

AGREEMENT
ON LABOUR COOPERATION
BETWEEN
CANADA
AND
THE REPUBLIC OF HONDURAS

PREAMBLE

CANADA AND THE REPUBLIC OF HONDURAS (“Honduras”), hereinafter referred to as “the Parties”,

RECALLING their resolve in the *Free Trade Agreement between Canada and the Republic of Honduras* (“Canada-Honduras FTA”) to protect, enhance and enforce basic workers’ rights;

REAFFIRMING their obligations as members of the International Labour Organization (ILO) and their commitments to the *ILO Declaration on Fundamental Principles and Rights at Work* and its Follow-Up (1998) (ILO 1998 Declaration) as well as the *ILO Declaration on Social Justice for a Fair Globalization* (ILO 2008 Declaration);

AFFIRMING their continuing respect for each other’s Constitution and their right to establish their own level of domestic labour protection under their law, consistent with their obligations as members of the ILO;

AFFIRMING the importance of fostering trade and investment without relaxing labour law and its effective application;

DESIRING to build on their respective international commitments on labour matters;

SEEKING to strengthen cooperation on labour matters, including by:

- encouraging consultation and dialogue between labour, business, and government,
- encouraging employers and employees in each country to comply with the labour law and to work together in maintaining a fair, safe and healthy working environment, and
- promoting the importance of technical cooperation on labour matters;

RECOGNIZING the importance of encouraging voluntary practices by corporate social responsibility within their territories or jurisdictions, to ensure coherence between labour and economic objectives; and

BUILDING on existing institutions and mechanisms in Canada and Honduras to achieve these economic and social goals,

HAVE AGREED as follows:

PART ONE
OBLIGATIONS

Article 1: General Obligations

1. Each Party shall ensure that its labour law and practices embody, and provide protection for, the following internationally recognized labour principles and rights, particularly bearing in mind its commitments under the ILO 1998 Declaration:

- (a) freedom of association and the effective recognition of the right to collective bargaining;
- (b) the elimination of all forms of forced or compulsory labour;
- (c) the effective abolition of child labour and a prohibition on the worst forms of child labour;
- (d) the elimination of discrimination in respect of employment and occupation;
- (e) acceptable minimum employment standards, such as minimum wages and overtime pay, for wage earners, including those not covered by collective agreements;
- (f) the prevention of occupational injuries and illnesses and compensation in cases of such injuries or illnesses; and
- (g) non-discrimination in respect of working conditions for migrant workers.

2. To the extent that the principles and rights stated in the paragraphs above relate to the ILO, sub-paragraphs (a) to (d) refer only to the ILO 1998 Declaration, whereas the rights stated in sub-paragraphs (e), (f), and (g) more closely refer to the ILO's Decent Work Agenda.

Article 2: Upholding Levels of Protection

1. A Party shall not waive or otherwise derogate from, or offer to waive or otherwise derogate from, its labour law in a manner that weakens or reduces adherence to the internationally recognized principles and rights referred to in Article 1 (General Obligations), as an encouragement for trade or to establish, acquire, expand or retain an investment or an investor in its territory.
2. A Party shall not fail to effectively enforce its labour law, through a sustained or recurring course of action or inaction, to encourage trade or investment.

Article 3: Government Enforcement Action

Each Party shall promote compliance with, and effectively enforce, its labour law by taking appropriate and timely government action, including:

- (a) by establishing and maintaining labour inspection divisions, including by appointing and training labour inspectors or officers who monitor compliance and investigate suspected violations, including through on-site proactive inspections;
- (b) by initiating proceedings to seek appropriate sanctions or remedies for those contraventions; and
- (c) by encouraging or supporting mediation, conciliation and arbitration, as well as the establishment of worker-management committees to address labour regulation of the workplace.

Article 4: Private Action

Each Party shall ensure that a person with a recognized interest under its labour law in a particular matter has appropriate access to administrative or tribunal proceedings which can enforce and give effect to the rights protected by that law, including by granting effective remedies for a breach of that law.

Article 5: Procedural Guarantees

1. Each Party shall ensure that the proceedings referred to in Article 3(a) and (b) (Government Enforcement Action) and Article 4 (Private Action) are fair, equitable and transparent, and to this end, shall provide that:

- (a) persons which conduct the proceedings meet appropriate guarantees of independence, including not having an interest in the outcome of the matter;
- (b) the parties to the proceedings are entitled to support or defend their respective positions and to submit information or evidence;
- (c) the decision is based on that information or evidence and final decisions on the merits of the case are in writing;
- (d) the proceedings are open to the public, unless the law and the administration of justice otherwise require; and
- (e) the proceedings are free and expeditious or do not entail unreasonable fees or delays, and the time limits do not impede exercise of the rights.

2. Each Party shall provide that parties to the proceedings have the right, pursuant to the Party's legislation, to seek review and correction of decisions issued in those proceedings, and that this review complies with the requirements in paragraph 1 and is conducted by decision-makers who are impartial and independent and do not have an interest in the outcome of the matter.

Article 6: Public Information and Awareness

1. Each Party shall promptly publish or otherwise make publicly available its labour law, regulations, procedures and administrative rulings of general application respecting a matter covered by this Agreement so that interested persons and the other Party are able to become acquainted with them.
2. When required by its law, each Party shall:
 - (a) publish in advance a measure that it proposes to adopt; and
 - (b) provide interested persons a reasonable opportunity to comment on the proposed measures.
3. Each Party shall promote public awareness of its labour law, including by:
 - (a) ensuring the availability of public information related to its labour law and enforcement and compliance procedures; and
 - (b) encouraging education of the public regarding its labour law.

PART TWO

INSTITUTIONAL MECHANISMS

Article 7: Ministerial Council

1. The Parties hereby establish a Ministerial Council composed of Ministers responsible for labour affairs of the Parties, or their designees, to discuss matters of common interest, to oversee the implementation of this Agreement, including cooperative activities under Article 9 (Cooperative Activities), and to review progress under this Agreement. The Council shall promote transparency and public participation in its work.
2. The Council may consider any matter within the scope of this Agreement and take such other action in the exercise of its functions as the Parties may jointly decide, including:
 - (a) working through the National Points of Contact to coordinate cooperative programs and activities; and
 - (b) establishing, and assigning responsibilities to committees, working groups or expert groups.
3. 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. The Council may hold joint meetings with councils established under similar agreements. Unless the Parties otherwise decide, 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 Agreement.

4. The Council shall review the operation and effectiveness of this Agreement, including the degree to which progress has been made in implementing the objectives of this Agreement, within five years after the date of entry into force of this Agreement and thereafter within such other period as may be directed by the Council. Unless the Council otherwise directs:

- (a) this review shall include a literature review, the views of the national labour advisory or consultative committees or groups referred to in Article 8 (National Mechanisms) and a summary report prepared by the National Points of Contact; and
- (b) this review shall be concluded within 180 days of its commencement, and within 30 days thereafter the report shall be made public and background materials made available to the public upon request, subject to domestic law regarding confidentiality of personal and commercial information.

Article 8: National Mechanisms

1. Each Party shall convene a new, or consult an existing, national labour advisory or consultative committee or group to provide views on an issue related to this Agreement. It shall be composed of members of the public, including a balanced representation of employers, workers and their representative organisations, as well as other non-governmental organisations and relevant stakeholders and local or sub-national levels of government, as appropriate.

2. Each Party shall designate an office within its governmental department responsible for labour affairs that shall serve as a National Point of Contact and provide to the other Party its contact information by diplomatic note.

3. The National Points of Contact shall serve as a point of contact between the Parties and perform such functions as are assigned by the Parties or the Council, as well as:

- (a) coordinate cooperative programs and activities in accordance with Article 9 (Cooperative Activities);

- (b) review public communications in accordance with Article 10 (Public Communications); and
- (c) provide information to the other Party, the Review Panels and the public.

Article 9: Cooperative Activities

1. The Parties may develop a joint plan of action for cooperative labour activities to promote the objectives of this Agreement. To the extent possible, those activities shall be linked to a recommendation in a Ministerial Council report referred to in Article 7 (Ministerial Council). An indicative list of areas of possible cooperation between the Parties is set out in Annex 1 (Cooperative Activities).

2. In carrying out the joint plan of action, the Parties may, commensurate with the availability of resources, cooperate through:

- (a) seminars, training sessions, working groups and conferences;
- (b) joint research projects, including sector studies; and
- (c) other means to which the Parties may decide.

Article 10: Public Communications

1. Each Party shall provide for the submission and receipt, and periodically make available, a list of public communications on labour law matters that:

- (a) are raised by a national of the Party or by an enterprise or an organization of workers or employers established in the territory of the Party;
- (b) arise in the territory of the other Party; and
- (c) pertain to a matter related to this Agreement.

2. Each Party shall consider those communications in accordance with domestic procedures.

Article 11: General Consultations

1. The Parties shall at all times endeavour to concur on the interpretation and application of this Agreement.
2. The Parties shall make every attempt, through consultations and the exchange of information, with a particular emphasis on cooperation, to address any matter that might affect the operation of this Agreement.
3. A Party may request consultations with the other Party regarding any matter arising under this Agreement by delivering a written request to the National Point of Contact of the other Party.
4. If the Parties fail to resolve the matter, the requesting Party may use the procedures provided under Article 12 (Ministerial Consultations).

PART THREE

PROCEDURES FOR REVIEW OF OBLIGATIONS

Article 12: Ministerial Consultations

1. A Party may request, in writing to the Minister responsible for Labour, with a copy to the National Point of Contact, consultations with the other Party at the ministerial level regarding an obligation under this Agreement. The Party that is the object of the request shall respond within 60 days of receiving the request, or within such other period as the Parties may concur.
2. To facilitate discussion of the matters under consideration and assist in arriving at a mutually satisfactory resolution:
 - (a) each Party shall provide the other Party and any independent expert, with sufficient information in its possession to allow a full examination of the matters raised, subject to a requirement in its domestic law regarding confidentiality of personal and commercial information; and
 - (b) each Party may call upon one to three independent experts to prepare a report regarding the matter under consideration. The Parties shall make every effort to concur upon the selection of the expert or experts. The Parties shall share the costs equally, unless otherwise decided. The expert(s) shall work in an expeditious manner to provide a report based on a consideration of relevant information, including that provided by the Parties and any views of the national labour advisory or consultative committees or groups deemed necessary by the experts. The report shall remain confidential, unless the Parties otherwise decide.
3. Ministerial Consultations shall be concluded no later than 180 days after the request is received unless the Parties otherwise decide.

Article 13: Establishment and Conduct of Review Panel

1. Following the conclusion of Ministerial Consultations, the requesting Party may request that a Review Panel be convened if it considers that:

- (a) the matter is trade-related; and
- (b) the other Party has failed to comply with its obligations under this Agreement through:
 - (i) failure to comply with its obligations under Article 1 (General Obligations) and Article 2(1) (Upholding Levels of Protection) to the extent that they refer to the ILO 1998 Declaration, or
 - (ii) a persistent pattern of failure to effectively enforce its labour law through appropriate government action, private rights of action, procedural guarantees, public information and awareness.

2. Unless otherwise decided by the Parties, a Review Panel composed of three independent experts, including a chairperson who is not a national of either Party, shall be established in a manner consistent with the criteria and procedures set out in Annex 2 (Procedures related to Review Panels).

3. Unless the Parties otherwise decide, the Review Panel shall perform its functions in accordance with the provisions of this part, Annex 2 (Procedures related to Review Panels) and any Model Rules. The Review Panel:

- (a) shall determine, within 30 days of confirmation of its terms of reference, whether the matter is trade-related and shall cease its functions if it determines that the matter is not trade-related;
- (b) shall provide the Parties with sufficient opportunity to make written and oral submissions to the Review Panel;
- (c) may invite or receive and consider written submissions and other information from organisations, institutions, the public and persons with relevant information or expertise; and

- (d) shall hold proceedings that are open to the public, except to the extent necessary to protect information in accordance with Article 17 (Protection of Information) and any Model Rules of Procedure.

Article 14: Review Panel Reports and Determinations

1. The Review Panel shall present to the Parties a report that:
 - (a) sets out findings of fact;
 - (b) addresses the submissions and arguments of the Parties and relevant information before it pursuant to Article 13 (Establishment and Conduct of Review Panel) subparagraph 3(c);
 - (c) determines whether the Party that is the object of the review has engaged in non-compliance through failure to comply with its obligations under Article 1 (General Obligations) and Article 2 (Upholding levels of protection) to the extent that they refer to the ILO 1998 Declaration or a persistent pattern of failure to effectively enforce its labour law through appropriate government action, private rights of action, procedural guarantees, public information and awareness, or any other determination requested in the terms of reference; and
 - (d) makes recommendations for the resolution of non-compliance determined under subparagraph (c), which normally shall be that the Party that is the object of the review adopt and implement an action plan sufficient to remedy the non-compliance.

2. The Review Panel shall present its initial report to the Parties within 120 days after the date the last panellist is selected, unless the Review Panel extends the time period by up to a further 60 days, or unless the Model Rules of Procedure otherwise provide. If the Review Panel extends the time period, it shall first give written notice to both Parties setting out the reasons for the extension of time. The initial report shall remain confidential.

3. Each Party may submit written comments to the Review Panel on its initial report within 30 days of presentation of the initial report or within any other period as decided by the Parties. After considering the written comments, the Review Panel, on its own initiative or on the request of either Party, may reconsider its report and make any further examination that it considers appropriate.

4. The Review Panel shall present to the Parties a final report within 60 days of the presentation of the initial report, unless the Parties otherwise decide. The final report shall be made public within 60 days of its receipt by the Parties.

5. If, in the final report, the Review Panel determines that there has been non-compliance within the meaning of subparagraph 1(c), the Parties may develop, within the following 90 days or such longer period as they may decide, a mutually satisfactory action plan to implement the Review Panel's recommendations.

6. Following the expiry of the period set out in paragraph 5 if the Parties are unable to decide on an action plan or the Party subject to review is failing to implement the action plan according to its terms, the requesting Party may request in writing that the Review Panel be reconvened with a view to determining whether or not a monetary assessment needs to be set and paid in accordance with Annex 3 (Monetary Assessments).

PART FOUR

GENERAL PROVISIONS

Article 15: Enforcement Principle

This Agreement shall not be construed to empower a Party's authorities to undertake labour law enforcement activities in the territory of the other Party.

Article 16: Private Rights

A Party may not provide for a right of action under its domestic law against the other Party on the ground that the other Party has acted in a manner inconsistent with this Agreement.

Article 17: Protection of Information

1. A Party that receives information identified by the other Party as confidential or proprietary information shall protect that information as confidential or proprietary.
2. A Review Panel, or expert under Article 12 (Ministerial Consultations), that receives confidential or proprietary information under this Agreement shall protect it and shall do so in accordance with the Model Rules of Procedure.

Article 18: Cooperation with International and Regional Organizations

The Parties may establish cooperative arrangements with the International Labour Organization and other competent international and regional organisations to draw on their expertise and resources to achieve the objectives of this Agreement.

Article 19: Definitions

For the purposes of this Agreement, unless otherwise specified:

days means calendar days, including weekends and holidays;

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

labour law means laws, regulations and jurisprudence that implement and protect the labour principles and rights set out in Article 1 (General Obligations);

national means:

- (a) with respect to Canada, a permanent resident of Canada or a citizen of Canada under the legislation of Canada;
- (b) with respect to Honduras, a Honduran is as defined in Articles 23 and 24 of the Constitution of the Republic of Honduras;

persistent pattern means a sustained or recurring course of action or inaction beginning after the date of entry into force of this Agreement and does not include a single instance or case;

person means a natural person, an enterprise, or an organization of employers or workers;

province means a province of Canada, and includes the Yukon, the Northwest Territories and Nunavut and their successors;

territory means:

- (a) with respect to Canada,
 - (i) the land territory, internal waters and territorial sea, including the air space above these areas, of Canada;

- (ii) the exclusive economic zone of Canada, as determined by its domestic law, consistent with Part V of the *United Nations Convention on the Law of the Sea*, done at Montego Bay on 10 December 1982 (UNCLOS); and
 - (iii) the continental shelf of Canada, as determined by its domestic law, consistent with Part VI of UNCLOS;
- (b) 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.

trade-related means related to trade or investment covered by the Canada-Honduras FTA.

PART FIVE

FINAL PROVISIONS

Article 20: Annexes

The Annexes to this Agreement constitute an integral part of this Agreement.

Article 21: Entry into Force

Each Party shall notify the other Party, in writing, once it has completed the internal procedures required for the entry into force of this Agreement. This Agreement enters into force on the date of the second of these notifications, or the date that the Canada-Honduras FTA enters into force, whichever is later.

Article 22: Amendments

1. The Parties may agree, in writing, to amend this Agreement.
2. At the request of either Party, the Parties shall meet with a view to reviewing and amending this Agreement to reflect developments in their multilateral or bilateral relations on matters covered by this Agreement.
3. Unless otherwise agreed by the Parties, an amendment enters into force following an exchange of written notifications by the Parties certifying the completion of their respective internal procedures, and on a date agreed on by the Parties.
4. An amendment shall constitute an integral part of this Agreement.

Article 23: Termination

1. The Parties may terminate this Agreement by mutual consent in writing, subject to the conditions and within the timeframe as may be mutually agreed.
2. In the event of the termination of the Canada-Honduras FTA, a Party may terminate this Agreement by giving written notice to the other Party. This Agreement shall terminate 180 days following the date of receipt of the notice in writing, or a later date specified in the notice.

Article 24: Authentic Texts

The English, French, and Spanish texts of this Agreement are equally authentic.

IN WITNESS WHEREOF the undersigned, being duly authorised by their respective Governments, have signed this Agreement.

DONE in duplicate at _____, this _____ day of _____ 2013,
in English, French, and Spanish languages.

FOR CANADA

**FOR THE REPUBLIC
OF HONDURAS**

ANNEX 1

COOPERATIVE ACTIVITIES

1. The Parties have established the following indicative list of areas for cooperative activities that they may develop pursuant to Article 9 (Cooperative Activities):
 - (a) information sharing: exchanging of information and sharing of best practices on issues of common interest and on events, activities, and initiatives organized in their respective territories;
 - (b) international fora: cooperation within international and regional fora such as the International Labour Organization on labour-related issues;
 - (c) fundamental rights and their effective application: legislation and practice related to the core elements of the ILO 1998 Declaration (freedom of association and the effective recognition of the right to collective bargaining, elimination of all forms of forced or compulsory labour, the effective abolition of child labour, and the elimination of discrimination in respect of employment and occupation);
 - (d) worst forms of child labour: legislation and practice related to compliance with ILO Convention 182;
 - (e) labour administration: institutional capacity of labour administrations and tribunals;
 - (f) labour inspectorates and inspection systems: methods and training to improve the level and efficiency of labour law enforcement, strengthen labour inspection systems, and help ensure compliance with labour laws;
 - (g) labour relations: forms of cooperation and dispute resolution to ensure productive labour relations among workers, employers, and governments;

- (h) 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;
- (i) gender: gender issues, including the elimination of discrimination in respect of employment and occupation;
- (j) any other matters that, in the view of the Parties, promote the purposes of the Agreement.

2. In identifying areas for labour cooperation and capacity building, and in carrying out cooperative activities, each Party may consider the views of its worker and employer representatives, as well as those of other members of the public.

ANNEX 2

PROCEDURES RELATED TO REVIEW PANELS

Qualifications of Panellists

1. Each Panellist shall:
 - (a) be chosen on the basis of expertise in labour matters or other appropriate disciplines, objectivity, reliability and sound judgment;
 - (b) be independent of, and not be affiliated with, or take instructions from, a Party; and
 - (c) comply with a code of conduct to be established by the Parties.
2. If a Party believes that a panellist is in violation of the code of conduct, the Parties shall consult and, if they so decide, remove the panellist and select a new panellist in accordance with the procedures set out in paragraph 4. The time limits shall run from the date of their decision to remove the panellist. The Model Rules of Procedure may provide procedures for resolving the situation if the Parties do not agree.
3. Individuals may not serve as panellists with respect to a review in which they have, or a person or organization with which they are affiliated has an interest.

Review Panel Selection Procedures

4. For the purposes of selecting a Review Panel, the following procedures apply:
 - (a) within 20 days of the receipt of the request for the establishment of a Review Panel, each Party shall select one panellist;
 - (b) if a Party fails to select its panellist within that period, the other Party shall select the panellist from among qualified individuals who are nationals of the Party that has failed to select its panellist; and

- (c) the following procedures shall apply to the selection of the chairperson of the Review Panel:
- (i) the Party that is the object of the review shall provide the Party that made the request with the names of 3 individuals whom it considers to be qualified to be the chairperson. The names shall be provided within 20 days after the receipt of the request for the establishment of the Review Panel,
 - (ii) the Party that made the request may choose one of the individuals to be the chairperson or, if the names were not provided or none of the individuals is acceptable, provide the Party that is the object of the review with the names of 3 individuals who it considers to be qualified to be the chairperson. Those names shall be provided within 5 days after receiving the names under subparagraph (i) or 25 days after the receipt of the request for the establishment of the Review Panel, and
 - (iii) the Party that is the object of the review may choose one of the 3 individuals to be the chairperson, within 5 days after receiving the names under subparagraph (ii), failing which the Parties shall immediately request the Director General of the International Labour Office to appoint a chairperson within 25 days.

Conduct of the Review Panel

5. The Parties shall, within one year after the entry into force of this Agreement, establish Model Rules of Procedure for the establishment and conduct of proceedings under Part Three (Procedures for Review of Obligations). The Model Rules will include a code of conduct for the purposes of paragraph 1 and rules for the protection of information under Article 17 (Protection of Information).

6. The Parties may set a separate budget for each set of panel proceedings pursuant to Article 13 (Establishment and Conduct of Review Panel) and Article 14 (Review Panel Reports and Determinations). The Parties shall contribute equally to the budget, unless they otherwise decide.

7. Unless the Parties otherwise decide, within 30 days after the Parties establish the Review Panel, the terms of reference shall be:

“To examine, in light of the relevant provisions of this Agreement, whether the Party that was the object of the request has, in a trade-related matter, failed to comply with its obligations under Article 1 (General Obligations) and Article 2(1) (Upholding Levels of Protection) to the extent that they refer to the ILO 1998 Declaration, or engaged in a persistent pattern of failure to effectively enforce its labour law through appropriate government action, private rights of action, procedural guarantees, public information and awareness, and to make findings, determinations and recommendations in accordance with Article 14(1) (Review Panel Reports and Determinations).”

8. For a determination under Article 13(3) (Establishment and Conduct of Review Panel) of whether the matter is trade-related, the Party which has requested the Review Panel has the onus of establishing that the matter is trade-related. For a determination under Article 14(1)(c) (Review Panel Reports and Determinations) of whether the Party that is the object of the request has failed to comply with its obligations, the onus of establishing such non-compliance is on the Party which has requested the Review Panel and its case may be supplemented by any other information provided under Article 13(3)(c) (Establishment and Conduct of Review Panel).

9. A Review Panel may not release the final report other than to the Parties. Panellists may furnish separate opinions on matters that are not the subject of unanimous agreement. A Review Panel however may not disclose which panellists are associated with majority or minority opinions.

ANNEX 3

MONETARY ASSESSMENTS

1. The Review Panel shall reconvene as soon as possible after delivery of the request pursuant to Article 14(6) (Review Panel Reports and Determinations). Within 90 days after being reconvened, the Review Panel shall determine whether the terms of the action plan have been implemented or the non-compliance otherwise remedied.

2. In the event of a negative determination under paragraph 1 and at the request of the requesting Party, the Review Panel shall assess an annual monetary assessment equivalent to the degree of adverse trade effects related to the non-compliance within the meaning of Article 13(1)(b) (Establishment and Conduct of Review Panel) or the non-compliance with the action plan and the Review Panel may adjust the assessment, taking into account the particular socio-economic situation of the Parties, and to reflect:

- (a) any mitigating factors, such as good faith efforts made by the Party to begin remedying such non-compliance after the final report of the Review Panel, bona fide reasons for the Party's failure to comply with such obligations or a real likelihood that the cost of the assessment would have a negative impact on vulnerable members of society; and
- (b) any aggravating factors, such as the pervasiveness and duration of the Party's failure to comply with its obligations.

3. Unless the Council otherwise decides, monetary assessments shall be paid to the requesting Party. Where the circumstances warrant, including the particular socio-economic situation of the Party and the nature of the non-compliance, the Council may decide that an assessment shall be paid into an interest-bearing fund established by the requesting Party for that purpose or designated by the Council and shall be expended at the direction of the Council to implement the action plan or other appropriate measures to remedy the non-compliance.

4. Ninety (90) days from the date on which the Review Panel determines the amount of the monetary assessment under paragraph 2, or at any time thereafter, the requesting Party may provide notice in writing to the other Party demanding payment of the monetary assessment. The monetary assessment shall be paid in equal, quarterly instalments beginning 120 days after the requesting Party provides such notice and ending upon decision of the Parties or upon the date of a Review Panel determination under paragraph 5.

5. If the Party that was the object of the review considers that it has ended the non-compliance, it may refer the matter to the Review Panel by providing written notice to the other Party. The Review Panel shall be reconvened within 60 days of that notice and issue its report within 90 days thereafter.

6. In Canada, the procedures for enforcement of the monetary assessment shall be the following:

- (a) Honduras may file in a court of competent jurisdiction a certified copy of a Review Panel determination under paragraph 2 above only if Canada has failed to comply with the terms of a notice provided under paragraph 4 within 180 days of it being made;
- (b) when filed, the Review Panel determination, for purposes of enforcement, shall become an order of the court;
- (c) Honduras may take proceedings for enforcement of a Review Panel determination that is made an order of the court, in that court, against the person in Canada against whom the Review Panel determination is addressed in accordance with paragraph 4 of Annex 4 (Extent of Obligations);
- (d) proceedings to enforce a Review Panel determination that has been made an order of the court shall be conducted in Canada by way of summary proceedings, provided that the court shall promptly refer a question of fact or a question of interpretation of the Review Panel determination to the Review Panel that made the determination, and the decision of the Review Panel shall be binding on the court;

- (e) a Review Panel determination that has been made an order of the court shall not be subject to domestic review or appeal; and
- (f) an order made by the court in proceedings to enforce a Review Panel determination that has been made an order of the court shall not be subject to review or appeal.

7. In Honduras, the procedures for enforcement of the monetary assessment shall be the following:

If Honduras has failed to comply with a notice provided under paragraph 4 within 180 days of it being made, the Review Panel determination in Honduras shall be executed as follows:

- (a) Canada may present to the Supreme Court of Justice of the Republic of Honduras a certified copy of the Review Panel determination under paragraph 2 and may request the execution of the Review Panel determination in Honduras as if it were a final ruling issued by a court in Honduras. The requesting Party shall present the request duly certified and translated into Spanish. The Review Panel determination will not be subject to appeal or review by the Supreme Court of Justice and such determination will be a clear, express and executable obligation by Honduras.
- (b) The content of the determination will be a clear, express and executable obligation pursuant to the rules on the execution of rulings in force in Honduras and therefore will not require any further recognition by any authority in Honduras.
- (c) Proceedings to enforce a Review Panel determination that has been made an order of the court shall be conducted in Honduras without delay, provided that the court shall promptly refer any question of fact or any question of interpretation of the Review Panel determination to the Review Panel that made the determination, and the decision of the Review Panel shall be binding on the court.

(d) The Supreme Court of Justice shall recognize the award and the judge that is appointed under national legislation shall enforce the award.

8. A change by the Parties to the procedures adopted and maintained by each of them pursuant to this Annex that has the effect of undermining the provisions of this Annex shall be considered a breach of this Agreement.

ANNEX 4

EXTENT OF OBLIGATIONS

1. At the time of entry into force of this Agreement, Canada shall notify Honduras through diplomatic channels a written declaration with a list of any provinces for which Canada is to be bound in respect of matters within their jurisdiction. The declaration shall be effective on the date of receipt by Honduras, and shall not carry any implication as to the internal distribution of powers within Canada. Canada shall notify Honduras of a modification to its declaration at any time. The amendment shall enter into force 6 months after the date of this notification.
2. Canada may not request the establishment of a Review Panel under Part Three (Procedures for Review of Obligations) at the instance of the government of a province that is not on the list in the declaration referred to in paragraph 1.
3. Honduras may not request the establishment of a Review Panel under Part Three (Procedures for Review of Obligations), concerning a matter related to a labour law of a province unless that province is included on the list in the declaration referred to in paragraph 1.
4. Canada shall, no later than the date on which a Review Panel is convened pursuant to Article 13 (Establishment and Conduct of Review Panel) respecting a matter within the scope of paragraph 3, notify Honduras in writing of whether a recommendation of a Review Panel in a report under Article 14 (Review Panel Reports and Determinations) or a monetary assessment imposed by a Review Panel under Annex 3 (Monetary Assessments) with respect to Canada shall be addressed to Her Majesty in right of Canada or Her Majesty in right of the province concerned.
5. Canada shall endeavour to have as many of its provinces as possible accept to be added to the declaration.