

DRAFT
Subject to Legal Review for Accuracy, Clarity, and Consistency
January 28, 2004

Chapter Nineteen

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) Annex 9.1 (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.

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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, except as the Commission may otherwise agree.

6. The Commission shall convene at least once a year in regular session, except as the Commission may otherwise agree. 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 (Remuneration and Payment of Expenses).

Article 19.4: Committee on Trade Capacity Building

1. Recognizing that trade capacity building assistance is a catalyst for making 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. The Committee shall:

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- (a) receive the updated national trade capacity building strategies of the developing country Parties to assist in the implementation of the Agreement and in the adjustment to liberalized trade;
 - (b) seek the prioritization of the trade capacity building projects to be undertaken at the national and/or regional level;
 - (c) invite appropriate international donor institutions, private sector entities and non-governmental organizations to assist in the development and implementation of trade capacity building projects pursuant to the developing country Parties' trade capacity building strategies;
 - (d) monitor and assess progress in the implementation of trade capacity building projects;
 - (e) work with other committees or working groups established under this Agreement, including through joint meetings, in developing and implementing trade capacity building projects; and
 - (f) provide a report annually to the Commission describing the Committee's activities.
3. During the transition period, the Committee shall meet at least twice a year unless the Committee otherwise agrees.
4. All decisions of the Committee shall be taken by consensus, unless the Committee otherwise agrees.
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 be comprised of government and/or non-government representatives.
7. The Parties recognize the importance of customs administration and trade facilitation issues and hereby establish an *ad hoc* working group on customs administration and trade facilitation under the Committee.

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Annex 19.1

Free Trade Commission

The Free Trade Commission shall be composed of:

- (a) in the case of Costa Rica, the Minister of Foreign Trade, or its successor;
- (b) in the case of El Salvador, the Minister of Economy, or its successor;
- (c) in the case of Guatemala, the Minister of Economy, or its successor;
- (d) in the case of Honduras, the Secretary of State in the Industry and Trade Offices, or its successor; and
- (e) in the case of Nicaragua, the Minister of Development, Industry and Trade, or its successor; and
- (f) in the case of the United States, the United States Trade Representative, or its successor.

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Annex 19.1.3(b)

Implementation of Modifications Approved by the Commission

In the case of Costa Rica, decisions of the Commission under Articles 19.1.3(b) and 1.4 will be equivalent to the instrument referred to in article 121.4 third paragraph of the Political Constitution of the Republic of Costa Rica.

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Annex 19.2

Free Trade Agreement Coordinators

The free trade agreement coordinators shall consist of:

- (a) in the case of Costa Rica, the General Director of Foreign Trade, or its successor;
- (b) in the case of El Salvador, Director of the Trade Agreement administration Office, or its successor;
- (c) in the case of Guatemala, the Director of Foreign Trade Administration, or its successor;
- (d) in the case of Honduras, the General Director of Trade Policy and Economic Integration, or its successor;
- (e) in the case of Nicaragua, the General Director of Foreign Trade of the Ministry of Development, Industry and Trade, or its successor; and
- (f) in the case of the United States, the Assistant United States Trade Representative for the Americas, or its successor.

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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.