maritime matters, including salvage.

ANNEX II, Schedule of El Salvador

Sector: Social Services

Obligations Concerned: National Treatment (Articles 10.3 and 11.2) Most-Favored Nation Treatment (Articles 10.4 and 11.3) Market Access (Article 11.4) Local Presence (Article 11.5) Performance Requirements (Article 10.9) Senior Management and Boards of Directors (Article 10.10)

Description: Cross-Border Services and Investment

El Salvador reserves the right to adopt or maintain any measure with respect to the

provision of law enforcement and correctional services, and the following services to the extent they are social services established or maintained for a public purpose: income security or insurance, social security or insurance, social welfare, public education, public training, health, and child care.

ANNEX II, Schedule of El Salvador

Sector: Minority Affairs

Obligations Concerned: National Treatment (Articles 10.3 and 11.2) Local Presence (Article 11.5) Performance Requirements (Article 10.9) Senior Management and Boards of Directors (Article 10.10)

Description: Cross-Border Services and Investment

El Salvador reserves the right to adopt or maintain any measure according rights or preferences to socially or economically disadvantaged minorities.

ANNEX II, Schedule of El Salvador

Sector: Transport Services: Road Transport Services

Obligations Concerned: National Treatment (Article 11.2) Most-Favored-Nation Treatment (Article 11.3) Local Presence (Article 11.5)

Description: Cross-Border Services

El Salvador reserves, vis-à-vis the United States and the Dominican Republic, the right to adopt or maintain any measure restricting the transportation of goods by road.

ANNEX II

Schedule of Guatemala

Sector: All Sectors

Obligations Concerned: Most-Favored-Nation Treatment (Articles 11.3 and 10.4)

Level of Government: Central

Description: Cross-Border Services and Investment

Guatemala reserves, vis-à-vis the United States and the Dominican Republic, the right to adopt or maintain any measure that accords differential treatment to countries under any bilateral or multilateral international agreement in force or signed prior to the date of entry into force of this Agreement. Guatemala reserves the right to adopt or maintain any measure that accords differential treatment to countries under any bilateral or multilateral international agreement in force or signed after the date of entry into force of this Agreement involving:

- (a) aviation,
- (b) fisheries, or
- (c) maritime matters, including salvage.

ANNEX II, Schedule of Guatemala

Sector: Maritime Transportation

Obligations Concerned: National Treatment (Articles 11.2 and 10.3) Most-Favored Nation Treatment (Articles 11.3 and 10.4) Local Presence (Article 11.5) Performance Requirements (Article 10.9) Senior Management and Boards of Directors (Article 10.10)

Level of Government: Central

Description: Cross-Border Services and Investment

Guatemala reserves the right to adopt or maintain any measure related to the provision of maritime transportation services.

ANNEX II, Schedule of Guatemala

Sector: Matters Related to Disadvantaged Minorities and Indigenous Peoples

Obligations Concerned: National Treatment (Articles 11.2 and 10.3) Local Presence (Article 11.5) Performance Requirements (Article 10.9) Senior Management and Boards of Directors (Article 10.10)

Level of Government: Central

Description: Cross-Border Services and Investment

Guatemala reserves the right to adopt or maintain any measure that grants rights or preferences to socially or economically disadvantaged minorities and indigenous peoples.

ANNEX II

Schedule of Honduras

Sector: Communications Services - Telecommunications

Obligations Concerned: National Treatment (Article 10.3) Market Access (Article 11.4)

Description: Cross-Border Services and Investment

Honduras reserves the right to adopt, maintain, or modify the level of participation in the ownership of the Empresa Hondureña de Telecomunicaciones (HONDUTEL), as well as its affiliates or subsidiaries.

ANNEX II, Schedule of Honduras

Sector: All Sectors

Obligations Concerned: Most-Favored-Nation Treatment (Articles 10.4 and 11.3)

Description: Cross-Border Services and Investment

Honduras reserves, vis-à-vis the United States and the Dominican Republic, the right to adopt or maintain any measure that accords differential treatment to countries under any bilateral or multilateral international agreement in force or signed prior to the date of entry into force of this Agreement. Honduras reserves the right to adopt or maintain any measure that accords differential treatment to countries under any bilateral or multilateral international agreement in force or signed after the date of entry into force of this Agreement involving:

- (a) aviation;
- (b) fisheries; or
- (c) maritime matters, including salvage.

ANNEX II, Schedule of Honduras

Sector: Agronomists

Obligations Concerned: National Treatment (Article 11.2) Most-Favored-Nation Treatment (Article 11.3) Local Presence (Article 11.5)

Description: Cross-Border Services

Honduras reserves the right to adopt or maintain any measure that pertains to obligatory membership in a professional association of agronomists.

ANNEX II, Schedule of Honduras

Sector: Social Workers

Obligations Concerned: National Treatment (Article 11.2)

Description: Cross-Border Services

Honduras reserves the right to adopt or maintain any measure that pertains to obligatory membership in a professional association of social workers.

ANNEX II, Schedule of Honduras

Sector: Chemists and Pharmacists

Obligations Concerned: National Treatment (Article 11.2) Most-Favored-Nation Treatment (Article 11.3) Local Presence (Article 11.5)

Description: Cross-Border Services

Honduras reserves the right to adopt or maintain any measure that pertains to obligatory membership in a professional association of chemists or pharmacists.

ANNEX II, Schedule of Honduras

Sector: Social Services

Obligations Concerned: National Treatment (Article 11.2) Most-Favored-Nation Treatment (Article 11.3) Market Access (Article 11.4) Local Presence (Article 11.5) Senior Management and Boards of Directors (Article 10.10)

Description: Cross-Border Services and Investment

Honduras reserves the right to adopt or maintain any measure with respect to the provision of law enforcement and correctional services, and the following services to the extent they are social services established or maintained for a public purpose: income security or insurance, social security or insurance, social welfare, public education, public training, health, and child care.

ANNEX II, Schedule of Honduras

Sector: Minority Affairs

Obligations Concerned: National Treatment (Articles 10.3 and 11.2) Local Presence (Article 11.5) Performance Requirements (Article 10.9) Senior Management and Boards of Directors (Article 10.10)

Description: Cross-Border Services and Investment

Honduras reserves the right to adopt or maintain any measure according rights or preferences to socially or economically disadvantaged minorities.

ANNEX II

Schedule of Nicaragua

Sector: All Sectors

Obligations Concerned: National Treatment (Article 10.3) Senior Management and Boards of Directors (Article 10.10)

Description: Investment

Nicaragua reserves the right to limit the transfer or disposal of any interest held in an existing state enterprise, such that only a Nicaraguan national may receive such interest. However, the preceding sentence pertains only to the initial transfer or disposal of such interest. Nicaragua does not reserve this right with respect to subsequent transfers or disposals of such interest. Nicaragua reserves the right to limit control of any new enterprise created by the transfer or disposal of any interest as described in the preceding paragraph through means other than limitations on the ownership of the interest. Nicaragua also reserves the right to adopt or maintain any measure related to the nationality of senior management and members of the board of directors in such new enterprise.

ANNEX II, Schedule of Nicaragua

Sector: Minority Affairs and Indigenous Peoples

Obligations Concerned: National Treatment (Articles 10.3 and 11.2) Most-Favored Nation Treatment (Articles 10.4 and 11.3) Local Presence (Article 11.5) Performance Requirements (Article 10.9) Senior Management and Boards of Directors (Article 10.10)  
Description: Cross-Border Services and Investment

Nicaragua reserves the right to adopt or maintain any measure granting rights or preferences to socially or economically disadvantaged minorities and indigenous peoples.

ANNEX II, Schedule of Nicaragua

Sector: Communications

Obligations Concerned: Most-Favored-Nation Treatment (Articles 10.4 and 11.3)

Description: Cross-Border Services and Investment

Nicaragua reserves the right to adopt or maintain any measure that accords differential treatment to persons of other countries due to application of reciprocity measures or through international agreements involving sharing of the radio spectrum, guaranteeing market access, or national treatment with respect to the one-way satellite transmission of direct-to-home (DTH) and direct broadcasting satellite (DBS) television services and digital audio services.

ANNEX II, Schedule of Nicaragua

Sector: All Sectors

Obligations Concerned: Most-Favored-Nation Treatment (Articles 10.4 and 11.3)

Description: Cross-Border Services and Investment

Nicaragua reserves, vis-à-vis the United States and the Dominican Republic, the right to adopt or maintain any measure that accords differential treatment to countries under any bilateral or multilateral international agreement in force or signed prior to the date of entry into force of this Agreement. Nicaragua reserves the right to adopt or maintain any measure that accords differential treatment to countries under any bilateral or multilateral international agreement in force or signed after the date of entry into force of this Agreement involving:

- (a) aviation;
- (b) fisheries; or
- (c) maritime matters, including salvage.

ANNEX II, Schedule of Nicaragua

Sector: Coastal Lands, Islands, and River Banks

Obligations Concerned: National Treatment (Article 10.3)

Description: Investment

Nicaragua reserves the right to adopt or maintain any measure with respect to coastal lands, islands, and river banks under the possession of Nicaragua.

ANNEX II, Schedule of Nicaragua

Sector: Social Services

Obligations Concerned: National Treatment (Articles 10.3 and 11.2) Most-Favored Nation Treatment (Articles 10.4 and 11.3) Local Presence (Article 11.5) Performance Requirements (Article 10.9) Senior Management and Boards of Directors (Article 10.10)  
Description: Cross-Border Services and Investment

Nicaragua reserves the right to adopt or maintain any measure with respect to the

provision of law enforcement and correctional services, and the following services to the extent they are social services established or maintained for a public purpose: income security or insurance, social security or insurance, social welfare, public education, public training, health, and child care.

#### ANNEX II

##### Schedule of the United States

Sector: Communications

Obligations Concerned: Most-Favored-Nation Treatment (Articles 10.3 and 11.2)

Description: Cross-Border Services and Investment

The United States reserves the right to adopt or maintain any measure that accords differential treatment to persons of other countries due to application of reciprocity measures or through international agreements involving sharing of the radio spectrum, guaranteeing market access, or national treatment with respect to the one-way satellite transmission of direct-to-home (DTH) and direct broadcasting satellite (DBS) television services and digital audio services.

##### ANNEX II, Schedule of the United States

Sector: Communications - Cable Television

Obligations Concerned: National Treatment (Article 10.3) Most-Favored-Nation Treatment (Article 10.4) Senior Management and Boards of Directors (Article 10.10)

Description: Investment

The United States reserves the right to adopt or maintain any measure that accords equivalent treatment to persons of any country that limits ownership by persons of the United States in an enterprise engaged in the operation of a cable television system in that country.

##### ANNEX II, Schedule of the United States

Sector: Social Services

Obligations Concerned: National Treatment (Articles 10.3 and 11.2) Most-Favored Nation Treatment (Articles 10.4 and 11.3) Local Presence (Article 11.5) Performance Requirements (Article 10.9) Senior Management and Boards of Directors (Article 10.10) Market Access (Article 10.4)

Description: Cross-Border Services and Investment

The United States reserves the right to adopt or maintain any measure with respect to the provision of law enforcement and correctional services, and the following services to the extent they are social services established or maintained for a public purpose: income security or insurance, social security or insurance, social welfare, public education, public training, health, and child care.

##### ANNEX II, Schedule of the United States

Sector: Minority Affairs

Obligations Concerned: National Treatment (Articles 10.3 and 11.2) Local Presence (Article 11.5) Performance Requirements (Article 10.9) Senior Management and Boards of Directors (Article 10.10)

Description: Cross-Border Services and Investment

The United States reserves the right to adopt or maintain any measure according rights or preferences to socially or economically disadvantaged minorities, including

corporations organized under the laws of the State of Alaska in accordance with the Alaska Native Claims Settlement Act.

Existing Measures: Alaska Native Claims Settlement Act, 43 U.S.C. §§ 1601 et seq.

ANNEX II, Schedule of the United States

Sector: Transportation

Obligations Concerned: National Treatment (Articles 10.3 and 11.2) Most Favored-Nation Treatment (Articles 10.4 and 11.3) Local Presence (Article 11.5) Performance Requirements (Article 10.9) Senior Management and Boards of Directors (Article 10.10)

Description: Cross-Border Services and Investment

The United States reserves the right to adopt or maintain any measure relating to the provision of maritime transportation services and the operation of U.S.-flagged vessels, including the following:

- (a) requirements for investment in, ownership and control of, and operation of vessels and other marine structures, including drill rigs, in maritime cabotage services, including maritime cabotage services performed in the domestic offshore trades, the coastwise trades, U.S. territorial waters, waters above the continental shelf, and in the inland waterways;
- (b) requirements for investment in, ownership and control of, and operation of U.S. flagged vessels in foreign trades;
- (c) requirements for investment in, ownership or control of, and operation of vessels engaged in fishing and related activities in U.S. territorial waters and the Exclusive Economic Zone;
- (d) requirements related to documenting a vessel under the U.S. flag;
- (e) promotional programs, including tax benefits, available for shipowners, operators, and vessels meeting certain requirements;
- (f) certification, licensing, and citizenship requirements for crew members on U.S. flagged vessels;
- (g) manning requirements for U.S.-flagged vessels;
- (h) all matters under the jurisdiction of the Federal Maritime Commission;

ANNEX II, Schedule of the United States

- (i) negotiation and implementation of bilateral and other international maritime agreements and understandings;
- (j) limitations on longshore work performed by crew members;
- (k) tonnage duties and light money assessments for entering U.S. waters; and
- (l) certification, licensing, and citizenship requirements for pilots performing pilotage services in U.S. territorial waters.

The following activities are not included in this reservation. However, the treatment provided to a Party under (b) is conditional upon obtaining comparable market access in these sectors from that Party:

- (a) vessel construction and repair; and
- (b) landside aspects of port activities, including operation and maintenance of docks; loading and unloading of vessels directly to or from land; marine cargo handling; operation and maintenance of piers; ship cleaning; stevedoring; transfer of cargo between vessels and trucks, trains, pipelines, and wharves; waterfront terminal operations; boat cleaning; canal operation; dismantling of vessels; operation of marine

railways for drydocking; marine surveyors, except cargo; marine wrecking of vessels for scrap; and ship classification societies.

Existing Measures: Merchant Marine Act of 1920, §§ 19 and 27, 46 U.S.C. App. § 876 and § 883 et seq.

Jones Act Waiver Statute, 64 Stat 1120, 46 U.S.C. App., note preceding Section 1 Shipping Act of 1916, 46 U.S.C. App. §§ 802 and 808

Merchant Marine Act of 1936, 46 U.S.C. App. §§ 1151 et seq., 1160-61, 1171 et seq., 1241(b), 1241-1, 1244, and 1271 et seq.

Merchant Ship Sales Act of 1946, 50 U.S.C. App. § 1738 46 U.S.C. App. §§ 121, 292, and 316 46 U.S.C. §§ 12101 et seq. and 31301 et seq. 46 U.S.C. §§ 8904 and 31328(2)

Passenger Vessel Act, 46 U.S.C. App. § 289

ANNEX II, Schedule of the United States

42 U.S.C. §§ 9601 et seq.; 33 U.S.C. §§ 2701 et seq.; 33 U.S.C. §§ 1251 et seq. 46 U.S.C. §§ 3301 et seq., 3701 et seq., 8103, and 12107(b)

Shipping Act of 1984, 46 U.S.C. App. §§ 1708 and 1712

The Foreign Shipping Practices Act of 1988, 46 U.S.C. App. § 1710a

Merchant Marine Act, 1920, 46 U.S.C. App. §§ 861 et seq.

Shipping Act of 1984, 46 U.S.C. App. §§ 1701 et seq.

Alaska North Slope, 104 Pub. L. 58; 109 Stat. 557 Longshore restrictions and reciprocity, 8 U.S.C. §§ 1101 et seq. Vessel escort provisions, Section 1119 of Pub. L. 106-554, as amended

Nicholson Act, 46 U.S.C. App. § 251

Commercial Fishing Industry Vessel Anti-Reflagging Act of 1987, 46 U.S.C. § 2101 and 46 U.S.C. § 12108 43 U.S.C. § 1841 22 U.S.C. § 1980

Intercoastal Shipping Act, 46 U.S.C. App. § 843 46 U.S.C. § 9302, 46 U.S.C. § 8502; Agreement Governing the Operation of Pilotage on the Great Lakes, Exchange of Notes at Ottawa, August 23, 1978, and March 29, 1979, TIAS 9445

Magnuson Fishery Conservation and Management Act, 16 U.S.C. §§ 1801 et seq. 19 U.S.C. § 1466

North Pacific Anadromous Stocks Convention Act of 1972, P.L. 102-587; Oceans Act of 1992, Title VII

Tuna Convention Act, 16 U.S.C. §§ 951 et seq.

South Pacific Tuna Act of 1988, 16 U.S.C. §§ 973 et seq.

Northern Pacific Halibut Act of 1982, 16 U.S.C. §§ 773 et seq.

Atlantic Tunas Convention Act, 16 U.S.C. §§ 971 et seq.

Antarctic Marine Living Resources Convention Act of 1984, 16 U.S.C. §§ 2431 et seq.

Pacific Salmon Treaty Act of 1985, 16 U.S.C. §§ 3631 et seq.

American Fisheries Act, 46 U.S.C. § 12102(c) and 46 U.S.C. § 31322(a)

ANNEX II, Schedule of the United States

Sector: All

Obligations Concerned: Market Access (Article 11.4)

Description: Cross-Border Services

The United States reserves the right to adopt or maintain any measure that is not inconsistent with the United States' obligations under Article XVI of the General Agreement on Trade in Services.

ANNEX II, Schedule of the United States

Sector: All

Obligations Concerned: Most-Favored-Nation Treatment (Articles 10.4 and 11.3)

Description: Cross-Border Services and Investment

The United States reserves the right to adopt or maintain any measure that accords differential treatment to countries under any bilateral or multilateral international agreement in force or signed prior to the date of entry into force of this Agreement.

The United States reserves the right to adopt or maintain any measure that accords differential treatment to countries under any bilateral or multilateral international agreement in force or signed after the date of entry into force of this Agreement involving:

- (a) aviation;
- (b) fisheries; or
- (c) maritime matters, including salvage.

## ANNEX III: FINANCIAL SERVICES NON-CONFORMING MEASURES

### Schedule of Costa Rica

#### Explanatory Note

1. The Schedule of Costa Rica to Annex III sets out:

(a) headnotes that limit or clarify the commitments of Costa Rica with respect to the obligations described in clauses (i)-(v) of subparagraph (b), and in subparagraph (c);  
(b) in Section A, pursuant to Article 12.9 (Non-Conforming Measures), the existing measures of Costa Rica that do not conform to some or all of the obligations imposed by:

(i) Article 12.2 (National Treatment);

(ii) Article 12.3 (Most-Favored-Nation Treatment);

(iii) Article 12.4 (Market Access for Financial Institutions);

(iv) Article 12.5 (Cross-Border Trade); or

(v) Article 12.8 (Senior Management and Boards of Directors); and

(c) in Section B, pursuant to Article 12.9 (Non-Conforming Measures), the specific sectors, subsectors, or activities for which Costa Rica may maintain existing, or adopt new or more restrictive, measures that do not conform with the obligations imposed by Article 12.2, 12.3, 12.4, 12.5, or 12.8.

2. Each entry in Section A sets out the following elements:

(a) Sector refers to the general sector for which the entry is made;

(b) Subsector refers to the specific sector for which the entry is made;

(c) Obligations Concerned specifies the obligation(s) referred to in subparagraph 1(b) that, pursuant to Article 12.9, do not apply to the listed measure(s);

(d) Level of Government indicates the level of government maintaining the listed measure(s);

(e) Measures identifies the laws, regulations or other measures for which the entry is made. A measure cited in the Measures element:

(i) means the measure as amended, continued, or renewed as of the date of entry into force of this Agreement, and

ANNEX III, Schedule of Costa Rica

(ii) includes any subordinate measure adopted or maintained under the authority of and consistent with the measure;

(f) Description provides a general, nonbinding description of the Measures.

3. Each entry in Section B sets out the following elements:

(a) Sector refers to the general sector for which the entry is made;

(b) Subsector refers to the specific sector for which the entry is made;

(c) Obligations Concerned specifies the obligation(s) referred to in subparagraph 1(c) that, pursuant to Article 12.9, do not apply to the sectors, subsectors, or activities listed in the entry;

(d) Level of Government indicates the level of government maintaining the listed measure(s); and

(e) Description sets out the scope of the sectors, subsectors, or activities covered by the entry.

4. In the interpretation of a non-conforming measure in Section A, all elements of the non-conforming measures listing shall be considered. A non-conforming measure shall be interpreted in the light of the relevant provisions of the Financial Services Chapter

with respect to which the non-conforming measure is taken. To the extent that:  
(a) the Measures element is qualified by a liberalization commitment from the Description element, if any, or a Specific Commitment from an Annex to the Financial Services Chapter, the Measures element as so qualified shall prevail over all other elements; and

(b) the Measures element is not so qualified, the Measures element shall prevail over all other elements, unless any discrepancy between the Measures element and the other elements considered in their totality is so substantial and material that it would be unreasonable to conclude that the Measures element should prevail, in which case the other elements shall prevail to the extent of the discrepancy.

5. For entries in Section B, in accordance with Article 12.9.4, the articles of this Agreement specified in the Obligations Concerned element of an entry do not apply to the sectors, subsectors, and activities identified in the Description element of that entry.

6. Where Costa Rica maintains a measure that requires that a service supplier be a citizen, permanent resident or resident of its territory as a condition to the provision of a service in its territory, a listing for that measure taken in Annex III with respect to Articles 12.2, 12.3, 12.4, or 12.5 shall operate as a non-conforming measure with respect to Articles 10.3 (National

ANNEX III, Schedule of Costa Rica  
Treatment), 10.4 (Most-Favored-Nation Treatment) and 10.9 (Performance Requirements), to the extent of that measure.

ANNEX III, Schedule of Costa Rica  
Headnotes

1. Commitments in these subsectors under the Agreement are undertaken subject to the limitations and conditions set forth in these headnotes and in Sections A and B below.

2. To clarify the Costa Rican commitment with respect to Article 12.4, juridical persons supplying banking or other financial services and constituted under the laws of Costa Rica are subject to non-discriminatory limitations on juridical form. (For example, sole proprietorships are generally not acceptable juridical forms for depository financial institutions in Costa Rica. This headnote is not itself intended to affect, or otherwise limit, a choice by a financial institution of another Party between branches or subsidiaries).

ANNEX III, Schedule of Costa Rica, Section A

Sector: Financial Services

Subsector: Banking

Obligation Concerned: National Treatment (Article 12.2)

Level of Government: Central

Measures: Law No. 1644 of 26 September 1953, Ley Orgánica del Sistema Bancario Nacional

Law No. 4646 of 20 October 1970

Law No. 7558 of 3 November 1995, Ley Orgánica del Banco Central de Costa Rica

Law No. 7732 of 17 December 1997, Ley de Regulación y Supervisión del Mercado de Valores

Executive Decree No. 28985-H of 20 September 2000, Reglamento al Artículo 59 de la

Ley Orgánica del Sistema Bancario Nacional

Law No. 8187 of 18 December 2001, Reforma del Artículo 117 de la Ley Orgánica del Sistema Bancario Nacional, No. 1644

Law No. 7107 of 4 November 1988, Ley de Modernización del Sistema Financiero de la República

Law No. 4351 of 11 July 1969, Ley Orgánica del Banco Popular y Desarrollo Comunal

Description: The State guarantees the liabilities of the State Banks. Private banks that operate current accounts and saving sections have to meet the following requirements: (a) To maintain a minimum loan balance with the state banking system of 17 percent of total short-term deposits (30 days or less), once the corresponding reserve is deducted, both in domestic and foreign currencies. Such funds will be placed at a rate equivalent to 50 percent of either the basic passive rate calculated by the Banco Central, or the LIBOR rate at a one-month term.

ANNEX III, Schedule of Costa Rica, Section A

(b) Alternatively, to establish at least four agencies or branches to provide basic banking services – both passive and active – in the following regions: Chorotega, Central Pacific, Brunca, Atlantic Huetar, and North Huetar, dedicating at least ten percent, once the corresponding reserve has been deducted, of total short-term deposits (30 days or less), in domestic or foreign currency, to credits for programs designated by the Executive Branch, with such funds to be placed at a rate not higher than the basic passive rate calculated by the Banco Central, in its placements in colones, and the LIBOR rate at a one-month term, for resources in foreign currency. The State and public institutions with state character, as well as the public institutions the equity of which belongs mainly to the State or its institutions, may only make deposits and operations in current and savings accounts through State commercial banks.

ANNEX III, Schedule of Costa Rica, Section A

Sector: Financial Services

Subsector: Banking

Obligation Concerned: National Treatment (Article 12.2)

Level of Government: Central

Measures: Law No. 1644 of 26 September 1953, Ley Orgánica del Sistema Bancario Nacional

Law No. 7107 of 4 November 1988, Ley de Modernización del Sistema Financiero de la República

Description: At least ten Costa Rican cooperative organizations are required to establish and operate a cooperative bank.

ANNEX III, Schedule of Costa Rica, Section A

Sector: Financial Services

Subsector: Banking

Obligation Concerned: National Treatment (Article 12.2)

Level of Government: Central

Measure: Law No. 7107 of 4 November 1988, Ley de Modernización del Sistema Financiero de la República

Description: At least 25 Costa Rican solidarity associations are required to establish and operate a solidarity bank.

ANNEX III, Schedule of Costa Rica, Section A  
Sector: Financial Services  
Subsector: Banking  
Obligations Concerned: National Treatment (Article 12.2) Market Access (Article 12.4)  
Level of Government: Central  
Measure: Law No. 4351 of 11 July 1969, Ley Orgánica del Banco Popular y de Desarrollo Comunal  
Description: Only Banco Popular y de Desarrollo Comunal will manage the funds of the mandatory contributions made by employers and employees pursuant to Law No. 4351.

ANNEX III, Schedule of Costa Rica, Section A  
Sector: Financial Services  
Subsector: Banking  
Obligation Concerned: Market Access (Article 12.4)  
Level of Government: Central  
Measures: Law No. 1644 of 26 September 1953, Ley Orgánica del Sistema Bancario Nacional  
Law No. 7107 of 4 November 1988, Ley de Modernización del Sistema Financiero de la República  
Description: Private banks in Costa Rica are required to be constituted or organized under Costa Rican law.

ANNEX III, Schedule of Costa Rica, Section A  
Sector: Financial Services  
Subsector: Insurance  
Obligation Concerned: Market Access (Article 12.4)  
Level of Government: Central  
Measures: Law No. 12 of 30 October 1924, Ley Monopolios del Instituto Nacional de Seguros  
Law No. 33 of 23 December 1936, Ley de Reorganización del Instituto Nacional de Seguros  
Law No. 6082 of 30 August 1977, Ley de Monopolio de Reaseguros  
Law No. 7331 of 13 April 1993, Ley de Tránsito, Chapter Two  
Description: Insurance and reinsurance services in Costa Rica are reserved to a state monopoly, the Instituto Nacional de Seguros (INS). Notwithstanding the measures listed above, Costa Rica shall allow insurance service providers of any Party, on a non-discriminatory basis, to effectively compete to supply to the consumer insurance services as provided in the commitments and schedule set out in the “Specific Commitments of Costa Rica on Insurance Services” in Annex 12.9.2. Upon completion of the liberalization schedule on January 1, 2011, this non-conforming measure shall cease to exist.

ANNEX III, Schedule of Costa Rica, Section B  
Sector: Financial Services  
Subsector: All Subsectors Other Than Banking and Insurance  
Obligation Concerned: Market Access (Article 12.4)  
Level of Government: Central  
Description: Costa Rica reserves the right to adopt or maintain measures requiring the

incorporation in Costa Rica of foreign financial institutions, other than those seeking to operate as banks or insurance companies within Costa Rica.

### ANNEX III: FINANCIAL SERVICES NON-CONFORMING MEASURES

#### Schedule of the Dominican Republic

##### Explanatory Note

1. The Schedule of the Dominican Republic to Annex III sets out:

(a) headnotes that limit or clarify the commitments of the Dominican Republic with respect to the obligations described in clauses (i)-(v) of subparagraph (b), and in subparagraph (c);

(b) in Section A, pursuant to Article 12.9 (Non-Conforming Measures), the existing measures of the Dominican Republic that do not conform to some or all of the obligations imposed by:

(i) Article 12.2 (National Treatment);

(ii) Article 12.3 (Most-Favored-Nation Treatment);

(iii) Article 12.4 (Market Access for Financial Institutions);

(iv) Article 12.5 (Cross-Border Trade); or

(v) Article 12.8 (Senior Management and Boards of Directors); and

(c) in Section B, pursuant to Article 12.9 (Non-Conforming Measures), the specific sectors, subsectors, or activities for which the Dominican Republic may maintain existing, or adopt new or more restrictive, measures that do not conform with the obligations imposed by Article 12.2, 12.3, 12.4, 12.5, or 12.8.

2. Each entry in Section A sets out the following elements:

(a) Sector refers to the general sector for which the entry is made;

(b) Subsector refers to the specific sector for which the entry is made;

(c) Obligations Concerned specifies the obligation(s) referred to in subparagraph 1(b) that, pursuant to Article 12.9, do not apply to the listed measure(s);

(d) Level of Government indicates the level of government maintaining the listed measure(s);

(e) Measures identifies the laws, regulations or other measures for which the entry is made. A measure cited in the Measures element:

(i) means the measure as amended, continued, or renewed as of the date of entry into force of this Agreement, and

ANNEX III, Schedule of the Dominican Republic

(ii) includes any subordinate measure adopted or maintained under the authority of and consistent with the measure;

(f) Description provides a general, nonbinding description of the Measures.

3. Each entry in Section B sets out the following elements:

(a) Sector refers to the general sector for which the entry is made;

(b) Sub-Sector refers to the specific sector for which the entry is made;

(c) Obligations Concerned specifies the obligation(s) referred to in subparagraph 1(c) that, pursuant to Article 12.9, do not apply to the sectors, subsectors, or activities listed in the entry;

(d) Level of Government indicates the level of government maintaining the listed measure(s); and

(e) Description sets out the scope of the sectors, subsectors, or activities covered by the entry.

4. In the interpretation of a non-conforming measure in Section A, all elements of the non-conforming measures listing shall be considered. A non-conforming measure shall be interpreted in the light of the relevant provisions of the Financial Services Chapter with respect to which the non-conforming measure is taken. To the extent that:

(a) the Measures element is qualified by a liberalization commitment from the Description element, if any, or a Specific Commitment from an Annex to the Financial Services Chapter, the Measures element as so qualified shall prevail over all other elements; and

(b) the Measures element is not so qualified, the Measures element shall prevail over all other elements, unless any discrepancy between the Measures element and the other elements considered in their totality is so substantial and material that it would be unreasonable to conclude that the Measures element should prevail, in which case the other elements shall prevail to the extent of the discrepancy.

5. For entries in Section B, in accordance with Article 12.9.4, the articles of this Agreement specified in the Obligations Concerned element of an entry do not apply to the sectors, subsectors, and activities identified in the Description element of that entry.

6. Where the Dominican Republic maintains a measure that requires that a service supplier be a citizen, permanent resident or resident of its territory as a condition to the provision of a service in its territory, a listing for that measure taken in Annex III with respect to Articles 12.2, 12.3, 12.4, or 12.5 shall operate as a non-conforming measure with respect to Articles 10.3

ANNEX III, Schedule of the Dominican Republic  
(National Treatment), 10.5 (Most-Favored-Nation Treatment) and 10.9 (Performance Requirements), to the extent of that measure.

ANNEX III, Schedule of the Dominican Republic  
Headnotes

1. Commitments in these subsectors under the Agreement are undertaken subject to the limitations and conditions set forth in these headnotes and in Sections A and B below.

2. To clarify the Dominican Republic's commitment with respect to Article 12.4, juridical persons supplying financial services and constituted under the laws of the Dominican Republic are subject to non-discriminatory limitations on juridical form. (For example, partnerships, sole proprietorships, sociedades de responsabilidad limitada, sociedades en comandita simple, sociedades en comandita por acciones, and sociedades colectivas are not acceptable juridical forms for financial institutions in the Dominican Republic. This headnote is not itself intended to affect, or otherwise limit, a choice by a financial institution of another Party between branches or subsidiaries)

ANNEX III, Schedule of the Dominican Republic, Section A  
Sector: Financial Services

Subsector: Banking Services and Other Financial Services (Excluding Insurance)

Type of Reservation: Market Access (Article 12.4)

Measures: Ley Monetaria y Financiera, No. 183-02, November 21, 2002, Art. 30

Description A Currency Exchange Bureau must be organized as a share company (compañía por acciones) under the laws of the Dominican Republic, and must have the exclusive purpose of foreign currency exchange intermediation within the national

territory.

ANNEX III, Schedule of the Dominican Republic, Section A

Sector: Financial Services

Subsector: Banking Services and Other Financial Services (Excluding Insurance)

Type of Reservation: Market Access (Article 12.4)

Measures: Ley Monetaria y Financiera, No. 183-02, November 21, 2002, Arts. 34, 38, and 39

Description: The capital and reserves that foreign banks assign to their branch offices must be effectively brought into the Dominican Republic. The operations of branch offices of foreign banks are limited to the capital brought into the Dominican Republic. All financial intermediation entities, except commercial banks, must be organized under the laws of the Dominican Republic.

ANNEX III, Schedule of the Dominican Republic, Section A

Sector: Financial Services

Subsector: Banking and Other Financial Services (Excluding Insurance)

Obligations Concerned: Market Access (Article 12.4)

Measures: Ley que Crea el Sistema Dominicano de Seguridad Social, No. 87- 01, May 9, 2001, Book II, Chapter VI, Art. 80

Description: Pensions Funds Managers (Administradoras de Fondos de Pensiones) must be established as financial companies (sociedades financieras) under the laws of the Dominican Republic.

ANNEX III, Schedule of the Dominican Republic, Section A

Sector: Financial Services

Subsector: Securities

Obligations Concerned: Market Access (Article 12.4)

Measures: Ley de Mercado de Valores, No. 19-00, May 8, 2000, Arts. 46, 57, 62, 71, 76, 103, and 108

Description: The following entities must be incorporated under the laws of the Dominican Republic:

- (a) stock exchanges,
- (b) commodities exchanges,
- (c) brokers,
- (d) dealers,
- (e) clearing houses,
- (f) centralized depositories of securities,
- (g) investment fund managers, and
- (h) securities underwriters.

ANNEX III, Schedule of the Dominican Republic, Section A

Sector: Financial Services

Subsector: Insurance

Obligations Concerned: National Treatment (Article 12.2) Market Access (Article 12.4)

Most-Favored-Nation Treatment (Article 12.3)

Level of Government: Central

Measures: Ley sobre Seguros y Fianzas de la Republica Dominicana, No. 146-02, July 26,

2002, Arts. 6, 13(a), 21, and 201

Description: To supply insurance and services related to insurance in the Dominican Republic foreign insurance companies must be organized under the laws of the Dominican Republic as a corporation. Not later than four years after the date of entry into force of this Agreement, the Dominican Republic shall permit foreign insurance companies to establish branches. (For greater certainty, the Dominican Republic may require that the branch owners or shareholders meet the solvency and integrity requirements established in the Dominican Republic's insurance legislation) Unless otherwise provided in a treaty, agreement, or international agreement to which the Dominican Republic is a party, personal life and health insurance contracts sold in the Dominican Republic and all types of bonds on obligations in the Dominican Republic must be underwritten, either directly or through intermediaries, with insurers authorized to operate in the Dominican Republic. An insurance or reinsurance company owned by a company organized under the laws of a foreign country may not operate in the Dominican Republic if that country does not allow Dominican insurance companies to operate in its territory. (For greater certainty, U.S. insurance and reinsurance companies may operate in the Dominican Republic if the jurisdiction in which they are authorized to operate in the United States allows Dominican companies to operate) To obtain an intermediary or adjustor license to perform insurance or reinsurance operations, a natural person must:

- (a) be a Dominican national; or
- (b) reside in the Dominican Republic for six years prior to requesting the license, and after obtaining definitive residence in the country.

ANNEX III, Schedule of the Dominican Republic, Section B

Sector: Financial Services

Subsector: All Subsectors Other Than Banking and Insurance

Obligations Concerned: Market Access (Article 12.4)

Description: The Dominican Republic reserves the right to adopt or maintain measures requiring the incorporation in the Dominican Republic of foreign financial institutions, other than those seeking to operate as banks or insurance companies within the Dominican Republic.

ANNEX III: FINANCIAL SERVICES NON-CONFORMING MEASURES

Schedule of El Salvador

Explanatory Note

1. The Schedule of El Salvador to Annex III sets out:

- (a) headnotes that limit or clarify the commitments of El Salvador with respect to the obligations described in clauses (i)-(v) of subparagraph (b), and in subparagraph (c);
- (b) in Section A, pursuant to Article 12.9 (Non-Conforming Measures), the existing measures of El Salvador that do not conform to some or all of the obligations imposed by:
  - (i) Article 12.2 (National Treatment);
  - (ii) Article 12.3 (Most-Favored-Nation Treatment);
  - (iii) Article 12.4 (Market Access for Financial Institutions);
  - (iv) Article 12.5 (Cross-Border Trade); or
  - (v) Article 12.8 (Senior Management and Boards of Directors); and
- (c) in Section B, pursuant to Article 12.9 (Non-Conforming Measures), the specific

sectors, subsectors, or activities for which El Salvador may maintain existing, or adopt new or more restrictive, measures that do not conform with the obligations imposed by Article 12.2, 12.3, 12.4, 12.5, or 12.8.

2. Each entry in Section A sets out the following elements:

- (a) Sector refers to the general sector for which the entry is made;
- (b) Subsector refers to the specific sector for which the entry is made;
- (c) Obligations Concerned specifies the obligation(s) referred to in subparagraph 1(b) that, pursuant to Article 12.9, do not apply to the listed measure(s);
- (d) Level of Government indicates the level of government maintaining the listed measure(s);
- (e) Measures identifies the laws, regulations or other measures for which the entry is made. A measure cited in the Measures element:
  - (i) means the measure as amended, continued, or renewed as of the date of entry into force of this Agreement, and

ANNEX III, Schedule of El Salvador

(ii) includes any subordinate measure adopted or maintained under the authority of and consistent with the measure;

(f) Description provides a general, nonbinding description of the Measures.

3. Each entry in Section B sets out the following elements:

- (a) Sector refers to the general sector for which the entry is made;
- (b) Subsector refers to the specific sector for which the entry is made;
- (c) Obligations Concerned specifies the obligation(s) referred to in subparagraph 1(c) that, pursuant to Article 12.9, do not apply to the sectors, subsectors, or activities listed in the entry;
- (d) Level of Government indicates the level of government maintaining the listed measure(s); and
- (e) Description sets out the scope of the sectors, subsectors, or activities covered by the entry.

4. In the interpretation of a non-conforming measure in Section A, all elements of the non-conforming measures listing shall be considered. A non-conforming measure shall be interpreted in the light of the relevant provisions of the Financial Services Chapter with respect to which the non-conforming measure is taken. To the extent that:

- (a) the Measures element is qualified by a liberalization commitment from the Description element, if any, or a Specific Commitment from an Annex to the Financial Services Chapter, the Measures element as so qualified shall prevail over all other elements; and
- (b) the Measures element is not so qualified, the Measures element shall prevail over all other elements, unless any discrepancy between the Measures element and the other elements considered in their totality is so substantial and material that it would be unreasonable to conclude that the Measures element should prevail, in which case the other elements shall prevail to the extent of the discrepancy.

5. For entries in Section B, in accordance with Article 12.9.4, the articles of this Agreement specified in the Obligations Concerned element of an entry do not apply to the sectors, subsectors, and activities identified in the Description element of that entry.

6. Where El Salvador maintains a measure that requires that a service supplier be a citizen, permanent resident or resident of its territory as a condition to the provision of a service in its territory, a listing for that measure taken in Annex III with respect to

Articles 12.2, 12.3, 12.4, or 12.5 shall operate as a non-conforming measure with respect to Articles 10.3 (National

ANNEX III, Schedule of El Salvador Treatment), 10.4 (Most-Favored-Nation Treatment) and 10.9 (Performance Requirements), to the extent of that measure.

ANNEX III, Schedule of El Salvador  
Headnotes

1. Commitments in these subsectors under the Agreement are undertaken subject to the limitations and conditions set forth in these headnotes and in Sections A and B below.
2. To clarify El Salvador's commitment with respect to Article 12.4, juridical persons supplying financial services and constituted under the laws of El Salvador are subject to non-discriminatory limitations on juridical form. (For example, partnerships and sole proprietorships are not acceptable juridical forms for depositary financial institutions in El Salvador. This headnote is not itself intended to affect, or otherwise limit, a choice by a financial institution of another Party between branches or subsidiaries).

ANNEX III, Schedule of El Salvador, Section A

Sector: Financial Services

Subsector: All Insurance and Insurance-Related Services

Obligations Concerned : National Treatment (Article 12.2) Most-Favored-Nation Treatment (Article 12.3) Market Access (Article 12.4)

Measures : Ley de Sociedades de Seguros, Arts. 1, 6, 41, and 111 Reglamento de la Ley de Sociedades de Seguros, Art. 29

Description : Insurance companies must be legally incorporated in El Salvador.

Not later than three years after the date of entry into force of the Agreement, El Salvador shall permit foreign insurance companies to establish branches. (El Salvador may require that the branch owners or shareholders meet the solvency and integrity requirements established in El Salvador's insurance legislation). For an enterprise to be established under Salvadoran law, at least 75 percent of its shares must be owned jointly or severally by:

- (a) Salvadoran natural persons or natural persons of Guatemala, Nicaragua, Honduras or Costa Rica;
  - (b) legal persons organized under Salvadoran law whose majority, shareholders or partners are Salvadoran natural persons or natural persons of Guatemala, Nicaragua, Honduras or Costa Rica;
  - (c) Guatemalan, Nicaraguan, Honduran, Costa Rican insurance or reinsurance companies;
- or
- (d) foreign insurance and reinsurance companies with a first rate Classification by an internationally recognized classification Institution (e.g. Moody's, A.M. Best or S&P.)

ANNEX III, Schedule of El Salvador, Section A

Sector: Financial Services

Subsector: Banking Services

Obligations Concerned: National Treatment (Article 12.2) Most-Favored-Nation Treatment (Article 12.3) Market Access (Article 12.4)

Measures : Ley de Bancos, Arts. 5, 10, 26, 27, and 150

Description : Banks incorporated in El Salvador must be organized and operate as corporations with fixed capital broken down into registered shares and with no fewer than ten partners. At least 51 percent of the shares in banks legally incorporated in El Salvador must be owned by any of the following types of investor:

- (a) nationals of El Salvador or another Central American country;
  - (b) legal persons organized under the laws of El Salvador whose majority shareholders or partners are:
    - (i) nationals of El Salvador or a Central American country or
    - (ii) other legal persons organized under the laws of El Salvador whose majority shareholders or partners are nationals of El Salvador or another Central American country;
  - (c) banks established under the laws of a Central American country that
    - (i) are subject to prudential regulation and supervision in that country, in accordance with relevant international practice,
    - (ii) have been approved by internationally recognized risk classification entities; and
    - (iii) that fully comply with the legal provisions and guidelines in force in those countries;
- or

ANNEX III, Schedule of El Salvador, Section A

(d) banks and other foreign financial institutions that have been approved by internationally recognized risk classification entities as first-rate institutions and which meet other applicable requirements. Holding companies and other foreign financial institutions that fulfill these requirements are also covered by this subparagraph. To operate in El Salvador, a foreign bank branches must be part of a bank meeting the requirements of subparagraph (c) or (d). The operations of foreign branches in El Salvador are limited by their capital in El Salvador. A bank organized under the laws of El Salvador in which over 50 percent of the shares are owned by foreign banks or financial conglomerates shall only share names, assets or infrastructure or offer joint services to the public with other companies of the same foreign conglomerate as laid down in the Ley de Bancos.

ANNEX III, Schedule of El Salvador, Section A

Sector: Financial Services

Subsector: Savings and Credit Institutions and Cooperatives

Obligation Concerned: National Treatment (Article 12.2) Most-Favored-Nation Treatment (Article 12.3) Market Access (Article 12.4)

Measures : Ley de Intermediarios Financieros no Bancarios, Art. 155 and 157

Ley de Bancos, Art. 10

Ley General de Asociaciones Cooperativas, Art. 1 and 16

Código de Comercio, Art. 17

Description : Savings and credit institutions shall be subject to the same ownership requirements as set forth for banks in the preceding entry regarding the Financial Services sector, Banking Services subsector. Savings and credit institutions and cooperatives must be incorporated in El Salvador. The share ownership limit set forth in Article 10 of the Ley de Bancos shall not apply to foreign not-for-profit foundations and associations with legal personality extended, according to the laws of their countries of origin, and duly inscribed in the Registro de Fundaciones y Asociaciones of the Ministerio

de Gobernación, pursuant to the Ley de Fundaciones y Asociaciones de El Salvador.

ANNEX III, Schedule of El Salvador, Section A

Sector: Financial Services

Subsector: Bureaux de change

Obligations Concerned: National Treatment (Article 12.2) Market Access (Article 12.4)

Measures: Ley de Casas de Cambio de Moneda Extranjera, Art. 4

Description: Bureaux de change must be incorporated in El Salvador. The shares of the bureaux de change shall be the property of national financial institutions or nationals of El Salvador or legal persons comprising exclusively Salvadorans.

ANNEX III, Schedule of El Salvador, Section A

Sector: Financial Services

Subsector: Pension Funds Services

Obligations Concerned: National Treatment (Article 12.2) Most-Favored-Nation Treatment (Article 12.3) Market Access (Article 12.4)

Measures: Ley del Sistema de Ahorro para Pensiones, Art. 23 and 29

Description: Institutions that manage pension funds must be incorporated in El Salvador. The shares of such institutions, must be owned by the following persons who, severally or jointly, shall account for at least 50 percent of the capital:

- (a) nationals of El Salvador or a Central American country;
- (b) legal persons organized under the laws of El Salvador whose majority shareholders are natural persons described in subparagraph (a);
- (c) foreign pension fund managers with three years experience in the field; and
- (d) international financial entities and related investment institutions in which the Banco Central de Reserva has holdings.

ANNEX III, Schedule of El Salvador, Section A

Sector: Financial Services

Subsector: Securities Market Services

Obligations Concerned: National Treatment (Article 12.2) Most-Favored-Nation Treatment (Article 12.3) Market Access (Article 12.4) Senior Management and Boards of Directors (Article 12.8)

Measures: Ley del Mercado de Valores, Arts. 21, 30, 56 and 58

Description: The directors or administrators of stock exchanges and the members of the boards of directors of brokerage firms must, in addition to satisfying prudential requirements, be nationals of El Salvador or a Central American country or in the case of other foreigners, have resided in the country for at least three years. Stock exchanges and brokerage firms must be incorporated in El Salvador.

ANNEX III, Schedule of El Salvador, Section A

Sector: Financial Services

Subsector: All Subsectors

Obligations Concerned: National Treatment (Article 12.2)

Measures: Ley del Bancos, Art. 156

Ley del Banco de Fomento Agropecuario, Art. 14

Description: The Banco de Fomento Agropecuario will not be member of the Instituto de Garantía de Depósitos.

ANNEX III, Schedule of El Salvador, Section A

Sector: Financial Services

Subsector: All Subsectors

Obligations Concerned: Most-Favored-Nation Treatment (Article 12.3)

Measures: Tratado de Libre Comercio entre Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua y Panamá (As set out in the Description element.)

Description: Panama may be treated as a Central American Party for the purposes of the Financial Services Chapter.

ANNEX III, Schedule of El Salvador, Section B

Sector: Financial Services

Subsector: All Subsectors Other Than Banking and Insurance

Obligations Concerned: Market Access (Article 12.4)

Description: El Salvador reserves the right to adopt or maintain measures requiring the incorporation in El Salvador of foreign financial institutions, other than those seeking to operate as banks or insurance companies within El Salvador.

ANNEX III: FINANCIAL SERVICES NON-CONFORMING MEASURES

Schedule of Guatemala

Explanatory Note

1. The Schedule of Guatemala to Annex III sets out:

(a) headnotes that limit or clarify the commitments of Guatemala with respect to the obligations described in clauses (i)-(v) of subparagraph (b), and in subparagraph (c);

(b) in Section A, pursuant to Article 12.9 (Non-Conforming Measures), the existing measures of Guatemala that do not conform to some or all of the obligations imposed by:

(i) Article 12.2 (National Treatment);

(ii) Article 12.3 (Most-Favored-Nation Treatment);

(iii) Article 12.4 (Market Access for Financial Institutions);

(iv) Article 12.5 (Cross-Border Trade); or

(v) Article 12.8 (Senior Management and Boards of Directors); and

(c) in Section B, pursuant to Article 12.9 (Non-Conforming Measures), the specific sectors, subsectors, or activities for which Guatemala may maintain existing, or adopt new or more restrictive, measures that do not conform with the obligations imposed by Article 12.2, 12.3, 12.4, 12.5, or 12.8.

2. Each entry in Section A sets out the following elements:

(a) Sector refers to the general sector for which the entry is made;

(b) Subsector refers to the specific sector for which the entry is made;

(c) Obligations Concerned specifies the obligation(s) referred to in subparagraph 1(b) that, pursuant to Article 12.9, do not apply to the listed measure(s);

(d) Level of Government indicates the level of government maintaining the listed measure(s);

(e) Measures identifies the laws, regulations or other measures for which the entry is made. A measure cited in the Measures element:

(i) means the measure as amended, continued, or renewed as of the date of entry into force of this Agreement, and

ANNEX III, Schedule of Guatemala

(ii) includes any subordinate measure adopted or maintained under the authority of and

consistent with the measure;

(f) Description provides a general, nonbinding description of the Measures.

3. Each entry in Section B sets out the following elements:

(a) Sector refers to the general sector for which the entry is made;

(b) Subsector refers to the specific sector for which the entry is made;

(c) Obligations Concerned specifies the obligation(s) referred to in subparagraph 1(c) that, pursuant to Article 12.9, do not apply to the sectors, subsectors, or activities listed in the entry;

(d) Level of Government indicates the level of government maintaining the listed measure(s); and

(e) Description sets out the scope of the sectors, subsectors, or activities covered by the entry.

4. In the interpretation of a non-conforming measure in Section A, all elements of the non-conforming measures listing shall be considered. A non-conforming measure shall be interpreted in the light of the relevant provisions of the Financial Services Chapter with respect to which the non-conforming measure is taken. To the extent that:

(a) the Measures element is qualified by a liberalization commitment from the Description element, if any, or a Specific Commitment from an Annex to the Financial Services Chapter, the Measures element as so qualified shall prevail over all other elements; and

(b) the Measures element is not so qualified, the Measures element shall prevail over all other elements, unless any discrepancy between the Measures element and the other elements considered in their totality is so substantial and material that it would be unreasonable to conclude that the Measures element should prevail, in which case the other elements shall prevail to the extent of the discrepancy.

5. For entries in Section B, in accordance with Article 12.9.4, the articles of this Agreement specified in the Obligations Concerned element of an entry do not apply to the sectors, subsectors, and activities identified in the Description element of that entry.

6. Where Guatemala maintains a measure that requires that a service supplier be a citizen, permanent resident or resident of its territory as a condition to the provision of a service in its territory, a listing for that measure taken in Annex III with respect to Articles 12.2, 12.3, 12.4, or 12.5 shall operate as a non-conforming measure with respect to Articles 10.3 (National

ANNEX III, Schedule of Guatemala

Treatment), 10.4 (Most-Favored-Nation Treatment) and 10.9 (Performance Requirements), to the extent of that measure.

ANNEX III, Schedule of Guatemala

Headnotes:

1. Commitments in these subsectors under the Agreement are undertaken subject to the limitations and conditions set forth in these headnotes and in Sections A and B below.

2. To clarify Guatemala's commitment with respect to Article 12.4, juridical persons supplying financial services and constituted under the laws of Guatemala are subject to non-discriminatory limitations on juridical form. For example, in Guatemala, the sociedades de responsabilidad limitada, sociedades en comandita simple, sociedades en comandita por acciones and sociedad colectiva are not acceptable juridical forms for

financial institutions. Subsidiaries must be established as Sociedades Anónimas. This headnote is not itself intended to affect, or otherwise limit, a choice by a financial institution of another Party between branches, representative offices and subsidiaries)

ANNEX III, Schedule of Guatemala, Section A

Sector: Financial Services

Subsector: Banking

Obligations Concerned: Market Access (Article 12.4)

Level of Government: Central

Measures: Decree No. 19-2002 of the Congreso de la República, 29 April 2002, Ley de Bancos y Grupos Financieros, Arts. 6, 7, 18, 64, and 65 and its regulations

Description: A foreign bank may operate in Guatemala through:

(a) the establishment of branches in the Republic, and

(b) the registry of a representative office only for the promotion of business and granting of financing in the national territory. Foreign nationals and enterprises organized under the laws of foreign countries (including banks) may also establish a bank in Guatemala in the form of a Sociedad Anonima. Operations of foreign bank branches are limited to the amount of net worth capital (shareholders' equity) related to their exposure to credit, market, and other risks. This amount may not be less than ten percent of assets and contingencies, weighted in accordance with their risk, pursuant to general regulations issued by the Junta Monetaria.

ANNEX III, Schedule of Guatemala, Section A

Sector: Financial Services

Subsector: Banking

Obligations Concerned: National Treatment (Article 12.2)

Level of Government: Central

Measures: Decree No. 19-2002 of the Congreso de la República, of 29 April 2002, Ley de Bancos y Grupos Financieros, Art. 70

Description: A capital shortfall of a branch of a foreign bank must be made up for by its head office within 30 days after it receives notice from the Superintendencia de Bancos. In contrast, national banks have a longer period and may take other measures to remedy the shortfall in question.

ANNEX III, Schedule of Guatemala, Section A

Sector: Financial Services

Subsector: Banking

Obligations Concerned: National Treatment (Article 12.2)

Level of Government: Central

Measures: Decree No. 25-79 of the Congreso de la República, Ley Orgánica de El Crédito Hipotecario Nacional de Guatemala

Decree No. 46-72 of the Congreso de la República, Ley Orgánica de la Corporación Financiera Nacional

Decree No. 1448 of the Congreso de la República, Ley del Instituto de Fomento de Hipotecas Aseguradas

Description: The government may grant certain guarantees and advantages only to above-cited state-owned financial institutions, in accordance with the specific laws that regulate the operations of these institutions.

ANNEX III, Schedule of Guatemala, Section A  
Sector: Financial Services  
Subsector: Banking  
Obligations Concerned: Market Access (Article 12.4)  
Level of Government: Central

Measures: Decree-Law No. 208, Ley de Sociedades Financieras Privadas, Arts. 1o., 2o.  
Description: To operate in Guatemala, Private Financial Companies that are banking institutions and act as specialized financial intermediaries in investment banking operations must be established as sociedades anonimas.

ANNEX III, Schedule of Guatemala, Section A  
Sector: Financial Services  
Subsector: Insurance  
Obligations Concerned: National Treatment (Article 12.2) Market Access (Article 12.4)  
Cross-Border Trade (Article 12.5)  
Level of Government: Central

Measures: Decree-Law 473 of May 4 1966. Arts. 1, 17  
Description: Private national insurance companies must be constituted and organized as sociedades anonimas and their original capital can be national or international. The functioning and operation of agencies and branches of foreign insurance companies is prohibited. Within four years of entry into force of this Agreement, Guatemala shall allow insurance companies to establish as branches. For greater certainty, only individuals and enterprises authorized by law may solicit, promote, or sell insurance, or perform any other insurance activity within the territory of Guatemala. Consumption abroad of insurance services not listed in Annex 12.5.1 by natural persons resident in Guatemala or juridical persons established in Guatemala is not permitted.

ANNEX III, Schedule of Guatemala, Section B  
Sector: Financial Services  
Subsectors: All Subsectors Other Than Banking and Insurance  
Obligations Concerned: Market Access (Article 12.4)  
Description: Guatemala reserves the right to adopt or maintain measures requiring the incorporation in Guatemala of foreign financial institutions, other than those seeking to operate as banks or insurance companies within Guatemala.

#### ANNEX III: FINANCIAL SERVICES NON-CONFORMING MEASURES

Schedule of Honduras  
Explanatory Note

1. The Schedule of Honduras to Annex III sets out:
  - (a) headnotes that limit or clarify the commitments of Honduras with respect to the obligations described in clauses (i)-(v) of subparagraph (b), and in subparagraph (c);
  - (b) in Section A, pursuant to Article 12.9 (Non-Conforming Measures), the existing measures of Honduras that do not conform to some or all of the obligations imposed by:
    - (i) Article 12.2 (National Treatment);
    - (ii) Article 12.3 (Most-Favored-Nation Treatment);
    - (iii) Article 12.4 (Market Access for Financial Institutions);
    - (iv) Article 12.5 (Cross-Border Trade); or

(v) Article 12.8 (Senior Management and Boards of Directors); and  
(c) in Section B, pursuant to Article 12.9 (Non-Conforming Measures), the specific sectors, subsectors, or activities for which Honduras may maintain existing, or adopt new or more restrictive, measures that do not conform with the obligations imposed by Article 12.2, 12.3, 12.4, 12.5, or 12.8.

2. Each entry in Section A sets out the following elements:

- (a) Sector refers to the general sector for which the entry is made;
- (b) Subsector refers to the specific sector for which the entry is made;
- (c) Obligations Concerned specifies the obligation(s) referred to in subparagraph 1(b) that, pursuant to Article 12.9, do not apply to the listed measure(s);
- (d) Level of Government indicates the level of government maintaining the listed measure(s);

ANNEX III, Schedule of Honduras

(e) Measures identifies the laws, regulations or other measures for which the entry is made. A measure cited in the Measures element:

- (i) means the measure as amended, continued, or renewed as of the date of entry into force of this Agreement, and
- (ii) includes any subordinate measure adopted or maintained under the authority of and consistent with the measure;
- (f) Description provides a general, nonbinding description of the Measures.

3. Each entry in Section B sets out the following elements:

- (a) Sector refers to the general sector for which the entry is made;
- (b) Subsector refers to the specific sector for which the entry is made;
- (c) Obligations Concerned specifies the obligation(s) referred to in subparagraph 1(c) that, pursuant to Article 12.9, do not apply to the sectors, subsectors, or activities listed in the entry;
- (d) Level of Government indicates the level of government maintaining the listed measure(s); and
- (e) Description sets out the scope of the sectors, subsectors, or activities covered by the entry.

4. In the interpretation of a non-conforming measure in Section A, all elements of then non- conforming measures listing shall be considered. A non-conforming measure shall be interpreted in the light of the relevant provisions of the Financial Services Chapter with respect to which the non-conforming measure is taken. To the extent that:

- (a) the Measures element is qualified by a liberalization commitment from the Description element, if any, or a Specific Commitment from an Annex to the Financial Services Chapter, the Measures element as so qualified shall prevail over all other elements; and
- (b) the Measures element is not so qualified, the Measures element shall prevail over all other elements, unless any discrepancy between the Measures element and the other elements considered in their totality is so substantial and material that it would be unreasonable to conclude that the Measures element should prevail, in which case the other elements shall prevail to the extent of the discrepancy.

ANNEX III, Schedule of Honduras

5. For entries in Section B, in accordance with Article 12.9.4, the articles of this Agreement specified in the Obligations Concerned element of an entry do not apply to

the sectors, subsectors, and activities identified in the Description element of that entry.

6. Where Honduras maintains a measure that requires that a service supplier be a citizen, permanent resident or resident of its territory as a condition to the provision of a service in its territory, a listing for that measure taken in Annex III with respect to Articles 12.2, 12.3, 12.4, or 12.5 shall operate as a non-conforming measure with respect to Articles 10.3 (National Treatment), 10.4 (Most-Favored-Nation Treatment) and 10.9 (Performance Requirements), to the extent of that measure.

#### ANNEX III, Schedule of Honduras

##### Headnotes

1. Commitments in these subsectors under the Agreement are undertaken subject to the limitations and conditions set forth in these headnotes and in Sections A and B below.
2. To clarify the Honduran commitment with respect to Article 12.4, juridical persons supplying financial services and constituted under the laws of the Honduras are subject to non-discriminatory limitations on juridical form. (This headnote is not itself intended to affect, or otherwise limit, a choice by a financial institution of another Party between branches or subsidiaries).

#### ANNEX III, Schedule of Honduras, Section A

##### Sector: Financial Services

Subsector: Banking and Other Financial Services, Banks, and Loan Associations, Financial Companies

Obligations Concerned: National Treatment (Article 12.2) Most Favored Nation Treatment (Article 12.3) Market Access (Article 12.4)

Level of Government: Central

Measures: Ley de Instituciones del Sistema Financiero, Decree No. 170-95, Arts. 5, 17, 18 (a) and (b), and 38

Decree No. 60-99 of 3 June 1999

Description: Foreign financial institutions must establish as corporations (sociedades anonimas), as branches, or as representative offices in conformity with the above-cited measures. Operations of branches or agencies of foreign banks is limited to the amount of capital assigned to the offices operating in Honduras. Branches or agencies of foreign banks may only publish the amount of capital effectively assigned to the offices operating in the country and their respective capital reserves. The Banco Central de Honduras shall not permit the opening of branches or agencies of foreign banks when there is no reciprocity in their country of origin. (In this context, a lack of reciprocity means that the law of another country completely excludes the possibility of establishing as a foreign branch).

#### ANNEX III, Schedule of Honduras, Section A

##### Sector: Financial Services

Subsector: Bureaus of Exchange

Obligations Concerned: National Treatment (Article 12.2) n Market Access (Article 12.4)

Level of Government: Central

Measures: Ley de Casas de Cambio, Decree No. 16-92, Art. 4

Description: Currency exchange bureaus in Honduras must be constituted as public

corporations. The shareholders of currency exchange bureaus must be natural persons with Honduran nationality.

ANNEX III, Schedule of Honduras, Section A

Sector: Financial Services

Subsector: Securities Exchanges

Obligations Concerned: Market Access (Article 12.4)

Level of Government: Central

Measures: Decree No. 8- 2001, Ley de Mercado de Valores, Art. 21

Description: A securities exchange operating in Honduras must be constituted as a public corporation.

ANNEX III, Schedule of Honduras, Section A

Sector: Financial Services

Subsector: Securities Firms

Obligations Concerned: Market Access (Article 12.4)

Level of Government: Central

Measures: Decree No. 8-2001, Ley de Mercado de Valores, Art. 49

Description: Securities firms in Honduras must be constituted as public corporations.

ANNEX III, Schedule of Honduras, Section A

Sector: Financial Services

Subsector: Fund Administration Companies

Obligations Concerned: Market Access (Article 12.4)

Level of Government: Central

Measures: Decree No. 8-21, Ley de Mercado de Valores, Art. 82. Art. 3 of the Reglamento de las Sociedades Administradoras de Fondos, approved under Resolution No. 171/11-02-2003

Description: Fund Administration Companies in Honduras must be constituted as public corporations with the exclusive social purpose of administering one or more mutual funds and/or investment funds in accordance with the laws on that matter.

ANNEX III, Schedule of Honduras, Section A

Sector: Financial Services

Subsector: Centralized Depositories for the Custody, Compensation and Liquidation of Shares

Obligations Concerned: Market Access (Article 12.4)

Level of Government: Central

Measures: Decree No. 8-2001, Ley de Mercado de Valores, Art. 139

Description: Depositories for the custody, compensation and liquidation of shares in Honduras must be constituted as public corporations.

ANNEX III, Schedule of Honduras, Section A

Sector: Financial Services

Subsector: Insurance and Reinsurance

Obligations Concerned: National Treatment (Article 12.2)

Level of Government: Central

Measures: Decree No. 22-2001, Ley de Instituciones de Seguros y Reaseguros, Arts. 9,

21, 47, 58, 96, 97

Reglamento de Establecimientos de Sucursales de Instituciones de Seguros Extranjeras, de la Comisión Nacional de Bancos y Seguros, approved under Resolution No. 948/05 08-2003, Arts. 4 and 7, published in the Diario Oficial "La Gaceta," 15 August 2003.

Reglamento de Ajustadores de pérdidas y Auxiliadores de Seguros, approved under Resolution No. 947/05-08-2003 of the Comisión Nacional de Bancos y Seguros on 8 August 2003, Art. 3, published in the Diario Oficial "La Gaceta," 15 August 2003  
Resolution No. 443 of 11 December 2003, Art. 7, subparagraph (k)

Description: Foreign insurance institutions seeking to establish in Honduras must deposit at least ten percent of the minimum capital of the proposed company in either the Banco Central de Honduras or invest the above amount in State securities. This deposit will be refunded once the application is approved or resolved. To act as an insurance agent or broker, a natural person must be a Honduran national or a resident of Honduras for at least three consecutive years. To serve as an adjuster or claim liquidator, accident investigator, or damage inspector, a natural person must be a Honduran national or legal resident in Honduras.

ANNEX III, Schedule of Honduras, Section B

Sector: Financial Services

Subsector: Savings and Loan Cooperatives

Obligations Concerned: National Treatment (Article 12.2) Most-Favored-Nation Treatment (Article 12.3) Market Access (Article 12.4) Senior Management and Boards of Directors (Article 12.8)

Level of Government: Central

Description: Honduras reserves the right to adopt or maintain non-conforming measures with respect to the supply of services by Savings and Loan Cooperatives.

ANNEX III, Schedule of Honduras, Section B

Sector: Financial Services

Subsector: All Subsectors Other Than Banking and Insurance

Obligations Concerned: Market Access (Article 12.4)

Level of Government: Central

Description: Honduras reserves the right to adopt or maintain measures requiring the incorporation in Honduras of foreign financial institutions, other than those seeking to operate as banks or insurance companies within Honduras.

ANNEX III: FINANCIAL SERVICES NON-CONFORMING MEASURES

Schedule of Nicaragua

Explanatory Note

1. The Schedule of Nicaragua to Annex III sets out:

- (a) headnotes that limit or clarify the commitments of Nicaragua with respect to the obligations described in clauses (i)-(v) of subparagraph (b), and in subparagraph (c);
- (b) in Section A, pursuant to Article 12.9 (Non-Conforming Measures), the existing measures of Nicaragua that do not conform to some or all of the obligations imposed by:
  - (i) Article 12.2 (National Treatment);
  - (ii) Article 12.3 (Most-Favored-Nation Treatment);
  - (iii) Article 12.4 (Market Access for Financial Institutions);
  - (iv) Article 12.5 (Cross-Border Trade); or

(v) Article 12.8 (Senior Management and Boards of Directors); and  
(c) in Section B, pursuant to Article 12.9 (Non-Conforming Measures), the specific sectors, subsectors, or activities for which Nicaragua may maintain existing, or adopt new or more restrictive, measures that do not conform with the obligations imposed by Article 12.2, 12.3, 12.4, 12.5, or 12.8.

2. Each entry in Section A sets out the following elements:

- (a) Sector refers to the general sector for which the entry is made;
- (b) Subsector refers to the specific sector for which the entry is made;
- (c) Obligations Concerned specifies the obligation(s) referred to in subparagraph 1(b) that, pursuant to Article 12.9, do not apply to the listed measure(s);
- (d) Level of Government indicates the level of government maintaining the listed measure(s);
- (e) Measures identifies the laws, regulations or other measures for which the entry is made. A measure cited in the Measures element:
  - (i) means the measure as amended, continued, or renewed as of the date of entry into force of this Agreement, and

ANNEX III, Schedule of Nicaragua

(ii) includes any subordinate measure adopted or maintained under the authority of and consistent with the measure;

(f) Description provides a general, nonbinding description of the Measures.

3. Each entry in Section B sets out the following elements:

- (a) Sector refers to the general sector for which the entry is made;
- (b) Subsector refers to the specific sector for which the entry is made;
- (c) Obligations Concerned specifies the obligation(s) referred to in subparagraph 1(c) that, pursuant to Article 12.9, do not apply to the sectors, subsectors, or activities listed in the entry;
- (d) Level of Government indicates the level of government maintaining the listed measure(s); and
- (e) Description sets out the scope of the sectors, subsectors, or activities covered by the entry.

4. In the interpretation of a non-conforming measure in Section A, all elements of the non-conforming measures listing shall be considered. A non-conforming measure shall be interpreted in the light of the relevant provisions of the Financial Services Chapter with respect to which the non-conforming measure is taken. To the extent that:

- (a) the Measures element is qualified by a liberalization commitment from the Description element, if any, or a Specific Commitment from an Annex to the Financial Services Chapter, the Measures element as so qualified shall prevail over all other elements; and
- (b) the Measures element is not so qualified, the Measures element shall prevail over all other elements, unless any discrepancy between the Measures element and the other elements considered in their totality is so substantial and material that it would be unreasonable to conclude that the Measures element should prevail, in which case the other elements shall prevail to the extent of the discrepancy.

5. For entries in Section B, in accordance with Article 12.9.4, the articles of this Agreement specified in the Obligations Concerned element of an entry do not apply to the sectors, subsectors, and activities identified in the Description element of that entry.

6. Where Nicaragua maintains a measure that requires that a service supplier be a

citizen, permanent resident or resident of its territory as a condition to the provision of a service in its territory, a listing for that measure taken in Annex III with respect to Articles 12.2, 12.3, 12.4, or 12.5 shall operate as a non-conforming measure with respect to Articles 10.3 (National

ANNEX III, Schedule of Nicaragua Treatment), 10.4 (Most-Favored-Nation Treatment) and 10.9 (Performance Requirements), to the extent of that measure.

ANNEX III, Schedule of Nicaragua  
Headnotes

1. Commitments in these subsectors under the Agreement, are undertaken subject to the limitations and conditions set forth in these headnotes and in Sections A and B below.

2. In order to clarify the Nicaraguan commitment with respect to Article 12.4, juridical persons supplying financial services and organized under the laws of Nicaragua are subject to non-discriminatory limitations on juridical form. (For example, partnerships and sole proprietorships are generally not acceptable juridical forms for depository financial institutions in Nicaragua. This headnote is not itself intended to affect, or otherwise limit, a choice by a financial institution of another Party between branches or subsidiaries).

ANNEX III, Schedule of Nicaragua, Section A

Sector: Financial Services

Subsector: Banking

Obligations Concerned: National Treatment (Article 12.2) Market Access (Article 12.4)

Measures: Ley General de Bancos, Instituciones Financieras no Bancarias y Grupos Financieros.

Ley No. 314 de 1999 (publicada en La Gaceta, Diario Oficial, Nos. 198, 199 y 200 del 18, 19 y 20 de octubre de 1999)

Description: Bank Branches: The capital that foreign banks assign to their branches in Nicaragua must be effectively paid and deposited in Nicaragua. Based on such capital, the branch will be able to grant loans. A branch of a bank established under the laws of a foreign country is not allowed to grant loans based on the capital and reserves of its headquarters.

ANNEX III, Schedule of Nicaragua, Section A

Sector: Financial Services

Subsector: Non-Banking Financial Institutions and Other Financial Services (Excluding Insurance).

Obligations Concerned: National Treatment (Article 12.2) Market Access (Article 12.4)

Measures: Ley Especial sobre Sociedades Financieras, de Inversiones y Otras. Decreto No. 15-L, (publicada en La Gaceta, Diario Oficial, No. 77 del 10 de abril de 1970, y modificada por Decreto No. 1698, publicado en La Gaceta, Diario Oficial, No. 138 del 22 de junio de 1970)

Ley General de Bancos, Instituciones Financieras no Bancarias y Grupos Financieros.

Ley No. 314 de 1999 (publicada en La Gaceta, Diario Oficial, Nos. 198, 199 y 200 del 18, 19 y 20 de octubre de 1999)

Description: The capital that foreign non-banking financial institutions assign to their branches in Nicaragua must be effectively paid and deposited in Nicaragua. Branches of such non-banking financial institutions that accept deposits from the public are not allowed to grant loans based on the capital and reserves of their headquarters.

ANNEX III, Schedule of Nicaragua, Section A

Sector: Financial Services

Subsector: Insurance

Obligations Concerned: Market Access (Article 12.4) Cross-Border Trade (Article 12.5) Senior Management and Board of Directors (Article 12.8)

Measures: Ley General de Instituciones de Seguros. Decreto No. 1727 de 1970 (publicada en La Gaceta, Diario Oficial No. 270 del 26 de noviembre de 1970) y sus Reformas por Ley No. 227 de 1996 (publicada en La Gaceta, Diario Oficial No. 150 del 12 de agosto de 1996)

Ley General de Bancos, Instituciones Financieras no Bancarias y Grupos Financieros. Ley No. 314 de 1999 (publicada en La Gaceta, Diario Oficial, Nos. 198, 199 y 200 del 18, 19 y 20 de octubre de 1999)

Normas Regulatorias para la autorización de intermediarios de Seguros y el ejercicio de sus funciones de intermediación. Resolución: SIB-OIF-IV-26-96 (publicado en La Gaceta, Diario Oficial No. 13 del 20 de enero de 1997)

Description: Insurance and reinsurance activities may only be practiced by juridical persons constituted and domiciled in Nicaragua in the form of public corporations (sociedades anónimas) or by an autonomous state entity authorized by its constitutive law. Natural or legal persons domiciled in Nicaragua are prohibited from contracting for insurance with institutions not duly authorized to operate in the country. Agencies or branches of insurance companies established in foreign countries are prohibited to operate in Nicaragua. Members of the Board of Directors of an insurance company must be residents of Nicaragua. An insurance company cannot retain net premiums issued for an amount three times superior than its capital.

ANNEX III, Schedule of Nicaragua, Section A

Sector: Financial Services

Subsector: Pension Funds

Obligations Concerned: Market Access (Article 12.4)

Measures: Ley Orgánica de la Superintendencia de Pensiones. Ley No. 388 (publicada en La Gaceta, Diario Oficial del 8 de mayo del 2001)

Reglamento de la Ley Orgánica de la Superintendencia de Pensiones. Decreto No. 64 2001

Ley del Sistema de Ahorro para Pensiones. Ley No-340 (La Gaceta, Diario Oficial, No. 72 del 11 de abril del 2000)

Reglamento General de la Ley del Sistema de Ahorro para Pensiones. Decreto No. 55-22

Description: Only juridical persons constituted and domiciled in Nicaragua in the form of public corporations (sociedades anónimas) may administer pension funds.

ANNEX III, Schedule of Nicaragua, Section B

Sector: Financial Services

Subsector: All Subsectors Other Than Banking and Insurance

Obligations Concerned: Market Access (Article 12.4)

Description: Nicaragua reserves the right to adopt or maintain measures requiring the incorporation in Nicaragua of foreign financial institutions, excluding those seeking to operate as banks or insurance companies within Nicaragua.

ANNEX III, Schedule of Nicaragua, Section B

Sector: Financial Services

Obligations Concerned: National Treatment (Article 12.2)

Description: Nicaragua reserves the right to accord benefits to financial institutions or public entities wholly or majority owned by the State that supply financial services and are established with a public interest purpose, including but not limited to agriculture production finance, housing credits for low income families, and credits for small and midsize enterprises. Such benefits shall not disadvantage the core operations of commercial competitors and include, but are not limited to: extension of State guarantees, tax exemptions, exceptions to the usual juridical form requirements, and the legal requirements to begin operations.

ANNEX III: FINANCIAL SERVICES NON-CONFORMING MEASURES

Schedule of the United States

Explanatory Note

1. The Schedule of the United States to Annex III sets out:

(a) headnotes that limit or clarify the commitments of the United States with respect to the obligations described in clauses (i)-(v) of subparagraph (b), and in subparagraph (c);  
(b) in Section A, pursuant to Article 12.9, the existing measures of the United States that do not conform to some or all of the obligations imposed by:

(i) Article 12.2 (National Treatment);

(ii) Article 12.3 (Most-Favored-Nation Treatment);

(iii) Article 12.4 (Market Access for Financial Institutions);

(iv) Article 12.5 (Cross-Border Trade); or

(v) Article 12.8 (Senior Management and Boards of Directors); and

(c) in Section B, pursuant to Article 12.9, the specific sectors, subsectors, or activities for which the United States may maintain existing, or adopt new or more restrictive, measures that do not conform with the obligations imposed by Article 12.2, 12.3, 12.4, 12.5, or 12.8.

2. Each entry in Section A sets out the following elements:

(a) Sector refers to the general sector for which the entry is made;

(b) Subsector refers to the specific sector for which the entry is made;

(c) Obligations Concerned specifies the obligation(s) referred to in subparagraph 1(b) that, pursuant to Article 12.9, do not apply to the listed measure(s);

(d) Level of Government indicates the level of government maintaining the listed measure(s);

(e) Measures identifies the laws, regulations, or other measures for which the entry is made. A measure cited in the Measures element:

(i) means the measure as amended, continued, or renewed as of the date of entry into force of this Agreement, and

ANNEX III, Schedule of the United States

(ii) includes any subordinate measure adopted or maintained under the authority of and consistent with the measure;

(f) Description

(i) for entries related to banking and other non-insurance financial services, sets out the non-conforming aspects of the entry and the subsector, financial institution, or activities covered by the entry; and

(ii) for entries related to insurance, provides a general, nonbinding description of the Measures.

3. Each entry in Section B sets out the following elements:

(a) Sector refers to the general sector for which the entry is made;

(b) Subsector refers to the specific sector for which the entry is made;

(c) Obligations Concerned specifies the obligation(s) referred to in subparagraph 1(c) that, pursuant to Article 12.9, do not apply to the sectors, subsectors, or activities listed in the entry;

(d) Level of Government indicates the level of government maintaining the listed measure(s); and

(e) Description sets out the scope of the sectors, subsectors, or activities covered by the entry.

4. For entries in Section A, in accordance with Article 12.9.1(a), the articles of this Agreement specified in the Obligations Concerned element of an entry do not apply to the law, regulation or other measure identified in the Measures element or in the Description element of that entry, except to the extent the measure identified in the Measures or the Description element has been modified by a Specific Commitment in an Annex to the Financial Services Chapter.

5. For entries in Section B, in accordance with Article 12.9.4, the articles of this Agreement specified in the Obligations Concerned element of an entry do not apply to the sectors, subsectors, and activities identified in the Description element of that entry.

6. Where the United States maintains a measure that requires that a service supplier be a citizen, permanent resident, or resident of its territory as a condition to the provision of a service in its territory, a listing for that measure taken in Annex III with respect to Articles 12.2, 12.3, 12.4, or 12.5 shall operate as a non-conforming measure with respect to Articles 10.3 (National Treatment), 10.4 (Most-Favored-Nation Treatment), and 10.9 (Performance Requirements), to the extent of that measure.

## ANNEX III, Schedule of the United States

### Headnotes

1. Commitments in these subsectors under the Agreement are undertaken subject to the limitations and conditions set forth in these headnotes and in Sections A and B below.

2. National treatment commitments in these subsectors are subject to the following limitations:

(a) National treatment with respect to banking will be provided based upon the foreign bank's "home state" in the United States, as that term is defined under the International Banking Act, where that Act is applicable. A domestic bank subsidiary of a foreign firm will have its own "home state," and national treatment will be provided based upon the subsidiary's home state, as determined under applicable law (Foreign banking organizations are generally subject to geographic and other limitations in the United States on a national treatment basis. Where such limitations do not conform to national treatment, they have been listed as non-conforming measures. For purposes of illustration, under this approach, the following situation does not accord national

treatment and would therefore be listed as a non-conforming measure: a foreign bank from a particular home state is accorded less favorable treatment than that accorded to a domestic bank from that state with respect to expansion by branching).

(b) National treatment with respect to insurance financial institutions will be provided according to a non-U.S. insurance financial institution's state of domicile, where applicable, in the United States. State of domicile is defined by individual states, and is generally the state in which an insurer either is incorporated, is organized or maintains its principal office in the United States.

3. To clarify the U.S. commitment with respect to Article 12.4, juridical persons supplying banking or other financial services (excluding insurance) and constituted under the laws of the United States are subject to non-discriminatory limitations on juridical form. (For example, partnerships and sole proprietorships are generally not acceptable juridical forms for depository financial institutions in the United States. This headnote is not itself intended to affect, or otherwise limit, a choice by a financial institution of another Party between branches or subsidiaries).

4. The United States limits its commitments under Article 12.9.1(c) with respect to Article 12.4 (Market Access) in the following manner:

(a) With regard to banking and other financial services (excluding insurance), Article 12.9.1(c) shall apply only to non-conforming measures relating to Article 12.4(a) and not to those non-conforming measures relating to Article 12.4(b); and

(b) With regard to insurance, Article 12.9.1(c) shall not apply to non-conforming measures relating to Article 12.4.

ANNEX III, Schedule of the United States, Section A

Sector: Financial Services

Subsector: Banking and Other Financial Services (Excluding Insurance)

Obligations Concerned: Senior Management & Boards of Directors (Article 12.8)

Level of Government: Central

Measures: 12 U.S.C. § 72

Description: All directors of a national bank must be U.S. citizens, except that the Comptroller of the Currency may waive the citizenship requirement for not more than a minority of the total number of directors.

ANNEX III, Schedule of the United States, Section A

Sector: Financial Services

Subsector: Banking and Other Financial Services (Excluding Insurance)

Obligations Concerned: National Treatment (Article 12.2) Market Access (Article 12.4)

Level of Government: Central

Measures: 12 U.S.C. § 619

Description: Foreign ownership of Edge corporations is limited to foreign banks and U.S. subsidiaries of foreign banks, while domestic non-bank firms may own such corporations.

ANNEX III, Schedule of the United States, Section A

Sector: Financial Services

Subsector: Banking and Other Financial Services (Excluding Insurance)

Obligations Concerned: National Treatment (Article 12.2) Market Access (Article 12.4)

Level of Government: Central

Measures: 12 U.S.C. § 1463 et seq. & 12 U.S.C. § 1751 et seq.

Description: Federal and state laws do not permit a credit union, savings bank, or savings association (both of the latter two entities may be also called thrift institutions) in the United States to be established through branches of corporations organized under a foreign country's law.

ANNEX III, Schedule of the United States, Section A

Sector: Financial Services

Subsector: Banking and Other Financial Services (Excluding Insurance)

Obligations Concerned: National Treatment (Article 12.2) Market Access (Article 12.4)

Level of Government: Central

Measures: 12 U.S.C. § 3104(d)

Description: In order to accept or maintain domestic retail deposits of less than \$100,000, a foreign bank must establish an insured banking subsidiary. This requirement does not apply to a foreign bank branch that was engaged in insured deposit-taking activities on December 19, 1991.

ANNEX III, Schedule of the United States, Section A

Sector: Financial Services

Subsector: Banking and Other Financial Services (Excluding Insurance)

Obligations Concerned: National Treatment (Article 12.2)

Level of Government: Central

Measures: 15 U.S.C. §§ 80b-2, 80b-3

Description: Foreign banks are required to register as investment advisers under the Investment Advisers Act of 1940 to engage in securities advisory and investment management services in the United States, while domestic banks\* (or a separately identifiable department or division of the bank) are exempt from registration unless they advise registered investment companies. The registration requirement involves record maintenance, inspections, submission of reports, and payment of a fee.

\* For greater clarity, "domestic banks" include U.S. bank subsidiaries of foreign banks.

ANNEX III, Schedule of the United States, Section A

Sector: Financial Services

Subsector: Banking and Other Financial Services (Excluding Insurance)

Obligations Concerned: National Treatment (Article 12.2)

Level of Government: Central

Measures: 12 U.S.C. §§ 221, 302, 321

Description: Foreign banks cannot be members of the Federal Reserve System, and thus may not vote for directors of a Federal Reserve Bank. Foreign-owned bank subsidiaries are not subject to this measure.

ANNEX III, Schedule of the United States, Section A

Sector: Financial Services

Subsector: Banking and Other Financial Services (Excluding Insurance)

Obligations Concerned: Market Access (Article 12.4)

Level of Government: Central

Measures: 12 U.S.C. § 36(g); 12 U.S.C. § 1828(d)(4); 12 U.S.C. § 1831u(a)(4)

Description: The United States undertakes no commitment with respect to Article 12.4(b) (Market Access) in relation to the expansion, via the establishment of a branch

or the acquisition of one or more branches of a bank without acquisition of the entire bank, by a foreign bank into another state from its “home state,” as that term is defined under applicable law. Except as provided elsewhere in this schedule, such expansion shall be accorded on a national treatment basis in accordance with headnote 2(a).

ANNEX III, Schedule of the United States, Section A

Sector: Financial Services

Subsector: Banking and Other Financial Services (Excluding Insurance)

Obligations Concerned: Market Access (Article 12.4)

Level of Government: Central

Measures: 12 U.S.C. § 1831u

Description: Interstate expansion by a foreign bank through the establishment of branches by merger with a bank located outside the “home state,” as that term is defined under applicable law, of a foreign bank shall be accorded on a national treatment basis in accordance with headnote 2(a), except as provided elsewhere in this schedule.

ANNEX III, Schedule of the United States, Section A

Sector: Financial Services

Subsector: Banking and Other Financial Services (Excluding Insurance)

Obligations Concerned: National Treatment (Article 12.2) Market Access (Article 12.4)

Level of Government: Central

Measures: 12 U.S.C. § 3102(a)(1); 12 U.S.C. § 3103(a); 12 U.S.C. § 3102(d)

Description: Establishment of a federal branch or agency by a foreign bank is not available in the following states that may prohibit establishment of a branch or agency by a foreign bank:

- Branches and agencies may be prohibited in Alabama, Kansas, Maryland, North Dakota, and Wyoming.
- Branches, but not agencies, may be prohibited in Delaware, Florida, Georgia, Idaho, Louisiana, Mississippi, Missouri, Oklahoma, Texas, and West Virginia. Certain restrictions on fiduciary powers apply to federal agencies. Note: The cited federal measures provide that certain state law restrictions shall apply to the establishment of federal branches or agencies.

ANNEX III, Schedule of the United States, Section A

Sector: Financial Services

Subsector: Banking and Other Financial Services (Excluding Insurance)

Obligations Concerned: Most-Favored-Nation Treatment (Article 12.3) Market Access (Article 12.4)

Level of Government: Central

Measures: 15 U.S.C. § 77jjj(a)(1)

Description: The authority to act as a sole trustee of an indenture for a bond offering in the United States is subject to a reciprocity test.

ANNEX III, Schedule of the United States, Section A

Sector: Financial Services

Subsector: Banking and Other Financial Services (Excluding Insurance)

Obligations Concerned: Most-Favored-Nation Treatment (Article 12.3) Market Access (Article 12.4)

Level of Government: Central

Measures: 22 U.S.C. §§ 5341-5342

Description: Designation as a primary dealer in U.S. government debt securities is conditioned on reciprocity.

ANNEX III, Schedule of the United States, Section A

Sector: Financial Services

Subsector: Banking and Other Financial Services (Excluding Insurance)

Obligations Concerned: Most-Favored-Nation Treatment (Article 12.3)

Level of Government: Central

Measures: 15 U.S.C. § 78o(c)

Description: A broker-dealer registered under U.S. law that has its principal place of business in Canada may maintain its required reserves in a bank in Canada subject to the supervision of Canada.

ANNEX III, Schedule of the United States, Section A

Sector: Financial Services

Subsector: Banking and Other Financial Services (Excluding Insurance)

Obligations Concerned: National Treatment (Article 12.2)

Level of Government: Central

Measures: 12 U.S.C. § 1421 et seq. (Federal Home Loan Banks); 12 U.S.C. § 1451 et seq. (Federal Home Loan Mortgage Corporation); 12 U.S.C. § 1717 et seq. (Federal National Mortgage Association); 12 U.S.C. § 2011 et seq. (Farm Credit Banks); 12 U.S.C. § 2279aa-1 et seq. (Federal Agricultural Mortgage Corporation); 20 U.S.C. § 1087-2 et seq. (Student Loan Marketing Association)

Description: The United States may grant advantages, including but not limited to the following, to one or more of the Government-Sponsored Enterprises (GSEs) listed above:

- Capital, reserves and income of the GSE are exempt from certain taxation.
- Securities issued by the GSE are exempt from registration and periodic reporting requirements under federal securities laws.
- The U.S. Treasury may, in its discretion, purchase obligations issued by the GSE.

ANNEX III, Schedule of the United States, Section A

Sector: Financial Services

Subsector: Banking and Other Financial Services (Excluding Insurance)

Obligations Concerned: National Treatment (Article 12.2) Most-Favored-Nation Treatment (Article 12.3) Market Access (Article 12.4) Senior Management and Boards of Directors (Article 12.8)

Level of Government: Regional

Measures: All existing non-conforming measures of all states, the District of Columbia, and Puerto Rico

Description:

ANNEX III, Schedule of the United States, Section A

Sector: Financial Services

Subsector: Insurance

Obligations Concerned: National Treatment (Article 12.2) Cross-Border Trade (Article 12.5)

Level of Government: Central

Measures: 31 U.S.C. § 9304

Description: Branches of foreign insurance companies are not permitted to provide surety bonds for U.S. Government contracts.

ANNEX III, Schedule of the United States, Section A

Sector: Financial Services

Subsector: Insurance

Obligations Concerned: National Treatment (Article 12.2) Cross-Border Trade (Article 12.5)

Level of Government: Central

Measures: 46 C.F.R. § 249.9

Description: When more than 50 percent of the value of a maritime vessel whose hull was built under federally guaranteed mortgage funds is insured by a non-U.S. insurer, the insured must demonstrate that the risk was substantially first offered in the U.S. market.

ANNEX III, Schedule of the United States, Section A

Sector: Financial Services

Subsector: Insurance

Obligations Concerned: National Treatment (Article 12.2) Most-Favored-Nation Treatment (Article 12.3) Cross-Border Trade (Article 12.5) Senior Management and Boards of Directors (Article 12.8)

Level of Government: Regional

Measures: All existing non-conforming measures of all states, the District of Columbia, and Puerto Rico

Description:

ANNEX III, Schedule of the United States, Section B

Sector: Financial Services

Subsector: Insurance

Obligations Concerned: Market Access (Article 12.4)

Level of Government: All

Description: The United States reserves the right to adopt or maintain any measure that is not inconsistent with the United States' obligations under Article XVI of the GATS.