

**Chapter Two**  
**General Definitions**

**Article 2.1: Definitions of General Application**

For purposes of this Agreement, unless otherwise specified:

**central level of government** means:

- (a) for Panama, 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 10.29 (Definitions), in its territory of an investor of the other 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;

**Draft as of January 19, 2007**  
**Subject to legal review for accuracy, clarity, and consistency.**

**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 Panama, “regional level of government” is not applicable;

**Draft as of January 19, 2007**  
**Subject to legal review for accuracy, clarity, and consistency.**

**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.

**Draft as of January 19, 2007**  
**Subject to legal review for accuracy, clarity, and consistency.**

**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 Panama:
  - (a) a Panamanian national by birth according to Article 9 of the Constitution of the Republic of Panama,
  - (b) a Panamanian national by naturalization according to Article 10 of the Constitution of the Republic of Panama, and
  - (c) a Panamanian national by adoption according to Article 11 of the Constitution of the Republic of Panama; and
- (f) 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 Panama, 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
- (f) 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.