

PART ONE: GENERAL PART

Chapter I: Initial Provisions and Institutional Arrangements

Section I: Initial Provisions

Article I.01 Establishment of the Free Trade Area

The Parties, consistently with Article XXIV (Territorial Application – Frontier Traffic – Customs Unions and Free Trade Areas) of the *General Agreement on Tariffs and Trade* and its related Understanding of the *Marrakesh Agreement establishing the World Trade Organization*, hereby establish a free trade area.

Article I.02 Objectives

1. The objectives of this Agreement, as elaborated more specifically through its principles, rules and provisions, including national treatment, most-favored-nation treatment and transparency, as referred to in this Agreement, are to:

- (a) establish and develop a free trade area in accordance with its provisions;
- (b) stimulate trade expansion and diversification between the Parties;
- (c) eliminate barriers to trade and facilitate the cross-border movement of goods and services between the territories of the Parties;
- (d) promote conditions of fair competition in the free trade area;
- (e) increase substantially investment opportunities in the territories of the Parties;
- (f) create effective procedures for the implementation and application of this Agreement, for its joint administration and for the resolution of disputes;
- (g) promote regional integration in the Americas and contribute to the progressive elimination of barriers to trade and investment; and
- (h) 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 a manner consistent with its objectives set out in paragraph 1 and in accordance with applicable rules of international law.

Article I.03 Relation to Other Agreements

1. The Parties affirm their existing rights and obligations with respect to each other under the *Marrakesh Agreement establishing the World Trade Organization* and other agreements to which such Parties are party.

2. In the event of any inconsistency between this Agreement and such other agreements, this Agreement shall prevail to the extent of the inconsistency, except as otherwise provided in this Agreement.

Article I.04 Observance of the Agreement

Each Party shall ensure, in conformity with its applicable law and constitutional provisions, compliance with the provisions of this Agreement in its territory.

Article I.05 Succession of Treaties

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

Section II: Institutional Arrangements

Article I.06 The Joint Council

1. The Parties hereby establish the Joint Council of Costa Rica and CARICOM comprising public officials of both Parties at the ministerial level, or their representatives.

2. The Joint Council (hereinafter referred to as " the Council") shall have the following functions:

- (i) supervise the implementation and administration of the Agreement, its Annexes and Appendices and oversee their further elaboration;
- (ii) instruct the Committees, Subcommittees and Working Groups identified in Article I.08 to carry out those functions assigned to them respectively and any other function pertaining to the objectives of this Agreement.
- (iii) supervise the functions of the Free Trade Coordinators and consider the recommendations of the Free Trade Coordinators;
- (iv) establish and supervise the work of all committees, subcommittees and working groups created in this Agreement;
- (v) resolve any dispute which may arise out of the interpretation, execution or non-compliance of this Agreement, its Annexes and Appendices in accordance with its powers under Chapter XIII (Dispute Settlement);
- (vi) establish and delegate responsibilities to ad hoc or standing committees, working groups or expert groups;
- (vii) supervise the work of all ad hoc or standing committees, working groups and expert groups established under this Agreement, its Annexes and Appendices;

- (viii) consult with governmental, inter-governmental and non-governmental entities as necessary;
 - (ix) keep this Agreement, its Annexes and Appendices under periodic review, evaluating the functioning of this Agreement and recommending measures it considers suitable to better achieve its objective;
 - (x) carry out any other functions which may be assigned to it by the Parties;
 - (xi) consider any other matter that may affect the operation of this Agreement, its Annexes and Appendices and take appropriate action.
3. The Council shall convene in ordinary session at least once a year and in extraordinary sessions on the request of either Party.
4. The meetings of the Council shall be chaired jointly by the Parties. All decisions shall be taken by consensus. The decisions of the Council shall have the status of recommendations to the Parties.
5. Meetings shall be held alternately in Costa Rica and in a Member State of CARICOM or such other place as may be agreed between Costa Rica and CARICOM.
6. The Agenda for each ordinary meeting of the Council shall be settled by the Parties in good time before each proposed meeting.
7. Each Party shall designate a representative to transmit and receive correspondence on its behalf.
8. The Council may modify in fulfillment of the objectives of this Agreement:
- (a) the schedule of a Party contained in Annex III.04.2 (Tariff Elimination), with the purpose of adding one or more goods excluded in the Tariff Elimination Schedule;
 - (b) the phase-out periods established in Annex III.04.2 (Tariff Elimination), with the purpose of accelerating the tariff reduction;
 - (c) the rules of origin established in Annex IV.03 (Specific Rules of Origin); and
 - (d) the Uniform Regulations on Customs Procedures.
9. The modifications referred to in paragraph 8 shall be implemented by the Parties in conformity with Annex I.06.9.

Article I.07 The Free Trade Coordinators

1. The Parties hereby establish the Free Trade Coordinators, comprising the Ministry of Foreign Trade in the case of Costa Rica and the CARICOM Secretariat in the case of CARICOM, whose primary function shall be to monitor the implementation of this Agreement.

- (v) create working groups or convene expert panels on topics of mutual interest relating to its subject area;
- (vi) any other function assigned to it by the Council.

3. Each Committee shall meet as may be agreed by its members and shall regulate its own proceedings.