

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) and 9.1.2(b)(ii) (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 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 El Salvador, the *Ministro de Economía*;
- (c) in the case of Guatemala, the *Ministro de Economía*;
- (d) in the case of Honduras, the *Secretario de Estado en los Despachos de Industria y Comercio*;
- (e) in the case of Nicaragua, the *Ministro de Fomento, Industria y Comercio*; and
- (f) 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 El Salvador, the *Director de la Dirección de Administración de Tratados Comerciales del Ministerio de Economía*;
- (c) in the case of Guatemala, the *Director de Administración de Comercio Exterior del Ministerio de Economía*;
- (d) 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*;
- (e) in the case of Nicaragua, the *Director General de Comercio Exterior del Ministerio de Fomento, Industria y Comercio*; and
- (f) 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.