



Committee on Regional Trade Agreements

FACTUAL PRESENTATION

**ASSOCIATION AGREEMENT BETWEEN THE UNITED KINGDOM AND CENTRAL AMERICA
(COSTA RICA, EL SALVADOR, GUATEMALA, HONDURAS, NICARAGUA AND PANAMA),
(GOODS AND SERVICES)**

Report by the Secretariat

This report, prepared for the consideration of the Association Agreement between the United Kingdom and Central America (Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama), has been drawn up by the WTO Secretariat on its own responsibility and in full consultation with the Parties. The factual presentation reproduces as closely as possible the terminology used in the Agreement and in the comments provided and does not imply official endorsement or acceptance by the Secretariat of such terminology. The report has been drawn up in accordance with the rules and procedures contained in the Decision for a Transparency Mechanism for Regional Trade Agreements (WT/L/671) and thus does not imply any value judgement by the Secretariat regarding the contents of the Agreement.

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Key Facts

Parties to the Agreement:	Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, Panama and the United Kingdom
Date of Signature:	18 July 2019
Date of Entry into Force:	1 January 2021
Date of Notification:	31 December 2020
Full implementation:	1 January 2027

The Factual Presentation describes the Agreement establishing an Association between the United Kingdom of Great Britain and Northern Ireland (the UK) and Central America¹ (hereinafter referred to as "the Agreement"), which was concluded by the Parties and entered into force on 1 January 2021. As the Agreement preserves most of the commitments between the Parties under the Agreement establishing an Association between the European Union and its Member States on the one hand, and Central America on the other (hereinafter referred to as "the EU-Central America Agreement"), the factual presentation also refers, like the Agreement, to the EU-Central America Agreement.

1 TRADE ENVIRONMENT

1.1. Key indicators on the size and share of merchandise trade of the Parties are provided in Table 1.1. The UK is a significantly larger economy than the Central American Parties with GDP at USD 3,187 billion in 2021, compared to the largest Central American economy, Guatemala, whose GDP was USD 85.7 billion. The trade to GDP ratios of the Parties are relatively similar, ranging from 22.8 for Guatemala, 28.9 for the UK to 47.9 for Nicaragua.

1.1 Merchandise trade

1.2. In terms of merchandise trade, the UK ranked 6th and 10th respectively in world imports and exports. Among the Central American Parties Honduras ranked 22nd and 23rd in global imports and exports, while Nicaragua ranked 79th and 85th in the world for imports and exports.

Table 1.1 The United Kingdom and Central America Republics: Merchandise Trade Profiles 2021

Member	Merchandise trade - 2021				Rank in world trade ^a – 2021		GDP USD billion (2021)	Trade (% GDP, 2019-2021)
	Exports USD billion	% world exports	Imports USD billion	% world imports	Exports	Imports		
Central America								
Costa Rica	15.5	0.07	20.8	0.09	56	55	64.2	33.2
El Salvador	6.6	0.03	15.1	0.07	84	63	28.0	38.4
Guatemala	13.8	0.06	26.7	0.12	50	49	85.7	22.8
Honduras	10.2	0.05	15.1	0.07	23	22	28.2	37.1
Nicaragua	6.5	0.03	9.8	0.04	85	79	14.3	47.9
Panama	13.2	0.06	20.6	0.09	62	57	63.6	39.3
United Kingdom	468.2	2.10	693.8	3.07	10	6	3,187	28.9

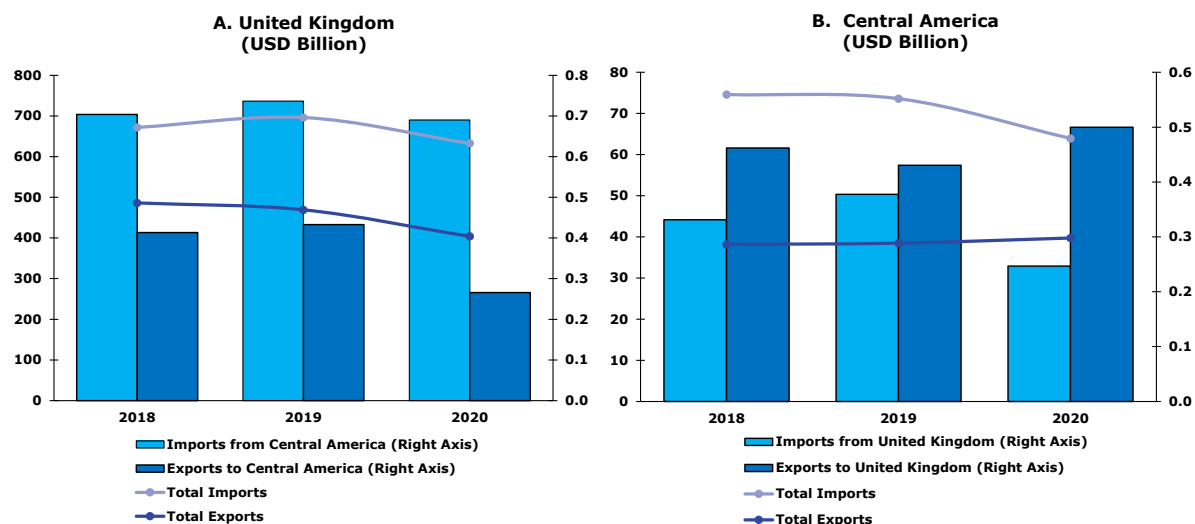
a excluding intra-EU trade.

Source: WTO Secretariat Trade Profiles (as reported on November 2022).

¹ Central America refers to Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, and Panama.

1.3. Trade between Central America (as a group) and the UK during 2018-2020 is shown in Chart 1.1. In their global trade, both the Central American Republics and the UK had an overall trade deficit during this period. Figures on bilateral trade show a growing trade deficit with Central America.

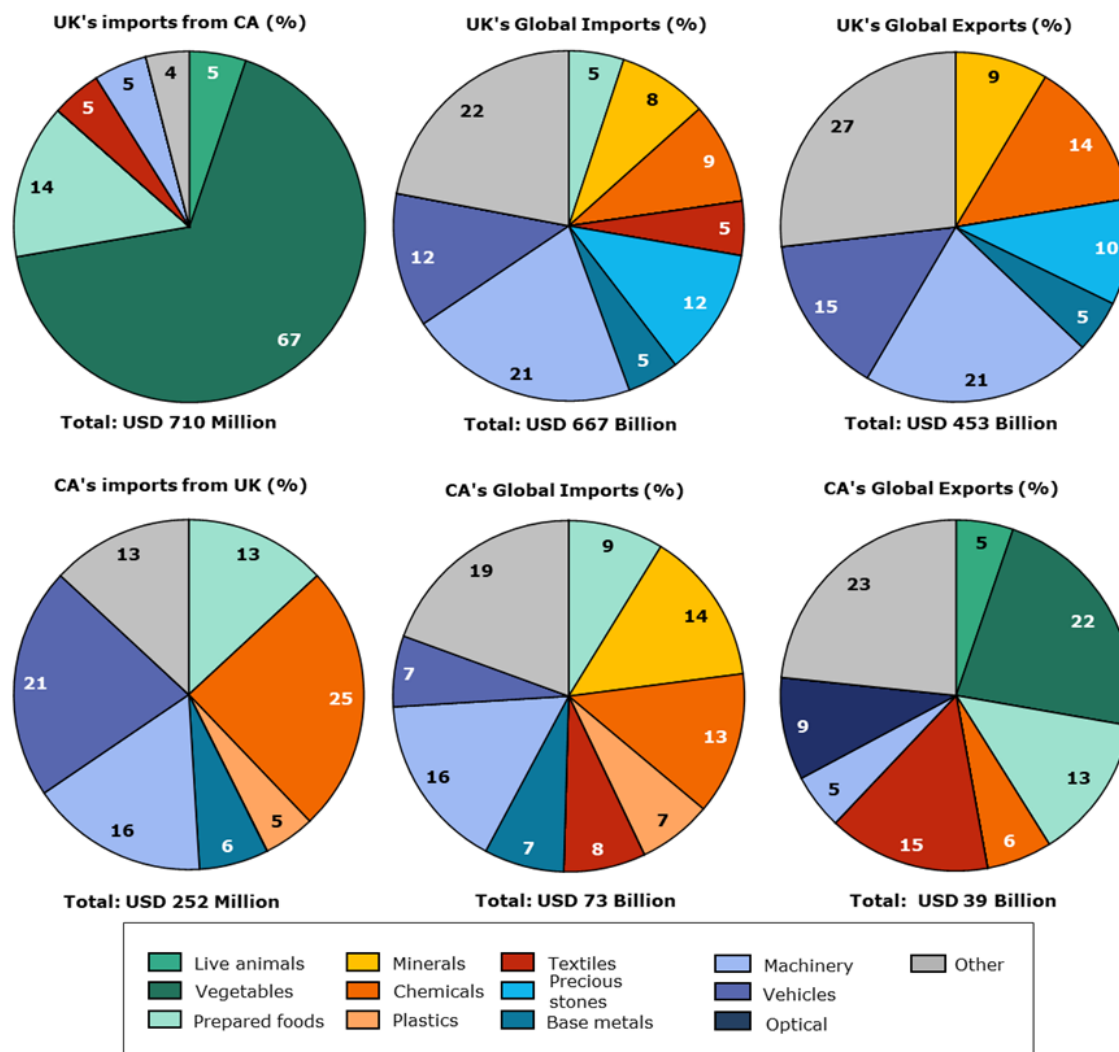
Chart 1.1 Bilateral and global merchandise trade between Central America (CA) and the United Kingdom 2018-2020



Note: Panama data from Comtrade does not include ecozone data (national data was used); more accurate data was retrieved from: https://www.inec.gob.pa/COMERCIO_EXT/

Source: UK and Central American authorities; UNSD, Comtrade database.

1.4. Chart 1.2 shows the commodity structure of trade between the UK and Central American countries, as well as of their global trade in the period 2018-2020 on the basis of product categories of the Harmonized System (HS). Vegetables form the majority of Central America's global exports (22%) as well as the UK's imports from Central America (67%), followed by prepared foods. In turn, around two-thirds of Central American imports from the UK consisted of chemicals, vehicles and machinery – the same top three UK global export sectors.

Chart 1.2 UK-Central America: Product composition of merchandise trade (by HS Section), annual average 2018-2020

Note: Exchange rates from GBP to USD: 0.7495 (2018), 0.7834 (2019) and 0.7800 (2020).

Source: UK authorities; UNSD, Comtrade database (other Central America except Panama) and Instituto Nacional de Estadística y Censos (Panama).

1.2 Trade in services and investment

1.5. Key indicators on trade in services of the Parties are provided in Table 1.2. While the UK was ranked 4th and 3rd largest global importer and exporter of services, the global rankings of the Central American economies range from 56th and 39th for imports and exports for Costa Rica to 79th and 85th for Nicaragua.

Table 1.2 The United Kingdom and Central America Republics: Trade in Services Profiles 2021

Party	Trade in Services – 2021				Rank in world trade ^a - 2021	
	Exports USD billion	% world exports	Imports USD billion	% world imports	Exports	Imports
Central America						
Costa Rica	9	0.15	4.7	0.08	39	56
El Salvador	3	0.05	2.1	0.04	64	80

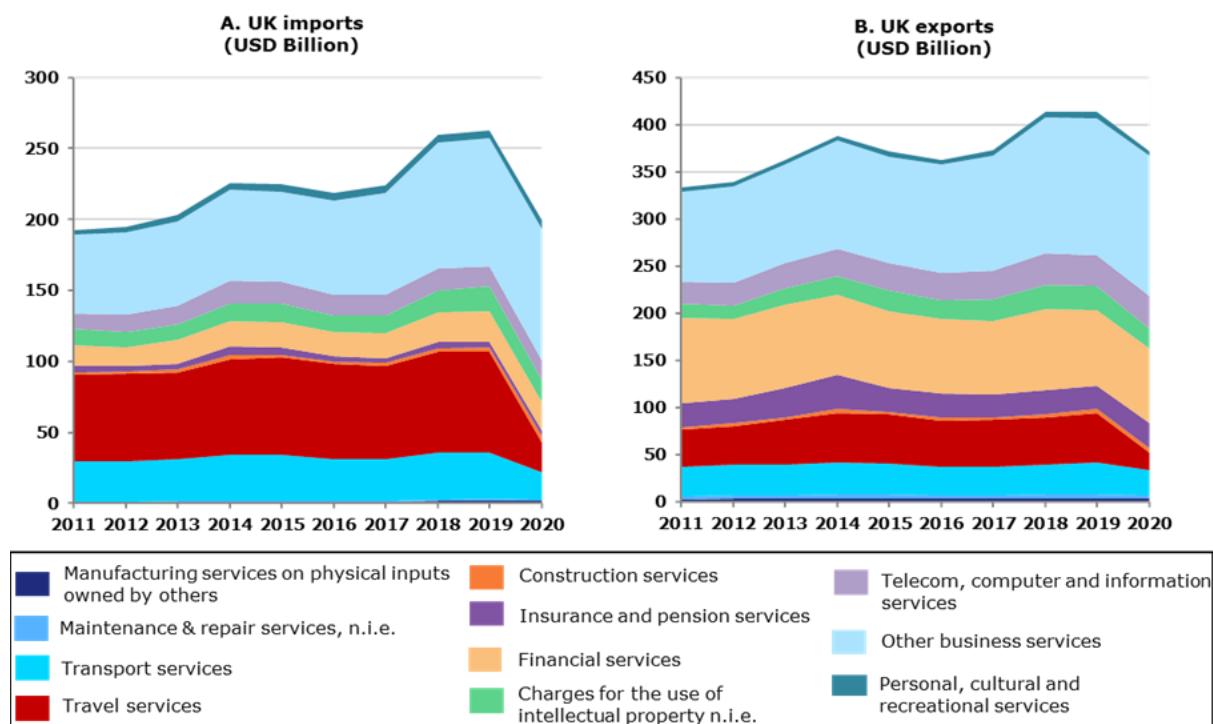
Party	Trade in Services – 2021				Rank in world trade ^a - 2021	
	Exports USD billion	% world exports	Imports USD billion	% world imports	Exports	Imports
Guatemala	2.8	0.05	4.1	0.07	68	62
Honduras	2.5	0.04	2.6	0.05	72	75
Nicaragua	6.5	0.03	9.8	0.04	85	79
Panama	10.7	0.18	4.2	0.08	31	61
United Kingdom	415.1	6.92	238.6	4.31	3	4

a excluding intra-EU trade.

Source: WTO Secretariat Trade Profiles (as reported on November 2022).

1.6. Charts 1.3 and 1.4 show the Parties' global trade in commercial services from 2011-2020. In 2020, global imports by the UK were led by other business services, travel and financial services while global exports were dominated by other business services, financial services and telecommunications, computer and information services.

Chart 1.3: UK: Trade in commercial services with world, 2011-2020

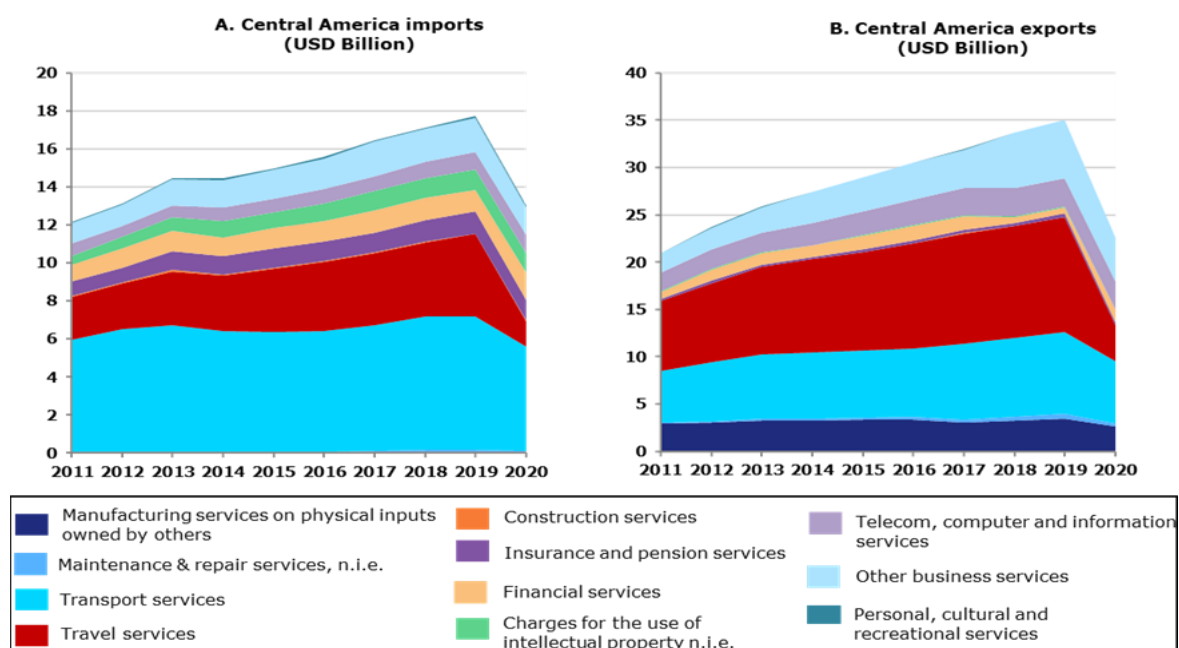


Note: Exchange rates from GBP to USD: 0.7495 (2018), 0.7834 (2019) and 0.7800 (2020).

Source: WTOStat (2011-2017) and UK authorities (2018-2020).

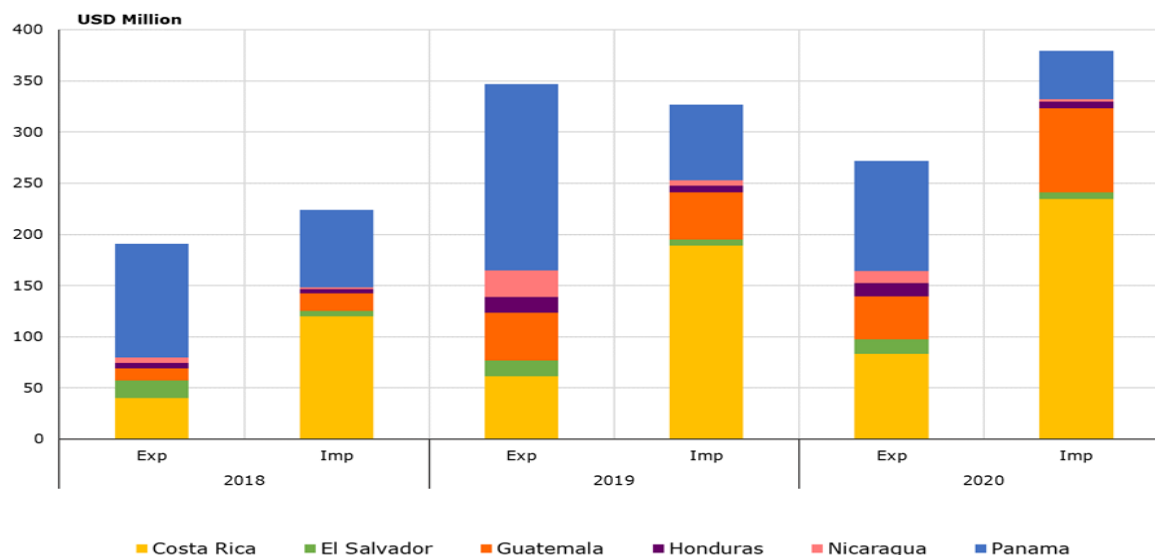
1.7. Chart 1.4 shows that for Central America, global imports in commercial services were led by transport services, other business services, and financial services, while global exports were largely comprised of transport services, other business services, and travel services.

1.8. In terms of bilateral trade in commercial services, Chart 1.5 shows the UK's exports and imports to Central America. The main import sources and export destinations during this period were Costa Rica, Panama and Nicaragua.

Chart 1.4: Central America: Trade in commercial services with world, 2011-2020

Note: Data for 2020 has been consolidated from data submissions by the Parties and available data from WTO Stat. Discrepancies for 2020 may remain due to the completeness of available data at the time of reporting. For Nicaragua, data for exports (credits) and imports (debits) in 2020 are preliminary.

Source: Costa Rican authorities (2018-2020), Dirección de Análisis Económico con datos del Banco de Guatemala (2018-2019); Instituto Nacional de Estadística y Censos (Panama) (2018-2019); and WTO Stat (years 2011-2017 and El Salvador (2018-2020), Guatemala (2020), Honduras (2018-2020), and Panama (2020)).

Chart 1.5: UK: Bilateral trade in commercial services with Central America, 2018-2020

Note: Exchange rates from GBP to USD: 0.7495 (2018), 0.7834 (2019) and 0.7800 (2020). No disaggregated data available by BPM6 services categories; no bilateral trade data for Central America available; no bilateral time series data available from WTO Stat.

Source: UK authorities.

1.9. Tables 1.3 and 1.4 show inward and outward foreign direct investment stock and flows for the United Kingdom and Central America for 2018-2020 in millions of US dollars. Central American

bilateral FDI data is only available for Costa Rica which shows inward stocks of USD1,263 million and USD 1,321 respectively in 2018 and 2019; inward FDI flows show divestment of USD8.2 million and USD 12.5 million in 2018 and 2020, and investment of USD 8.2 million in 2019 by the UK. Data for Guatemala is only available in net values and could not be further disaggregated. The figures show that the UK has been a net recipient of global FDI during this period and a net investor in Central America.

Table 1.3: United Kingdom: Foreign direct investment (USD Million), 2018-2020

FDI	World					
	Outward			Inward		
	2018	2019	2020	2018	2019	2020
Stock	1,938,720	2,102,915	2,129,381	2,098,491	2,094,001	2,473,286
Flows	82,958	11,861	-69,665	87,872	53,703	43,742
Central America						
	Outward			Inward		
	2018	2019	2020	2018	2019	2020
Stock	632	899	718	1,729	1,367	1,550
Flows	1	80	-49	87	-8	91

Source: UK authorities.

Table 1.4: Central America: Foreign direct investment (USD Million), 2018-2020

	FDI	World					
		Outward			Inward		
		2018	2019	2020	2018	2019	2020
Costa Rica	Stock	3,219	3,446	3,570	39,393	43,564	46,112
	Flows	53	117	87	2,336	2,748	1,710.8
El Salvador	Stock	3	4	4	9,666	9,981	10,159
	Flows	-0	0	-1	826	636	280
Honduras	Stock	2,506	2,477	2,495	15,981	16,479	16,898
	Flows	66	3	49	961	498	419
Nicaragua*	Stock
	Flows	75.1	59.1	39.5	837.6	503.0	182.3
Panama	Stock	5,254	5,590	5,552	53,311	57,374	57,981
	Flows	-163	-634	-39	5,080	4,320	607

Guatemala**	World			United Kingdom		
	2018	2019	2020	2018	2019	2020
Total FDI	993.9	998.2	728.3	-12.1	6.9	-13.6

Note: No rounding up for exact figures submitted by Parties.

.. Not available

* Data are preliminary.

** Data only available until September; no available breakdown of inflows and outflows. For Nicaragua, FDI inflows are recorded as liabilities in the Balance of Payments (investment by non-residents in the country) and outflows as assets (investment by Nicaraguan residents abroad).

Source: UK authorities; Banco Central de Costa Rica, FMI Encuesta coordinada de inversión extranjera directa; Dirección de Análisis Económico con datos del Banco de Guatemala; Instituto Nacional de Estadística y Censos (Panama) for FDI flows (2018-2019); UNCTAD Stat for El Salvador, Honduras global FDI data and Panama global data for FDI flows (2020) and Stock (2018-2020).

2 CHARACTERISTIC ELEMENTS OF THE AGREEMENT

2.1 Background information

2.1. UK-Central America trade relations were previously governed by the EU-Central America Association Agreement.² Following the withdrawal of the UK from the EU, as of 1 January 2021 the EU-Central America Association Agreement no longer applies to the UK. The UK-Central America

² The Trade pillar of the EU-Central America Association Agreement has been applied since 1 August 2013 by the EU, Honduras, Nicaragua and Panama; 1 October 2013 by Costa Rica and El Salvador; and 1 December 2013 by Guatemala. Following the accession of Croatia to the EU on 1 July 2013, the Parties signed a Protocol for extending the Agreement to Croatia on 26 November 2020; as of January 2022, the Protocol was not yet in force. More information on the EU-Central America Agreement" is in the WTO documents series WT/REG332.

Association Agreement (hereinafter "the Agreement" or the incorporated Agreement) was signed on 18 July 2019 and entered into force on 1 January 2021. It was notified to the WTO on 31 December 2020, under Article XXIV:7(a) of the GATT 1994 for its goods aspects, and Article V of the GATS for its services aspects. The text of the Agreement, together with its annexes, is available on the Parties' official websites:

The UK: <https://www.gov.uk/government/publications/agreement-establishing-an-association-between-the-uk-and-central-america-ms-no322019>
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/823557/MS_32.2019_Agreement_establishing_an_association_between_the_UK_and_Central_America.pdf

Central America:

Costa Rica: <https://www.comex.go.cr/tratados/reino-unido/>

El Salvador: <https://infotrade.minec.gob.sv/uk/>

Guatemala: <https://mineco.gob.gt/Reino-Unido>

Honduras: <https://sde.gob.hn/2020/09/18/reino-unido/>

Nicaragua: <https://www.mific.gob.ni/Inicio/Comercio/Comercio-Exterior/Tratados-Comerciales/Acuerdo-de-Asociaci%C3%B3n-CA-Reino-Unido>

Panama: <https://mici.gob.pa/onci-acuerdos-regionales-reino-unido-e-irlanda-del-norte-y-centroamerica/>

2.2. The Agreement has ten Articles and one Annex. It, nevertheless, incorporates by reference, in Article 3, the provisions of the EU-Central America Agreement which form part of the Agreement, *mutatis mutandis*. Modifications to the incorporated EU-Central America Agreement are in the Annex to the Agreement. The Agreement is also complemented by six Joint Declarations. Boxes 2.1 and 2.2 below summarize the structure of the Agreement and the structure of the incorporated Agreement.

Box 2.1 Structure of the Agreement

UK-Central Agreement	America	Title/description
		Preamble
		Article 1 Objectives
		Article 2 Definitions and interpretation
		Article 3 Incorporation of the EU-Central America Agreement
		Article 4 References to European Union Law
		Article 5 References to the Euro
		Article 6 Territorial Application
		Article 7 Continuation of Time Periods
		Article 8 Further Provisions in relation to the Association Council and Association Committee
		Article 9 Integral Parts of this Agreement
		Article 10 Entry into Force
		Annex
Joint Declarations		
		<i>Mutatis Mutandis</i>
		rules of origin
		trade and competition
		the civil society dialogue forum
		technical barriers to trade

UK-Central America Agreement	Title/description
	movement certificate EUR.1 forms

Source: WTO Secretariat based on the Agreement.

Box 2.2 Structure of the Incorporated Agreement (EU-Central America Agreement)

EU-Central America Agreement	Title/description	Modifications through the Annex
Preamble		References to EU-Central American Agreements/Arrangements/and Strategic Partnership
Part I	General and Institutional Provisions	Article 2(e); 4(1); 9(1); 10
Part II	Political Dialogue	Article 23
Part III	Cooperation	Articles 25(j); 26(g-i), 28(3), 35(3); 43(3); 49(3); 56(2)(a); 68(2)(c); 76(1)(a) and (b)
Part IV	Trade	
Title II	Trade in Goods	Articles 83(3); 104(2)(b)(ii); 104(3); 109; 111(1), 111(4); and 140(f)
Title III	Establishment, Trade in Services and Electronic Commerce	Footnote to Article 160(e)
Title VI	Intellectual Property	Articles 244(1); 245; 246(2); 246(4); 247(1); 248(1); and 252
Title VII	Trade and Competition	Article 277(2)(a)
Title IX	Regional Economic Integration	Articles 305 (1) and 306(2)
Part V	Final Provisions	Articles 352(1); 353; 359(1); 359(2); and 360
Annexes		
Annex I	Elimination of Customs Duties	Elimination of customs duties: Appendices 1 and 2 (adjustments of the rates and volumes of TRQs)
Annex II	Concerning the definition of the concept of "originating products" and methods of administrative co-operation	Footnotes to Articles 3, 35; Article 3(11)(c), 3(a), 4(2), 4(3), 11(1), 11(2), 12(1), 16(4), 17(2), 28(3), 29(1), 34; 35; Appendix 2 A
Annex III	Mutual Administrative Assistance in Customs Matters	Articles 14(1)(c) and 14(2)
Annex VI	Competent Authorities	Part A (Competent authorities of the United Kingdom)
Annex VII	Requirements and provisions for approval of establishments for products of animal origin	Article 2(d)
Annex VIII	Guidelines for conducting verifications	
Annex IX	Contact Points and Websites	Part A (contact points), Part B (fee free websites)
Annex X	Lists of Commitments on Establishment	Section A paragraph 1; commitment 6E.b); footnote to commitment 7B.a); commitment 16B; 17B; 17E.d)
Annex XI	Lists of Commitments on Cross-Border Supply of Services	Section A; paragraph 1; Commitment 1E.b); 11B; 12B; 12E.d)
Annex XII	Reservations on Key Personnel and Graduate Trainees of the EU Party	Section A paragraph 1

EU-Central America Agreement	Title/description	Modifications through the Annex
Annex XVI	Government Procurement	Appendix I
Annex XVII	List of names to be applied for protection as geographical indications in the territory of the Parties	List of names to be applied for protection as geographical indications in the territory of the Parties
Annex XVIII	Protected geographical indications	Part A
Joint Declarations		Modifications to Joint Declarations
- of Costa Rica and the European Union to Chapter 1 of Title II (Trade in Goods) of the Agreement		29(e); paragraphs (a) and (b)
- on Article 88 of Chapter 1 of Title II (Trade in Goods)		29(f)
- on EU Party's customs unions		the Joint Declaration is not applicable
- concerning the Principality of Andorra		paragraph 1
- concerning the Republic of San Marino		paragraph 1
- Names that have been applied for registration as geographical indications in a Republic of a CA Party		The Joint Declaration is not applicable

Source: WTO Secretariat based on the EU-Central America Agreement and the Agreement.

2.3. In the Preamble and Article 1, the Parties recognize that the EU-Central America Agreement ceased to apply to the United Kingdom when it ceased to be a Member State of the European Union and indicate a desire for the rights and obligations of the EU-Central America Agreement to continue to apply. They also affirm the objectives in Articles 2, 24, and 78 of the EU-Central America Agreement (as modified by the Agreement). Moreover, they agree to preserve the preferential conditions of trade between them set out in the EU-Central America Agreement and to provide a platform for further trade liberalisation between them.

2.4. Article 2 establishes definitions and their interpretation. Article 3 incorporates the provisions of the EU-Central America Agreement by reference as modified by the Annex to the Agreement.³ The incorporated Articles and provisions are made part of the Agreement *mutatis mutandis*⁴, subject to its provisions.

2.5. While Articles 4 and 5 address references to, respectively, EU law and the Euro, Article 6 (on territorial application) states that the Agreement applies, in respect of the UK, to the United Kingdom and the territories for whose international relations it is responsible, and to the extent that, and under the conditions applied by the EU-Central America Agreement.⁵ However, the Sovereign Base Areas of Akrotiri and Dhekelia in Cyprus are excluded from the coverage of the Agreement. In respect of Central America, the Agreement applies to their territories (Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, and Panama), in accordance with their respective domestic legislation and international law.

2.6. The Parties agree that unless the Agreement provides otherwise: (a) if a period in the EU-Central America Agreement has not yet ended, the remainder of that period shall be incorporated in

³ "Incorporated Agreement" means the EU-Central America Agreement. An "incorporated Article" means an Article of the Incorporated Agreement, as modified and incorporated into the Agreement). (Article 2)

⁴ "*Mutatis mutandis*" means with the technical changes necessary to apply the EU-Central America Agreement as if it had been concluded between the UK and Central America, taking into account the object and purpose of the Agreement.

⁵ In respect of the UK, the territories to which the EU-Central America Agreement applied, are (a) the Crown Dependencies (Isle of Man, Jersey, Guernsey), to which, broadly, provisions relating to trade in goods and customs apply; and (b) Gibraltar, to which, broadly, provisions not relating to trade in goods or customs apply.

the Agreement; and (b) if a period in the EU-Central America Agreement has ended, any ongoing right or obligation in the EU-Central America Agreement shall apply between the Parties and that period shall not be incorporated into the Agreement (Article 7). Nevertheless, a reference in the Incorporated Agreement to a period relating to a procedure or other administrative matter (such as a review, committee procedure or notification) shall not be affected.

2.7. Article 8 clarifies that, upon entry into force of the Agreement, any decisions adopted by the Association Council or Association Committee established by the EU-Central America Agreement before signature of the Agreement shall, to the extent those decisions relate to the Parties to the Agreement, be deemed to have been adopted, *mutatis mutandis*, and subject to the provisions of the Agreement, by the Association Council or Association Committee established under the incorporated Articles 4 and 7, respectively.

2.8. Article 9 sets out the integral parts of the Agreement and Article 10 sets out arrangements for entry into force and provisional application.

2.9. Incorporated Article 77 establishes a free trade area under Article XXIV of the GATT 1994 and Article V of the GATS.

3 PROVISIONS ON TRADE IN GOODS

3.1. Incorporated Part IV, Title II covers trade in goods, while other incorporated Parts and Titles contain horizontal provisions that are also applicable to trade in goods. Incorporated Annex I, as modified by the Annex to the Agreement (No 17) sets out the tariff commitments of the Parties under the Agreement.

3.1 Import duties and charges, and quantitative restrictions

3.1.1 General provisions

3.2. General provisions on trade in goods in incorporated Title II of Part IV of the EU-Central America Agreement are made part of the Agreement. National treatment on trade in goods in terms of Article III of the GATT 1994- which is incorporated into the Agreement - applies as per incorporated Article 85.

3.3. Except as otherwise provided for in the Incorporated Agreement or in accordance with Article XI of GATT 1994 - which is incorporated into the Agreement - import restrictions on any good of the other Party are prohibited (incorporated Article 86). Fees and other charges imposed in connection with importation and exportation are in accordance with Article VIII of the GATT 1994 (incorporated Article 87) and shall not be imposed for consular services (incorporated Article 118.1.h).

3.4. In accordance with the incorporated *Joint Declaration of Costa Rica and the European Union to Chapter 1 of Title II (Trade in Goods) of the Incorporated Agreement*, as modified, Costa Rica committed to review its internal taxes on alcoholic beverages under HS 22.03 within one year from the Agreement's entry into force.⁶

3.5. On trade between the Parties goods are valued in accordance with the WTO Agreement on the Implementation of Article VII of the GATT 1994 (incorporated Article 121).

3.6. A Sub-Committee on Market Access for Goods is established to, *inter alia*, monitor the correct application and administration of incorporated Chapter 1 of Title II, Part IV (on national treatment and market access for goods) (incorporated Article 91).

⁶ Costa Rica indicates that this review was completed following legal reforms for alcoholic beverages, and approved in Law 10337, "Law to eliminate a tax on the sale of imported beer."

3.1.2 Liberalization of trade and tariff lines

3.7. The Agreement incorporates the relevant provisions of the EU-Central America Agreement on the liberalization of trade, including the commitments in incorporated Annex I, as modified by the Annex to the Agreement, in particular with respect to the resizing of TRQ commitments.

3.8. The Agreement foresees the elimination of customs duties in accordance with the Parties' Schedules over a maximum period of 15 years from 2013 when the incorporated Agreement entered into force (incorporated Article 83 Sections A and B of incorporated Annex I). The first reduction took place at the entry into force of the Incorporated Agreement in 2013; thereafter, instalments are effective on 1 January, with the last one in 2027.

3.9. Tariffs are reduced from the base rate specified in the Parties' schedules – generally the MFN rates of 2007⁷ (using Harmonized System (HS) 2007). Incorporated Article 84 prohibits increasing, or adopting new, import duties on originating goods, unless (i) they had been previously unilaterally reduced, and up to levels not higher than those established under the liberalization programme; (ii) authorized following a WTO dispute; or (iii) in the case of excluded goods in order to align to a common external tariff.

3.10. If an MFN rate is lower than the preferential rate, it shall be applied instead of the preferential rate.

3.1.3 Liberalization schedules

3.11. Tariffs are eliminated or reduced in accordance with the Parties' schedules of liberalization in incorporated Annex I, on the basis of 18 categories, of which six are common to both Parties.

3.1.3.1 The United Kingdom

3.12. The commitments made by the UK correspond to those by the EU in its single liberalization schedule for all Central American countries attached to the incorporated Agreement. Adjustments have been made to the quantities and values of in-quota rates in incorporated Appendix 2 to Annex I (see section 3.2.3 below).

3.13. In 2021, the UK's applied MFN tariff comprised 9,494 lines at the eight-digit level, of which 881 lines were non-*ad valorem* (specific, compound, mixed or other). Table 3.1 shows tariff elimination commitments by the UK under the Agreement. Prior to its entry into force, 47% of the UK's tariff lines were duty-free on an MFN basis, accounting for between 6% (Costa Rica) to 66% (El Salvador) of imports from Central American countries between 2018-2020. Under the Agreement, an additional 47.8% of tariff lines became duty-free in 2021 for imports from Central American Parties. Tariff elimination was completed in 2022, with an additional 0.4% of tariff lines becoming duty-free. Following full implementation, a total of 463 tariff lines, corresponding to 4.9% of the tariff, remain dutiable. The lines remaining dutiable accounted for 48% of imports from Panama, 43% of imports from Costa Rica, 22% of imports from El Salvador, 17% of imports from Nicaragua, 14% of imports from Guatemala and 1% of imports from Honduras between 2018-2020.

Table 3.1 United Kingdom: Tariff elimination commitments under the Agreement and corresponding average trade

Duty phase-out period	No. of lines	% of total lines in UK's tariff schedule	UK's imports from Central America (2018-2020)											
			Value (USD million)						Percentage of Imports (%)					
			CRI	SLV	GTM	HND	NIC	PAN	CRI	SLV	GTM	HND	NIC	PAN
2021 (MFN)	4,462	47.0	19	11	53	50	37	7	6	66	47	31	60	20
2021	4,534	47.8	163	2	43	110	14	12	51	12	39	68	23	32

⁷ For El Salvador, MFN rates of 2008.

Duty phase-out period	No. of lines	% of total lines in UK's tariff schedule	UK's imports from Central America (2018-2020)											
			Value (USD million)						Percentage of Imports (%)					
			CRI	SLV	GTM	HND	NIC	PAN	CRI	SLV	GTM	HND	NIC	PAN
2022	35	0.4	0	0	0	0	0	0	0	0	0	0	0	0
Remain dutiable	463	4.9	140	4	16	1	10	18	43	22	14	1	17	48
Total	9,494	100	322	16	112	161	61	38	100	100	100	100	100	100

Note: Tariff lines subject to in-quota rates are excluded from the computations. Based on the HS 2017 nomenclature. Imports coverage is from HS chapters 1-97. The imports values were reported in GBP and converted into USD using the exchange rates of 0.7495 (2018), 0.7834 (2019) and 0.7800 (2020).

Source: WTO estimates based on data provided by the UK authorities and the WTO-IDB.

3.14. Table 3.2 shows the UK's tariff liberalization by HS section. Products in four HS Sections – both agricultural and industrial⁸ – remain subject to duties following the Agreement's full implementation. Lines liberalized between entry into force and 2022 cover all HS Sections except X and XXI, already fully free on an MFN basis in 2021.

Table 3.2 United Kingdom: Tariff elimination under the Agreement, by HS Section

HS Section	MFN average %	Number of lines	Duty-free lines under the MFN 2021	Number of duty-free lines under the Agreement		Remain dutiable	Avg. Final Tariff (Dutiable)
				2021	2022		
I	8.9	956	109	634	6	207	12.1
II	4.4	554	213	225		116	10.1
III	4.8	129	30	98	1		
IV	12.9	869	119	605	28	117	*
V	0.4	231	202	29			
VI	2.7	1,226	550	653		23	7.6
VII	3.7	301	86	215			
VIII	1.4	130	73	57			
IX	1.1	235	189	46			
X	0.0	195	195				
XI	7.0	1,149	243	906			
XII	7.3	106	17	89			
XIII	2.0	234	162	72			
XIV	0.5	58	47	11			
XV	0.6	955	804	151			
XVI	0.7	1,338	981	357			
XVII	3.7	286	121	165			
XVIII	0.6	299	218	81			
XIX	1.4	22	7	15			
XX	1.4	214	89	125			
XXI	0.0	7	7				
Total	3.8	9,494	4,462	4,534	35	454	10.7

* Tariff lines remaining dutiable subject to specific rates only.

Note: Based on the HS 2017 nomenclature. Tariff lines subject to in-quota rates are excluded from the computations. For the calculation of averages, specific rates are excluded, and the *ad valorem* part of alternate rates are included. For tariff lines subject to seasonal duties⁹, the average rate for the entire year is used for the calculation. Products classified beyond the HS 8-digit level are counted as one and their tariff rates are averaged at the 8-digit level.

Source: WTO estimates based on data provided by the UK authorities and the WTO-IDB.

⁸ But only agricultural products when the definition of the WTO Agreement on Agriculture is used.

⁹ Tariff lines 0302.41.00, 0302.43.90, 0302.44.00, 0303.51.00, 0303.53.90, 0303.54.10, 0303.89.40, 0304.59.50, 0304.99.23, 0702.00.00, 0708.10.00, 0805.10.22, 0805.10.24, 0805.10.28, 0808.10.80, 0808.30.90, 0809.29.00 and 0809.40.05 are subject to MFN seasonal duties.

3.15. Chart 3.1 shows average *ad valorem* rates remaining dutiable by HS Chapter applied by the UK on imports from Central American countries at the end of the implementation period. For the calculation of preferential rates for lines excluded from liberalization, the MFN rate is used. Preferential and MFN average tariffs are equivalent in Chapters 2, 29, 35 and 38, whereas the preferential average is lower in Chapter 8 showing additional preferences are provided by the Agreement. In Chapter 7, average preferential rates appear higher than the MFN rate; this is because under the Agreement the *ad valorem* part of lines subject to mixed rates of duty are eliminated and the lines subject to preferential duties are not included in the calculation. In Chapters 17, 19, and 20 average preferential rates are subject to only specific tariffs. The highest number of lines remaining dutiable - 144 - is found in Chapter 2; in contrast, in Chapter 22 only two lines remain dutiable. Average preferential tariff rates range from zero to 12% (HS Chapter 2).

Chart 3.1 The United Kingdom: Average of dutiable rates and number of dutiable lines, by HS Chapter



* Tariff lines subject to non-*ad valorem* duties.

Note: For the calculation of averages, specific rates are excluded, and the *ad valorem* parts of alternate rates are included.
Based on the HS 2017 nomenclature.

Source: WTO estimates based on data provided by the UK authorities.

3.1.3.2 Central America

3.16. The MFN rates of the original members of the Central American Common Market (CACM) - Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua - are mainly those of the CACM's common external tariff (CET); Panama, which joined the CACM later, has a larger number of exceptions to the CET. As a result, liberalization commitments encompass a common schedule (with a few exceptions) for the original CACM members and a separate schedule for Panama. In 2021, except for 28 tariff lines for Panama, all Central America's applied MFN tariffs were *ad valorem*.

3.17. Tables 3.3-3.8 show tariff elimination commitments by each Central American country towards the UK. Reflecting the largely harmonized CET for the five original CACM members, in 2021

around 48% of their tariff lines were already duty-free on an MFN basis (ranging from 46.5% for Nicaragua to 49.4% for Guatemala); the corresponding figure for Panama was 45.5%. The MFN duty-free lines represented 64.7% of imports into Panama from the UK, 31.7% of imports into El Salvador, 68.8% into Guatemala, 62.8% into Honduras, 60.8% into Nicaragua and 88.1% for Costa Rica. Catching up with the liberalization of its CACM partners, Panama liberalized a further 17.1% of the tariff for imports from the UK in 2021 and 27.8% in 2022, while for the original CACM members the corresponding figures were below 10% of lines. Following such liberalization, around two-thirds of imports from the UK by all CACM members are duty-free.

3.18. Upon full implementation in 2027, Costa Rica and Guatemala will have 4% of lines remaining dutiable, Honduras 4.1%, Nicaragua 5.2%, Panama and El Salvador 4.8%. These dutiable lines accounted for 0.7% of imports during 2018-2020 from the UK by Costa Rica, Honduras, Guatemala, 0.9% by Panama, and 1.9% of imports by El Salvador.

Table 3.3: Costa Rica
Tariff elimination commitments under the Agreement and corresponding average trade

Duty phase-out period	Tariff lines in Costa Rica's tariff schedule		Costa Rica's imports from the UK (2018-2020)	
	Number	%	Value (USD million)	%
2021 (MFN)	-	-	-	-
2021	3,807	57.6	104.6	88.1
2022	2,276	34.5	8.4	7.1
2025	196	3.0	4.1	3.5
2027	61	0.9	0.7	0.6
Remain dutiable	265	4.0	0.8	0.7
Total	6,605	100.0	118.7	100.0

Note: Based on the HS 2007 nomenclature.

Source: WTO estimates based on data provided by the Costa Rican authorities and the WTO-IDB.

Table 3.4: Nicaragua
Tariff elimination commitments under the Agreement and corresponding average trade

Duty phase-out period	Tariff lines in Nicaragua's tariff schedule		Nicaragua's imports from the UK (2018-2020)	
	Number	%	Value (USD million)	%
2021 (MFN)	3,611	46.5	6.9	60.8
2021	666	8.6	2.2	19.6
2022	2,737	35.2	1.1	9.5
2025	279	3.6	1.1	9.5
2027	72	0.9	0.1	0.5
Remain dutiable	404	5.2	0.0	0.1
Total	7,769	100.0	11.4	100.0

Note: Based on the HS 2017 nomenclature.

Source: WTO estimates based on data provided by the Nicaragua authorities.

Table 3.5: Honduras
Tariff elimination commitments under the Agreement and corresponding average trade

Duty phase-out period	Tariff lines in Honduras' tariff schedule		Honduras' imports from the UK (2018-2020)	
	Number	%	Value (USD million)	%
2021 (MFN)	3,475	48.0	15.4	62.8
2021	613	8.5	4.6	18.9
2022	2,536	35.0	2.4	9.6
2025	251	3.5	1.5	6.3
2027	64	0.9	0.5	1.9
Remain dutiable	299	4.1	0.1	0.4
Total	7,238	100.0	24.5	100.0

Note: Based on the HS 2017 nomenclature.

Source: WTO estimates based on data provided by the Honduras authorities.

Table 3.6: Guatemala
Tariff elimination commitments under the Agreement and corresponding average trade

Duty phase-out period	Tariff lines in Guatemala's tariff schedule		Guatemala's imports from the UK (2018-2020)	
	Number	%	Value (USD million)	%
2021 (MFN)	3,573	49.4	41.2	68.8
2021	614	8.5	12.4	20.7
2022	2,440	33.7	4.0	6.8
2025	254	3.5	1.4	2.4
2027	64	0.9	0.4	0.7
Remain dutiable	293	4.0	0.4	0.6
Total	7,238	100.0	59.9	100.0

Note: Based on the HS 2017 nomenclature.

Source: WTO estimates based on data provided by the Guatemala authorities.

Table 3.7: El Salvador
Tariff elimination commitments under the Agreement and corresponding average trade

Duty phase-out period	Tariff lines in El Salvador's tariff schedule		El Salvador's imports from the UK (2018-2020)	
	Number	%	Value (USD million)	%
2021 (MFN)	3,450	47.4	12.3	31.7
2021	625	8.6	11.5	29.6
2022	2,531	34.8	12.2	31.5
2025	260	3.6	1.6	4.2
2027	58	0.8	0.4	1.0
Remain dutiable	347	4.8	0.7	1.9
Total	7,271	100.0	38.7	100.0

Note: Based on the HS 2017 nomenclature.

Source: WTO estimates based on data provided by the El Salvador authorities.

Table 3.8: Panama
Tariff elimination commitments under the Agreement and corresponding average trade

Duty phase-out period	Tariff lines in Panama's tariff schedule		Panama's imports from the UK (2018-2020)	
	Number	%	Value (USD million)	%
2021 (MFN)	4,265	45.5	43.2	64.7
2021	1,605	17.1	16.9	25.4
2022	2,607	27.8	1.6	2.4
2023	1	0.0	-	-
2025	288	3.1	2.3	3.5
2027	151	1.6	2.1	3.1
Remain dutiable	453	4.8	0.6	0.9
Total	9,370	100.0	66.7	100.0

Note: Based on the HS 2017 nomenclature.

Source: WTO estimates based on data provided by the Panama authorities, WTO-IDB and Instituto Nacional de Estadística y Censo (INEC).

3.19. Tables 3.9-3.14 show Central America's tariff liberalization by HS section. A number of agricultural products in HS Sections I-IV will remain dutiable in all six Central American countries Party to the Agreement following its full implementation. The average final dutiable rate will vary from 10.4% (Section III) to 51.4% (Section I) in Costa Rica; 11.9% (Section III) to 26.5% (Section I) in Nicaragua; between 10.7% (Section III) and 24.2% (Section I) in Honduras; 11.9% (Section

III) to 15.5% (Section II) in Guatemala; 8% (Section V) to 29.5% (Section I) in El Salvador; and 2.5% (Section XI) to 45.5% (Section I) in Panama.

Table 3.9 Costa Rica: Tariff elimination under the Agreement, by HS Section

HS Section	MFN 2021			Lines under the Agreement				Remain Dutiable	Avg. Dutiable Tariff
	Avg. Tariff (%)	No. of lines	Duty free lines	Duty Free					
				2021	2022	2025	2027		
I	21.1	302		88	117	13	3	81	51.4
II	9.5	374		163	174		1	36	20.5
III	8.9	54		11	7			36	10.4
IV	13.9	276		60	85	1	18	112	19.1
V	3.4	178		123	49	5	1		
VI	2.8	974		809	131	31	3		
VII	5.1	338		173	121	39	5		
VIII	8.8	108		33	75				
IX	8.8	140		26	114				
X	5.6	300		159	111	28	2		
XI	9.9	920		363	557				
XII	13.0	64		13	43		8		
XIII	7.0	178		88	79	7	4		
XIV	7.5	54		18	36				
XV	3.9	699		488	147	53	11		
XVI	3.0	979		821	143	12	3		
XVII	6.0	236		162	74				
XVIII	4.7	238		168	70				
XIX	15.0	21			21				
XX	11.0	163		41	113	7	2		
XXI	8.2	9			9				
Total	6.8	6,605	0	3,807	2,276	196	61	265	28.0

Note: Tariff lines subject to in-quota rates are excluded in the computation.
Based on the HS 2007 nomenclature.

Source: WTO estimates based on data provided by the Costa Rican authorities and the WTO-IDB.

Table 3.10 Nicaragua: Tariff elimination under the Agreement, by HS Section

HS Section	MFN 2021			Lines under the Agreement				Remain Dutiable	Avg. Dutiable Tariff
	Avg. Tariff (%)	No. of lines	Duty free lines	Duty Free					
				2021	2022	2025	2027		
I	14.9	553	48	53	255	51	3	143	26.5
II	9.6	490	160	69	216		1	44	19.8
III	9.9	86	9	5	10			62	11.9
IV	12.9	377	44	38	117	1	22	155	18.0
V	2.6	199	126	7	59	6	1		
VI	2.1	1,253	979	46	145	75	8		
VII	4.5	371	159	34	139	35	4		
VIII	8.2	112	22	14	76				
IX	7.4	176	46		130				
X	5.1	318	164	8	115	29	2		
XI	9.6	936	121	249	566				
XII	12.7	66	3	10	45		8		
XIII	6.7	188	82	7	87	7	5		
XIV	6.9	54	15	3	36				

HS Section	MFN 2021			Lines under the Agreement				Remain Dutiable	Avg. Dutiable Tariff
	Avg. Tariff (%)	No. of lines	Duty free lines	Duty Free					
				2021	2022	2025	2027		
XV	2.9	722	491	19	145	55	12		
XVI	2.2	1,033	842	20	156	12	3		
XVII	5.9	343	92	45	206				
XVIII	3.7	244	159	16	69				
XIX	15.0	21			21				
XX	10.2	218	49	23	135	8	3		
XXI	7.8	9			9				
Total	6.2	7,769	3,611	666	2,737	279	72	404	20.3

Note: Tariff lines subject to in-quota rates are excluded in the computation.
Based on the HS 2017 nomenclature.

Source: WTO estimates based on data provided by the Nicaragua authorities.

Table 3.11 Honduras: Tariff elimination under the Agreement, by HS Section

HS Section	MFN 2021			Lines under the Agreement				Remain Dutiable	Avg. Dutiable Tariff
	Avg. Tariff (%)	No. of lines	Duty free lines	Duty Free					
				2021	2022	2025	2027		
I	13.6	508	48	50	252	52	3	103	24.2
II	9.1	431	151	57	182		1	40	17.9
III	8.4	58	9	4	7			38	10.7
IV	12.4	302	37	29	99	1	18	118	16.3
V	2.6	187	119	7	55	5	1		
VI	1.8	1,189	961	38	130	55	5		
VII	4.3	344	156	30	122	31	5		
VIII	8.3	108	19	14	75				
IX	7.9	172	44		128				
X	5.1	295	150	7	108	28	2		
XI	9.6	928	118	247	563				
XII	12.8	64	3	10	43		8		
XIII	6.5	184	82	6	84	7	5		
XIV	6.9	54	15	3	36				
XV	3.1	708	478	18	148	53	11		
XVI	2.1	1,008	828	19	146	12	3		
XVII	5.5	246	75	35	136				
XVIII	3.9	235	150	16	69				
XIX	15.0	21			21				
XX	10.6	187	32	23	123	7	2		
XXI	7.8	9			9				
Total	6.0	7,238	3,475	613	2,536	251	64	299	18.5

Note: Tariff lines subject to in-quota rates are excluded in the computation.
Based on the HS 2017 nomenclature.

Source: WTO estimates based on data provided by the Honduras authorities.

Table 3.12 Guatemala: Tariff elimination under the Agreement, by HS Section

HS Section	MFN 2021			Lines under the Agreement				Remain Dutiable	Avg. Dutiable Tariff
	Avg. Tariff (%)	No. of lines	Duty free lines	Duty Free					
				2021	2022	2025	2027		
I	11.4	508	48	50	252	52	3	103	13.3

HS Section	MFN 2021			Lines under the Agreement				Remain Dutiable	Avg. Dutiable Tariff
	Avg. Tariff (%)	No. of lines	Duty free lines	Duty Free					
				2021	2022	2025	2027		
II	8.8	431	152	56	182		1	40	15.5
III	7.6	58	19	3	4			32	11.9
IV	12.5	302	37	28	100	1	18	118	15.0
V	2.6	187	119	15	47	5	1		
VI	1.9	1,189	933	53	143	55	5		
VII	4.3	344	156	27	122	34	5		
VIII	8.3	108	19	14	75				
IX	7.9	172	44		128				
X	5.1	295	150	7	108	28	2		
XI	9.6	928	120	247	561				
XII	12.8	64	3	10	43		8		
XIII	6.5	184	82	6	84	7	5		
XIV	6.9	54	15	3	36				
XV	3.0	708	483	14	147	53	11		
XVI	2.1	1,008	824	22	147	12	3		
XVII	2.4	246	187	24	35				
XVIII	3.9	235	150	16	69				
XIX	15.0	21			21				
XX	10.6	187	32	19	127	7	2		
XXI	7.8	9			9				
Total	5.7	7,238	3,573	614	2,440	254	64	293	14.1

Note: Tariff lines subject to in-quota rates are excluded in the computation.
Based on the HS 2017 nomenclature.

Source: WTO estimates based on data provided by the Guatemala authorities.

Table 3.13 El Salvador: Tariff elimination under the Agreement, by HS Section

HS Section	MFN 2021			Lines under the Agreement				Remain Dutiable	Avg. Dutiable Tariff
	Avg. Tariff (%)	No. of lines	Duty free lines	Duty Free					
				2021	2022	2025	2027		
I	15.1	508	48	50	253	51	3	103	29.5
II	9.0	431	152	56	182		1	40	17.8
III	7.5	58	19	3	4			32	11.7
IV	16.2	302	36	28	100	1	16	121	23.1
V	2.5	187	119	7	54	5		2	8.0
VI	1.9	1,189	937	53	146	48	5		
VII	4.3	344	156	28	121	35	4		
VIII	8.3	108	19	14	75				
IX	7.4	172	45		127				
X	5.1	295	150	7	108	28	2		
XI	9.6	928	119	247	562				
XII	12.8	64	3	10	43		8		
XIII	6.5	184	82	6	84	7	5		
XIV	6.9	54	15	3	36				
XV	3.2	708	470	14	149	66	9		
XVI	2.1	1,008	824	21	148	12	3		
XVII	8.6	279	74	43	113			49	1.0
XVIII	3.9	235	150	16	69				
XIX	30.0	21			21				

HS Section	MFN 2021			Lines under the Agreement				Remain Dutiable	Avg. Dutiable Tariff
	Avg. Tariff (%)	No. of lines	Duty free lines	Duty Free					
				2021	2022	2025	2027		
XX	10.6	187	32	19	127	7	2		
XXI	7.8	9			9				
Total	6.4	7,271	3,450	625	2,531	260	58	347	20.1

Note: Tariff lines subject to in-quota rates are excluded in the computation.
Based on the HS 2017 nomenclature.

Source: WTO estimates based on data provided by the El Salvador authorities.

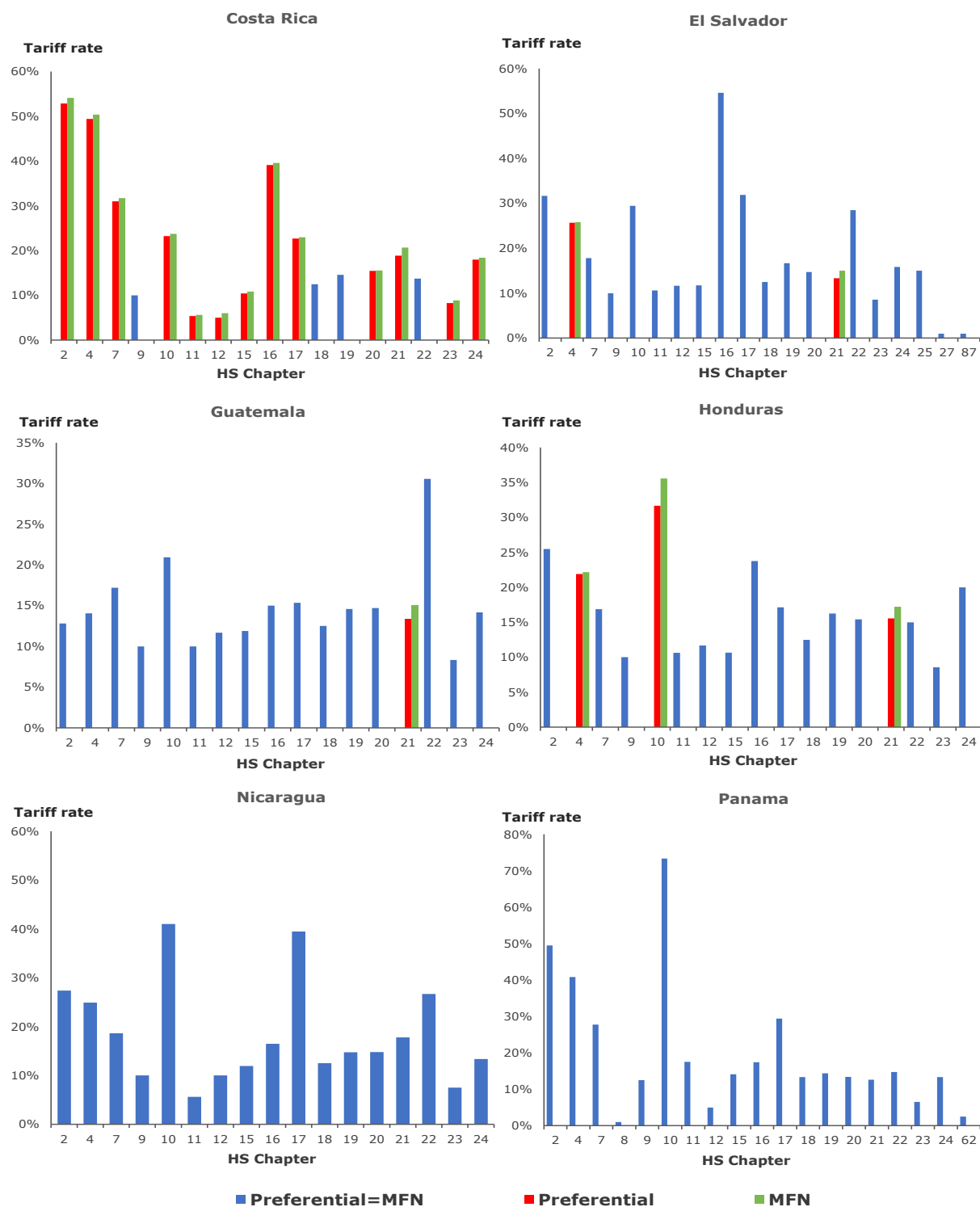
Table 3.14 Panama: Tariff elimination under the Agreement, by HS Section

HS Section	MFN 2021			Lines under the Agreement					Remain Dutiable	Avg. Dutiable Tariff
	Avg. Tariff (%)	No. of lines	Duty free lines	Duty Free						
				2021	2022	2023	2025	2027		
I	20.6	605	61	86	247		51	8	152	45.5
II	10.7	493	173	107	176				37	37.4
III	10.6	72	16	11	6				39	14.1
IV	13.5	590	82	101	121		1	61	224	15.9
V	4.7	208	131	35	34	1	4	3		
VI	1.8	1,419	1,049	180	128		55	7		
VII	3.9	425	218	87	112		7	1		
VIII	9.2	141	16	37	88					
IX	6.8	208	77	46	85					
X	8.4	480	156	131	125		64	4		
XI	5.8	1,221	573	161	486				1	2.5
XII	9.8	177	5	18	114			40		
XIII	8.1	272	87	38	129		9	9		
XIV	8.1	67	15	14	38					
XV	5.2	954	496	211	176		67	4		
XVI	2.5	1,145	799	176	146		12	12		
XVII	4.1	277	150	44	83					
XVIII	5.0	276	137	65	74					
XIX	14.6	25			25					
XX	10.8	306	23	54	209		18	2		
XXI	7.2	9	1	3	5					
Total	6.8	9,370	4,265	1,605	2,607	1	288	151	453	27.4

Note: Tariff lines subject to in-quota rates are excluded in the computation.
Based on the HS 2017 nomenclature.

Source: WTO estimates based on data provided by the Panama authorities and the WTO-IDB.

3.20. Chart 3.2 shows by HS Chapter average tariff rates (MFN and preferential) for lines remaining dutiable once implementation is completed by the Central American countries. While for a number of Central American Parties the average preferential rate is equivalent to the average MFN rate for products remaining dutiable, for a few, mainly Costa Rica, Honduras and El Salvador, and for Chapter 21 for Guatemala, average preferential rates are lower than MFN rates in several Chapters showing that additional preferences are provided in these Chapters.

Chart 3.2 Central America: Average of dutiable rates, by HS Chapter

Based on the HS 2007 (Costa Rica) and HS 2017 nomenclatures (rest of the Central American countries).

Source: WTO estimates based on data provided by Parties' authorities and the WTO-IDB.

3.1.4 Tariff rate quotas

3.21. Some of the Parties' market access commitments take the form of tariff rate quotas (TRQs) (incorporated Appendixes 1 and 2 of Annex I, as modified). The quota quantities have been adjusted

from those in the EU-Central America Agreement to adapt to the size and levels of bilateral trade between the Parties¹⁰.

3.22. Both Parties provide each other TRQs for certain agricultural products. They are administered in accordance with their respective internal regulations. Imports under TRQs are subject to the presentation of an export certificate issued by the relevant competent authority. Central America grants the UK TRQs for cured hams and streaky bacon; powdered milk; cheese; and prepared or preserved swine meat. The UK grants Central America TRQs for garlic, manioc starch, sweet corn, mushrooms, rice, beef, sugar and goods with high sugar content, and bulk rum. The TRQs are generally regional¹¹ while for beef, sugar and rum there is an additional country-specific allocation.

3.23. The treatment provided by the UK to imports of bananas from the Republics of the Central America Party is *sui generis*. It is unchanged as compared with the treatment provided by the EU under the EU-Central America Agreement.¹²

3.24. In addition to the TRQ commitments additional commitments are made in the form of origin quotas.¹³ Annex 2 to the Factual Presentation provides additional detail on TRQs under the Agreement.

3.2 Rules of origin

3.25. The Agreement incorporates, with some modifications, the provisions of the EU-Central America Agreement on the definition of "originating products" and methods of administrative cooperation (Annex II to the Incorporated Agreement).

3.26. Appendix 1 to the incorporated Annex II contains introductory notes to the incorporated Annex II, and Appendix 2 to incorporated Annex II lists the working or processing required on non-originating materials in order for the manufactured product to obtain originating status for the purposes of preferential treatment under the Agreement. Appendix 2A to incorporated Annex II, as modified, adjusts the annual origin quota quantities in the EU-Central America Agreement to take into account the different size of bilateral trade between the UK and the Central American Republics. Appendix 3 to incorporated Annex II reproduces specimens of movement certificate EUR.1 and application for a movement certificate EUR.1.¹⁴ Appendix 4 to incorporated Annex II contains provisions for issuing the Invoice declaration¹⁵. Appendices 5 and 6, incorporated without modifications, clarify the applicable period of time for the presentation of an invoice declaration or reimbursement of tariffs, and details of invoice declarations and proof of origin exemptions respectively.

3.27. The Agreement incorporates, with some adjustments, the Joint Declarations concerning the Principality of Andorra and the Republic of San Marino. There are no changes to Joint Declarations concerning derogations, regarding the revision of the rules of origin in the incorporated Annex II, as modified, the revision of the rules of origin applicable to products of Chapters 61 and 62 of the Harmonized System (HS); and concerning temporal use of additional non-originating materials for products of HS Chapters 61 and 62. Moreover, there is a new Joint Declaration regarding a trilateral approach to the rules of origin and one on forms for EUR.1 movement certificates.

3.28. A product is "originating" in the United Kingdom or in Central America (Article 2 of incorporated Annex II) when:

¹⁰ See Annex 2 to this Factual Presentation for a summary of the Parties' commitments.

¹¹ The distribution of the regional TRQs is agreed by Central America Parties.

¹² See below, section 3.6.1 on special treatment on bananas.

¹³ See below, section 3.3 on rules of origin.

¹⁴ A new Joint Declaration on the Movement Certificate EUR.1 forms is attached to the Agreement. The Parties acknowledge that if a Movement Certificate EUR.1 varies slightly, such as in wording or the placement of footnotes, from the specimen contained in Appendix 3 to Annex II to the Incorporated Agreement, it may be accepted if: (a) the variations do not modify the information required in each box; and (b) the competent public authorities of the Parties have provided each other the varied specimen of the certificate.

¹⁵ Only the Spanish and English version are incorporated into the Agreement.

- a. it is wholly obtained¹⁶ in the UK or Central America; or
- b. it is obtained in the UK or in Central America incorporating materials which have not been wholly obtained there but that have undergone sufficient working or processing in the Parties there. The product-specific requirements rules of origin in Appendix 2 to the incorporated Annex II require either a change in tariff classification (CTC), thresholds for the maximum value of non-originating materials, or specific processing in a Party. Appendix 2A to incorporated Annex II, as modified, lists alternative, less strict rules of origin for certain products from the Central America Parties; in most cases these are subject to annual quotas.

3.29. A CTC at the heading level is the most common requirement. Thresholds for the maximum value-added content of non-originating material are generally 40%, though they range from 10% to 50%.

3.30. Bilateral cumulation between the Parties is permitted. Additionally, under extended cumulation of origin materials originating in Bolivia, Colombia, Ecuador, Peru and Venezuela are considered as materials originating in Central America when further processed or incorporated into a product obtained there, as long as the working or processing in the Parties goes beyond insufficient operations referred to in Article 6, the applied rules of origin are identical to those if the product was exported to the EU, and there are adequate administrative cooperation procedures permitting verification of origin; at the request of a Republic of the CA Party or the United Kingdom, materials originating in Mexico, South America or the Caribbean countries shall be considered as originating in CA or the United Kingdom respectively, when processed or incorporated into a product obtained there.¹⁷ In accordance with two incorporated Joint Declarations, as modified, all products originating in the Republic of San Marino and products of HS Chapters 25 to 97 originating in the Principality of Andorra shall be considered as originating in the UK if the products meet the conditions of the new Article 3a.5 (b) of Annex II to the Incorporated Agreement.

3.31. Article 3a in Annex II, which is a new provision to the UK-Central America Association Agreement, provides for extended cumulation of origin. Materials originating in the EU¹⁸ shall be considered as originating in the UK or Central America when incorporated into a product obtained there without needing to have undergone sufficient working or processing, provided that they have undergone working or processing going beyond that referred to in Article 6 of the incorporated Annex II. Without prejudice to the provisions of Article 2.1 of the incorporated Annex II, working or processing in the EU shall be considered as having been carried out in the UK when the materials obtained undergo subsequent working or processing in the UK which goes beyond the operations referred to in Article 6 of the incorporated Annex II. Cumulation of this type will apply provided that: (a) the countries involved in the acquisition of originating status and the country of destination have arrangements on administrative cooperation which ensure the correct implementation of this Article, and (b) materials and products have acquired originating status in application of the same rules of origin as provided for in the incorporated Annex II.

3.32. The absorption principle applies; thus, no account is taken of non-originating materials incorporated in another product which has acquired originating status (Article 5.1 of incorporated Annex II).

3.33. A *de minimis*/tolerance rule (Article 5.2 of the incorporated Annex II) considers the good to be originating if the value of non-originating materials does not exceed 10% of the ex-works price of the product, provided none of the thresholds are exceeded. However, this does not apply to:

¹⁶ Wholly obtained is defined in Article 4 of the incorporated Annex II, as modified.

¹⁷ Sufficient working or processing is not required as long as processing in Central America and the EU goes beyond insufficient operations; the materials originate in Mexico, South America or the Caribbean apply identical rules of origin to materials exported to the EU or Central America; and the Republics of Central America, the EU and other countries concerned have administrative cooperation procedures to ensure full implementation of paragraph 3 and of certification and validation of originating status (paragraph 3.9 of Article 3).

¹⁸ Products originating in Ceuta and Melilla are not considered to be products originating in the EU. The term "European Union" (EU) used in the Annex II to the Incorporated Agreement does not cover Ceuta and Melilla.

- a. textiles of HS Chapters 50 to 63 for which Appendix 1 to the Incorporated Annex II shall apply, for which the tolerance generally sets a non-complying threshold in terms of a maximum weight of 10% of all basic textile materials used, and
- b. wholly obtained products – though it applies in cases where wholly obtained materials are used in the manufacture of a product.

3.34. Article 6 of Annex II incorporated describes the insufficient working or processing operations.

3.35. Outward processing is authorized (Article 11.3-11.8 of incorporated Annex II), provided the total added value acquired outside the Parties does not exceed 10% of the ex-works price of the final product for which originating status is claimed. This does not apply to products which do not fulfil the conditions in Appendix 2 to the incorporated Annex 2, to textiles and clothing materials of HS Chapters 50-63, nor to products that have acquired originating status through the tolerance rule. Processing outside the Parties must be on goods exported from the Parties, which are wholly obtained or have been processed beyond insufficient operations under Article 6, in a Party.

3.36. Transit through non-parties is authorized provided the product remains under the surveillance of the customs authorities in the country of transit when in temporary warehousing, and that it does not undergo operations other than unloading, reloading, or any other operation to preserve it in good condition (Article 12.1 of the incorporated Annex II, as modified¹⁹). Evidence of these requirements must be supplied to the customs authorities of the importing country.

3.37. Duty drawback is authorized.

3.38. A Sub-Committee on Customs, Trade Facilitation and Rules of Origin is established to, *inter alia*, monitor the correct application and administration of incorporated Chapter 3 of Title II, Part IV (on customs and trade-related procedures) and of incorporated Annex II (incorporated Article 123).

3.39. In a new Joint Declaration, the Parties recognise that a trilateral approach to rules of origin involving the EU, is the preferred outcome in trading arrangements between the Parties and the EU. This approach would replicate the coverage of existing trade flows and allow for continued recognition of originating content from either Party and from the EU in exports to each other, as per the intention of the EU-Central America Agreement. In this regard, the Parties understand that any bilateral arrangement between the Parties represents a first step towards this outcome. In the event of an agreement between the UK and the EU, the Parties approve taking the necessary steps, as a matter of urgency, to update Annex II of the Incorporated Agreement to reflect a trilateral approach to rules of origin, involving the EU. According to the Parties, this has not yet occurred.

3.3 Export duties and charges, and quantitative restrictions

3.40. Except as otherwise provided for in the Agreement, or in accordance with Article XI of GATT 1994, the Parties may not adopt or maintain any restriction on the export of any good destined for the territory of the other Party as otherwise provided for in the Agreement (incorporated Article 86).

3.41. Duties and charges imposed in connection with the exportation of goods to the other Party are prohibited except otherwise provided for in the Agreement (incorporated Article 88).

3.42. The *Joint Declaration on Article 88 of Chapter 1 of Title II (Trade in Goods)* allows Costa Rica and Guatemala to continue to apply export duties (Guatemala on coffee and Costa Rica on bananas, coffee and live cattle).

3.4 Regulatory provisions on trade in goods

3.43. Some of the regulatory provisions detailed below are dealt with in the incorporated Agreement under a two-track approach: disciplines are spelled-out in Title II of the incorporated Part IV, Title

¹⁹ Consignments that are transported through the EU may undergo operations including unloading, reloading, splitting, storing, labelling, marking or any operation designed to preserve them in good condition provided they remain under the surveillance of the customs authorities in the EU Member State.

II (on trade in goods), while Title IX of the incorporated Part IV deals with regional economic integration in the areas of customs procedures, technical barriers to trade (TBT) and sanitary and phytosanitary measures (SPS) with respect to the free circulation of goods, which is particularly relevant within Central America (incorporated Article 303).

3.44. The commitments on regional integration assumed by a Central American Party under the incorporated Title IX are carved-out from the Agreement's dispute settlement procedures.

3.4.1 Standards

3.45. Chapters 4 and 5 of Part IV, Title II, of the EU-Central America Agreement cover technical barriers to trade (TBT) and sanitary and phytosanitary measures (SPS), respectively. The corresponding provisions are incorporated into the Agreement by reference.

3.4.1.1 Sanitary and phytosanitary measures

3.46. The Agreement incorporates, and replicates, with minor modifications, the provisions of the EU-Central America Agreement on Sanitary and Phytosanitary measures (SPS) (incorporated Part IV, Title II, Chapter 5). It reaffirms the Parties' rights and obligations under the WTO SPS Agreement (incorporated Article 141). It also deals with cooperation on animal welfare matters (Article 142.3)

3.47. Neither harmonization nor mutual recognition among the Parties are made mandatory under the Agreement. These principles are however applied by each Party as described below.

3.48. Incorporated Article 147, and incorporated Annex VII to the EU-Central America Agreement establish the requirements and provision for approval of establishments for products of animal origin. Requirements and procedures for the approval of establishments are specified in accordance with the Parties' regulations. Upon request by the exporting Party, imports of specifically authorised establishments shall: (a) take place without prior inspection of the establishment provided the approval was in conformity with the requirements of incorporated Annex VII to the EU-Central America Agreement; and (b) be allowed within 40 working days from the receipt of the request accompanied by appropriate sanitary guarantees. The importing Party will regularly submit a record of rejected requests for approval of establishments and the non-conformities identified. Moreover, fees imposed shall be no higher than the actual cost of the service and be equitable with any fees charged on like domestic products.

3.49. A Party is authorized to carry out verifications of all or part of the other party's authorities control systems (incorporated Article 148 and with guidelines in incorporated Annex VIII)), including its structure, organisation and powers, as well as the sanitary guarantees regarding compliance with the importing Party's requirements. Verifications should be designed to check the effectiveness of the controls of the auditee. On-the-spot inspection of listed establishments is also authorized. A 60 working day notice shall be given prior to a verification visit to the exporting Party, except in emergencies or if the Parties concerned agree differently. The expenses of such verification shall be borne by the Party carrying out the verification.

3.50. Disciplines for the determination of pest- or disease-free areas, which are more detailed than under the SPS Agreement call for close cooperation between the Parties on determining such areas; require a Party to explain the reasons for rejecting a determination; clarify that the importing Party shall be given access to inspection, testing or relevant procedures; and confirm the Parties' recognition of the "principle of compartmentalisation" and of "pest-free production places and sites" (incorporated Article 149).

3.51. Notification and consultation requirements (incorporated in Article 152) require that serious or significant risks be notified within three working days. A Party may request that consultations be held as soon as possible when it has serious concerns with an identified risk.

3.52. In cases of serious risk to human, animal or plant life or health, incorporated Article 153 authorizes the importing Party to take necessary emergency protective measures, to be notified no later than one working day after the adoption of the measure and upon request, consultations shall take place. Upon request of either party these consultations shall be held within 15 working days of the notification (Article 153.3).

3.53. Cooperation and technical assistance are provided for, and priority areas are identified (Part III, incorporated Article 62). Special and differential provisions (incorporated Article 155) authorize a Central American Party to directly consult with the UK when it identifies a particular problem related to a proposed measure that may affect its trade.

3.54. A Sub-Committee on Sanitary and Phytosanitary Matters (incorporated Article 156) is established to, *inter alia*, monitor the correct application and administration of the incorporated Chapter 5 of Title II, Part IV (on Sanitary and Phytosanitary Measures), as in Annex XXI (Sub-Committees). The Committee may address any matter related to the rights and obligations of the SPS Chapter. In case an SPS measure is challenged by the other Party (incorporated Article 157), technical consultations may be requested and shall take place in the SPS Subcommittee. Unless the Parties agree otherwise these consultations will replace those foreseen under the incorporated Agreement's dispute settlement mechanism.

3.55. There are SPS provisions incorporated into Provisions on Regional Integration (Part IV, Title IX). The aim of Article 306 is to promote conditions to allow goods subject to sanitary and phytosanitary measures to move freely within the parties, promote harmonisation and endeavour to ensure mutual recognitions of verifications carried out by both parties. UK products listed in incorporated Annex XIX to the EU-Central America Agreement benefit from a simplified SPS procedure. Moreover, the importing Party should not be required to grant more favourable treatment to products imported from the exporting Party than the treatment given by the exporting Party in its intra-regional trade, in the case of Central America. The circulation of UK products in Central American countries is contingent on the level of harmonization. When harmonized regional import requirements exist, the Central American countries will ensure that products originating in the UK which have been legally placed on the market of one Central American Republic, can also be marketed in the other Central American Republics, provided that they provide an equivalent level of protection of the various legitimate interests involved (principle of mutual recognition). Incorporated Annex XX to the EU-Central American Agreement contains the list of Central American technical regulations that are in the process of harmonisation, this includes foods and beverages. Central American countries will also continue work towards harmonization and developing regional standards within the framework of their regional integration process.

3.4.1.2 Technical barriers to trade

3.56. The Agreement incorporates, and replicates, without modification, the provisions of the EU-Central America Agreement on technical barriers to trade (incorporated Part IV, Title II, Chapter 4). It reaffirms the Parties' rights and obligations under the WTO TBT Agreement (incorporated Article 126).

3.57. Neither harmonization nor mutual recognition among the Parties are mandatory under the incorporated Agreement, though they apply within each Party, as described below.

3.58. A number of provisions build on those in the WTO TBT Agreement. These include stronger language encouraging regional integration of technical regulations (incorporated Art 129(b) and standards (incorporated Art 130(d)), coupled with collaboration and cooperation efforts between the Parties towards that aim. The Agreement aims to ensure that market surveillance by the competent authorities is independent, with a view to avoiding conflicts of interest (incorporated Article 136). Incorporated Article 137 allows the other Party to make a representation if it considers fees for conformity assessment to be excessive. The anticipated processing period for any mandatory conformity assessment shall be reasonable and equitable for imported and domestic goods. Special and differential treatment (incorporated Article 132) is more specific than under the WTO TBT Agreement to ensure that legislative measures do not restrict voluntary agreements between the Parties' conformity assessment bodies and promote the participation of such bodies in these agreements.

3.59. Technical assistance and cooperation activities on TBT-related issues are listed in incorporated Article 57 of incorporated Part III.

3.60. As regards the interface of TBT provisions with provisions on regional cooperation (incorporated Part IV, Title IX), the circulation of UK products in Central American countries is contingent on the level of harmonization (incorporated Article 305). Where harmonized regional

import requirements exist, the Central American Republics will ensure that products originating in the UK which have been legally placed on the market of one Central American Republic, can also be marketed in the other Central American Republic, provided they provide equivalent protection of the various legitimate interests involved (principle of mutual recognition).

3.61. Transparency provisions incorporate some recommendations of the WTO TBT Committee, in particular to allow at least 60 days following notification to provide comments in writing and to give appropriate consideration to reasonable requests for extending the comment period. In addition, prior to the WTO notification, a Party is to give appropriate consideration to the other Party's views where the process for developing a regulation or conformity assessment procedure is open to public consultation; on request it shall provide written responses (incorporated Article 135(c)).

3.62. A Sub-Committee on Technical Barriers to Trade is established to, *inter alia*, monitor the correct application and administration of the incorporated Chapter 4 of Title II, Part IV (on technical barriers to trade)

3.63. In a new Joint Declaration on technical barriers to trade the UK affirms its intent, in accordance with legislation and published guidance, to continue to accept for a limited period certain goods that meet EU regulatory requirements on the UK market without the need for reassessment or re-marking²⁰. In the event of an agreement between the UK and the EU, and subject to the terms of any such agreement, the Parties will consult through the Association Committee on the application by the UK to the Central American Republics of relevant benefits on technical regulations and conformity assessment, within the framework of Part IV, Title IX of the Incorporated Agreement.

3.4.2 Safeguard mechanisms

3.64. The Agreement incorporates, and replicates, with minor modifications²¹, the provisions on safeguard disciplines in Articles 99-116 of the EU-Central America Agreement.

3.65. The Parties are to ensure that proceedings for the application of safeguard measures are consistent, impartial and reasonable, and are carried out by a competent investigating authority. Determinations derived from such investigations shall be subject to review by judicial or administrative tribunals to the extent provided by domestic legislation. Concomitant application of global and bilateral safeguard measures on the same product is not permitted (incorporated Article 100).

3.4.2.1 Global safeguards²²

3.66. The Parties retain their rights and obligations on safeguard provisions under Article XIX of the GATT 1994, the WTO Safeguards Agreement, Article 5 of the WTO Agreement on Agriculture and the WTO Agreement on rules of origin (incorporated Article 101). Additional transparency is foreseen; upon request from the other Party, the Party initiating an investigation or intending to take safeguard measures shall provide immediately ad hoc written notification of all pertinent information.

3.67. The Agreement's dispute settlement mechanism does not apply to provisions referring to WTO rights and obligations in the relevant sub-section (incorporated Article 103).

3.4.2.2 Bilateral safeguards

3.68. Under Articles 104-116, a Party may impose a safeguard measure where if, as a result of tariff reduction/elimination, a product originating in another Party is being imported into its territory in such increased quantities (in absolute terms or relative to domestic production) and under such

²⁰ The UK will notify the Central American Republics when an end to the time period is determined.

²¹ The provisions of the EU-Central America Agreement concerning "outermost Regions" is not incorporated (Article 109 of the EU-Central America Agreement). Additionally, paragraphs 1 and 4 of Article 111 have been amended.

²² The Agreement refers to "multilateral safeguards".

conditions as to constitute a substantial cause or threat of serious injury to domestic producers of like or directly competitive products.²³

3.69. Bilateral safeguard measures may only consist of either a suspension of a further reduction of the product's tariff or of an increase in the product's tariff to a level not exceeding the lesser of its MFN tariff applied at that time or on the day immediately preceding the Agreement's entry into force; bilateral safeguards cannot be applied within the limits of preferential duty free tariff rate quotas (incorporated Article 104).

3.70. A bilateral safeguard measure can only be applied to the extent, and for such time, as may be necessary to prevent or remedy the situation described above. It may involve the application of a provisional measure. In that case and as in the WTO, it can be applied for a maximum of 200 days and any paid amounts are to be automatically refunded in case of negative results of the investigation. It can be applied for a maximum duration of two years, subject to an extension of two years, provided its total period of application - including any provisional/extended application - does not exceed four years. Both periods are half of what is authorized by the WTO. It cannot be applied beyond the expiration of the transition period²⁴, except with the consent of the other Party. A bilateral safeguard measure is to be accompanied by compensatory measures and in the absence of agreement, retaliation is possible. A new bilateral safeguard can only be applied on imports of the same product previously subject to a measure only after a period of time equal to half that during its application has elapsed. Upon termination of the bilateral safeguard measure, the tariff shall be the rate that would have been in effect for the good, according to the Schedule of that Party. The disciplines applicable to bilateral safeguards are, generally, in line with those of the WTO Agreement on Safeguards.

3.71. The Incorporated Agreement authorizes Guatemala, in case of a fiscal emergency, to increase temporarily and automatically the customs duties applied for certain petroleum goods. The customs duty shall not be greater than that applied to all countries during the emergency period that justifies the tariff increase (paragraph 3 of Section B of the incorporated Annex I).

3.4.2.3 Specific safeguards for agriculture

3.72. The Parties retain their rights and obligations on special safeguard mechanisms for agricultural products under the Article 5 of the WTO Agreement on Agriculture (incorporated Article 101).

3.4.3 Anti-dumping and countervailing measures

3.73. The Agreement incorporates, and replicates, without modifications, the provisions of the EU-Central America Agreement on anti-dumping and countervailing measures (incorporated Part IV, Title II, Chapter 2, Section A). The Parties retain their rights and obligations under the WTO Agreements on Anti-Dumping and Subsidies and Countervailing Measures ("AD and SCM Agreement"). They shall ensure that in cases where anti-dumping or countervailing measures can be imposed on a regional and national basis, they are not applied simultaneously (incorporated Article 92).

3.74. The Agreement also provides for the following (incorporated Articles 93-97):

- a. the Parties' domestic legislation will remain harmonised and compatible with WTO provisions;
- b. immediately after the imposition of provisional measures, it is desirable that the Parties ensure complete and meaningful disclosure in writing of all essential facts and considerations which form the basis for the decision to apply measures, without prejudice

²³ For products which were already fully liberalized before entry into force of the Incorporated Agreement following tariff preferences granted before the Incorporated Agreement's entry into force, the "UK shall examine with special care whether increased imports result from the reduction or elimination of customs duties under the Incorporated Agreement."

²⁴ "Transition period" means 10 years from the Incorporated Agreement's entry into force (2013); for goods having a tariff elimination schedule of 10 years or more, it means the good's relevant tariff elimination period plus three years.

to Articles 6.5 and 12.4 of the AD and SCM Agreements. Disclosures shall be provided to interested parties with sufficient time to defend their interests.

- c. Upon request, opportunity shall be given for interested parties to express their views during anti-dumping and countervailing investigations;
- d. the Parties may decide not to apply anti-dumping or countervailing measures if, on the basis of information made available during an investigation, it is clearly concluded these are not in the public interest;
- e. application of a duty that is less than the corresponding margin of dumping or countervailable subsidies is desirable if adequate to remove the injury to the domestic industry;
- f. when demonstrating the causal link between dumped imports and the injury to domestic industry, the investigating authorities shall separate and distinguish the injurious effects of all known factors from those of the dumped or subsidized imports; and
- g. when imports from more than one Central American Republic are simultaneously subject to anti-dumping or countervailing duty investigations, the UK investigating authority is to examine with special care the appropriateness of a cumulative assessment of the effects of the imports from any of these Parties, in light of the conditions of competition between the imported products and the conditions of competition between the imported products and the like domestic product.

3.75. The Agreement's dispute settlement mechanism does not apply to anti-dumping and countervailing measures (incorporated Article 98).

3.5 Subsidies and state-aid

3.76. The Agreement incorporates, and therefore replicates, without modification, the provisions of the EU-Central America Agreement on subsidies.

3.77. The Agreement partially prohibits subsidies on the export of agricultural goods (incorporated Article 89). This has been overtaken by the general WTO prohibition, agreed at the 2013 WTO Ministerial Conference.

3.78. Incorporated Article 344, which covers subsidies as defined in the WTO Agreement on Agriculture, establishes transparency for subsidies which fulfils the conditions in Article 1.1 of the SCM Agreement and is specific within the meaning of Article 2. The Parties are to report every two years, to the other Party on the legal basis, form, amount or budget and where possible, the recipient of the subsidy. The report is deemed to have been provided if the relevant information is made available by the Parties or on their behalf on a publicly accessible website. Progress on implementation of Article 344 will be periodically reviewed by the Association Committee.

3.79. The Parties' rights to apply trade remedies or to take dispute settlement or other appropriate action against a subsidy granted by the other Party in accordance with the relevant WTO provisions are not affected by incorporated Article 344.

3.80. The Incorporated Agreement's dispute settlement mechanism does not apply to incorporated Article 344.

3.5.1 Customs-related procedures and trade facilitation

3.81. The Agreement incorporates, and replicates, without modification, the provisions of the EU-Central America Agreement on customs and trade facilitation (Incorporated Chapter 3, Title II).

3.82. The Parties recognise the importance of customs and trade facilitation matters. They agree to base their trade and customs legislations and procedures, *inter alia*, upon international instruments and standards; the protection and facilitation of trade through effective enforcement of and compliance with legal requirements, which shall be reasonable, non-discriminatory and fraud

preventing; the application of modern customs techniques, including risk assessment, simplified procedures for entry and release of goods, post release controls, and company audit methods; a system of binding rulings on customs matters, notably on tariff classification and rules of origin; the progressive development of systems to facilitate the electronic exchange of data; rules ensuring that only proportionate and non-discriminatory penalties be imposed, the application of which shall not unduly delay the release of goods; and the calculation of reasonable fees and charges. The Parties agree to eliminate any requirement for the mandatory use of pre-shipment inspections or their equivalent (incorporated Article 118).

3.83. Best endeavour provisions call for the Parties' customs legislation, provisions and procedures draw on the Revised Kyoto Convention on the Simplification and Harmonization of Customs Procedures. The use of customs brokers is authorized without prejudice to the Parties' position in multilateral fora provided they ensure that the corresponding legislation is based on transparent and proportionate rules; if their use is compulsory, legal persons may operate with their own in-house customs brokers licensed by the competent authority for this purpose (incorporated Article 118.4). Transit provisions mirror the more extensive obligations under the WTO Trade Facilitation Agreement (TFA) and provide for the implementation of regional transit arrangements with a view to reducing trade barriers. Incorporated Article 120 ensures public availability of information on legislation, procedures, fees and charges and administrative notices. A consultation mechanism between the authorities and the business community is established and a reasonable time period is provided for between the publication of new or amended legislation, procedures and fees or charges and their entry into force. Customs valuation rules will be governed by the WTO Agreement on Implementation of Article VII of the General Agreement on Tariffs and Trade 1994 (Article 121). The Parties agree to use risk management systems to focus on inspection activities on high-risk goods and facilitate clearance and movement of low-risk goods (Incorporated Article 122). The Parties agree to establish a Sub-Committee on Customs, Trade Facilitation and Rules of Origin, in accordance with Incorporated Article 348 and as set out in Incorporated Annex XXI (Incorporated Article 123). Technical assistance measures are foreseen for the implementation of incorporated customs and trade facilitation related provisions of Incorporated Chapter 3.

3.84. Preferential treatment is granted upon presentation of a proof of origin, either a Movement Certificate or an invoice declaration²⁵ (incorporated Article 14 of Annex II), both valid for 12 months. The Movement Certificate EUR.1 shall be issued by the competent authority of the exporting Party. The Invoice Declaration may be issued by an approved exporter or by any exporter making a consignment consisting of originating products whose value does not exceed EUR 6,000 (Appendix 6 to Incorporated Annex II). The customs authorities can grant the status of "approved exporter" to any frequent exporter subject to conditions they consider appropriate and withdraw it at any time.

3.85. Verification of the proof of origin is to be conducted by the competent authority of the exporting Party. The timeframe for such verification is 10 months. If The Incorporated Agreement provides for the possibility of carrying out inspection of the exporter's accounting records, or any other check considered appropriate related to origin. In the case of fraud by the exporter, the Parties can impose penalties. Disputes resulting from the verification procedures that cannot be resolved between the customs authorities of the Parties, will be submitted to the Sub-Committee on Customs, Trade Facilitation and Rules of Origin; the Parties may also have recourse to the Agreement's dispute settlement mechanism (incorporated Articles 31-33 of incorporated Annex II).

3.86. Administrative cooperation arrangements are provided for by Title V of incorporated Annex II while incorporated Annexes III and IV have provisions on mutual administrative assistance in customs matters and special provisions on administrative cooperation, respectively.

3.87. As regards the interface of customs-related provisions on trade in goods and in connection with regional economic integration, incorporated Article 304 provides for: (a) the customs authority of the Republic of the CA Party of first entry shall grant a reimbursement of customs duties paid when goods are exported into another Republic of the CA Party; (b) encouragement to the Parties to implement a mechanism for terminating the redundant collection of customs duties on originating goods; (c) use of a single administrative document or electronic equivalent to establish customs

²⁵ Appendix 3 of incorporated Annex II contains specimens of the movement certificate EUR.1 and the application form, and Appendix 4 contains the standard text of an invoice declaration.

declarations at import and export; and (d) regional harmonization of customs legislation, procedures and customs-related requirements at import applicable to originating products.

3.88. Under Annex III to the Incorporated Agreement, the Parties shall assist each other, in the areas within their competence, to ensure the correct application of customs legislation, in particular by preventing, investigating and combating breaches of customs legislation. Assistance to recover duties, taxes or fines is not covered by Annex III to the Incorporated Agreement. Special provisions on administrative co-operation, incorporated without modification, are also contained in Annex IV to the Incorporated Agreement.

3.5.2 Other regulations

3.89. There are no additional regulations on trade in goods in the Agreement.

3.6 Sector-specific provisions on trade in goods

3.6.1 Agriculture

3.90. The Agreement incorporates, and replicates, without modification, the provisions of the EU-Central America Agreement establishing special preferential treatment for bananas imported from any Central American Party (Appendix 3 to Annex I to the Incorporated Agreement). This special treatment (stabilisation mechanism) expired on 1 January 2020 (before the Agreement entered into force).²⁶

3.91. Incorporated Article 90 refers to technical cooperation assistance measures to enhance trade in fisheries, aquaculture, artisanal goods and organic products between the Parties, which are established under the incorporated Articles 59, 60 and 61 of incorporated Title VI (Economic and trade development) of Part III.

4 PROVISIONS ON TRADE IN SERVICES AND INVESTMENT

4.1. The Agreement incorporates, and replicates, with minor modifications, the provisions of the EU-Central America Agreement on establishment, trade in services and electronic commerce (incorporated Part IV, Title III). The Parties' commitments and reservations are annexed to the Agreement.

4.1 Scope and definitions

4.2. The incorporated Agreement, while reaffirming the Parties' commitments under the WTO Agreements, lays down the necessary provisions for the progressive liberalisation of establishment and trade in services (incorporated Article 159). While Chapter 2 of incorporated Title III of Part IV contains disciplines on "establishment"²⁷, Chapter 3 covers "cross-border supply of services"²⁸ while Chapter 4 contains disciplines and commitments on the "temporary presence of natural persons for business purposes".²⁹

4.3. Disciplines apply to measures taken by a Party at central, regional, or local levels of government and to non-governmental bodies in the exercise of powers delegated by central, regional, or local governments or authorities (incorporated Article 160(b)). Regulations on establishment related to economic activities carried out, and measures related to services supplied, in the exercise of governmental authority are not covered by the Agreement. Furthermore, disciplines on the supply of services under mode 4 shall not apply to measures affecting natural

²⁶ From the date of expiry of the above clause, special preferential treatment is established for bananas imported from any Central American Party.

²⁷ Under the Agreement, "establishment" refers to the constitution, acquisition or maintenance of a juridical person, or the creation or maintenance of a branch or representative official within the territory of a Party for the purpose of performing an economic activity. It is therefore not specifically limited to the delivery of services, but includes services supplied under commercial presence (mode 3 under the GATS definition) as listed under incorporated Annex X to the EU-Central America Agreement, as modified.

²⁸ Under the Agreement, "cross-border supply of services" means the supply of a service under modes 1 and 2, under the GATS definition.

²⁹ Consequently, Chapter 3 covers the supply of services under mode 4, under the GATS definition.

persons seeking access to the employment market of a Party, regarding citizenship, residence or employment on a permanent basis.

4.4. The disciplines on "establishment" apply for economic activities for which the Parties have commitments (incorporated Annex X to the EU-Central American Agreement, as modified).³⁰

4.5. The disciplines on "cross-border supply in services" do not apply to audio-visual services; national and inland waterway cabotage transport, and national and international air transport services other than aircraft repair and maintenance services during which a aircraft is withdrawn from services, the selling and marketing of air transport services, computer reservation system (CRS) services, and other ancillary services that facilitate the operation of air carriers (incorporated Annex XI to the EU-Central America Agreement, as modified).

4.2 Denial of benefits

4.6. The Agreement fully incorporates the provisions on denial of benefits in the Incorporated Agreement. Denial of benefits is dealt with through the definition of a Party's "juridical person" in incorporated Article 160. A juridical person which has only its registered office or central administration within the territory of a Party will be considered as a "Party juridical person" if it is engaged in substantive business operations within the territory of a Party. Failing that, a Party may deny the benefits of the incorporated Part IV, Title III to that juridical person.³¹

4.3 General provisions on trade in services and investment

4.7. The Agreement incorporates, *mutatis mutandis*, the EU-Central America Agreement's general provisions on establishment and cross-border supply of services that are summarized below but which should be also read in conjunction with incorporated Annexes X and XI to the EU-Central America Agreement, as modified.

4.3.1 Market access

4.8. Incorporated Articles 164 (establishment) and 170 (cross-border supply of services) on market access prohibit market access limitations like under GATS Article XVI.2 for service suppliers, as well as establishments and investors of the other Party, *mutatis mutandis*. The terms, limitations and conditions applying to this commitment are included in incorporated Annexes X (mode 3) and XI (modes 1 and 2) to the EU-Central America Agreement.

4.3.2 National and MFN treatment

4.9. For sectors with commitments under incorporated Annexes X and XI to the EU-Central America Agreement, a Party shall grant national treatment for all services, service suppliers, establishments and investors of the other Party (incorporated Article 165 and 171). The terms, limitations and conditions applying to this commitment are also included in incorporated Annexes X and XI to the EU-Central America Agreement.

4.10. The Incorporated Agreement does not require the Parties to compensate for any inherent competitive disadvantages, which result from the foreign character of the relevant investors.

4.11. The Incorporated Agreement has neither an MFN provision nor any specific rule granting automatic extension to third parties of benefits granted to a Party to the Agreement. Furthermore, the Parties remain free to be party to international investment agreements providing for preferential treatment (incorporated Article 167) without extending these to their partners under the Agreement.

³⁰ They do not apply to mining, manufacturing and processing of nuclear materials; production of or trade in arms, munitions and war material; audio-visual services; national and inland waterway cabotage transport; and national and international air transport services other than aircraft repair and maintenance services during which a aircraft is withdrawn from services, the selling and marketing of air transport services, computer reservation system (CRS) services, and other ancillary services that facilitate the operation of air carriers (incorporated Annex X to the EU-Central America Agreement, as modified).

³¹ With respect to shipping companies established outside a Party and controlled by nationals of a Party, benefits are extended if their vessels are registered in the Parties in accordance with their respective legislation and carry the flag of that Party.

Some exceptions have been listed as commitments in the Parties' schedules (Costa Rica, El Salvador, Guatemala, Nicaragua), as detailed below.

4.3.3 Commercial presence

4.12. Chapter 2 of incorporated Part IV, Title III relates to establishment, which is broadly equivalent to GATS mode 3 (commercial presence) under terms, limitations and conditions in incorporated Annex X to the EU-Central America Agreement.

4.3.4 Performance requirements

4.13. There are no specific provisions on performance requirements.

4.3.5 Senior Managers and Boards of Directors

4.14. There are no specific provisions on requirements for boards of directors. "Managers"³² are part of the category of "intra-corporate transfers" in Chapter 4. Commitments and limitations on national treatment obligations are in the Parties' schedules (incorporated Annexes X and XI to the EU-Central America Agreement).

4.3.6 Movement of natural persons

4.15. The Agreement incorporates, and replicates, without modification, the provisions of the EU-Central America Agreement on the temporary presence of natural persons for business purposes (incorporated Part IV, Title III, Chapter 4). The incorporated Annex XII to the EU-Central America Agreement, as modified, lists the UK's reservations on key personnel and graduate trainees, while incorporated Annexes XIII and XIV (unmodified) to the EU-Central America Agreement lists respectively the commitments of the Republics of Central America on key personnel and graduate trainees; and on business service sellers.

4.16. Chapter 4 of incorporated Part IV, Title III builds on the respective GATS Annex. Disciplines and liberalization commitments, on the basis of a positive list, cover the temporary entry and stay of the following categories of natural persons (incorporated Article 173):

- a. Key personnel (incorporated Article 174, consisting of intra-corporate transfers (ICTs) and business visitors) and graduate trainees, in accordance with Annexes XII (UK) and XIII (Central American Parties);
- b. Business services sellers (incorporated Article 175). The UK liberalizes temporary presence of natural persons for business purposes for all sectors listed in Annexes X and XI, subject to reservations listed therein, while Annex XIV lists the commitments and limitations of the Central American Parties; and
- c. for contractual services suppliers and independent professionals (incorporated Article 176), the GATS commitments apply.

4.17. Reservations listed in the Annexes may be of a horizontal nature or sector-specific; they include numerical quotas, economic needs tests and discriminatory limitations.

4.18. Compared to the GATS, there are two main improvements to mode 4 under the Agreement: the addition of commitments for a new category of graduate trainees; and the scope and depth of sectoral commitments undertaken by Central American Parties (see Table 4.1).

³² "Managers" are defined, under the Agreement, as persons employed in a senior position within a juridical person, who primarily direct the management of the establishment, receiving general supervision or direction principally from the board of directors or from stockholders of the business or their equivalent.

Table 4.1 Temporary presence of natural persons under the Agreement and the GATS

Category	Maximum length of stay	
	Agreement	GATS
UK		
Key personnel	3 years	As per member States and EU laws and regulations
ICTs	90 days in any 12 months	None
Business visitors	1 year	
Graduate trainees		
Business services sellers	90 days in any 12 months	90 days in any 12 months (in general)
Contractual services suppliers	Same as under the GATS	As specified in the UK schedule
Independent professionals		
Central American Parties		
ICTs & Graduate trainees	1 year renewable up to maximum duration authorized in domestic legislation	No commitment
Business visitors	90 days in any 12 months	
Business services sellers	90 days in any 12 months	No commitment
Contractual services suppliers	The same as under the GATS	No commitment
Independent professionals		

Source: Incorporated Agreement Articles 174-176 and incorporated Annexes XII, XIII, and XIV, as modified; the UK Consolidated GATS Schedule of Specific Commitments (S/C/W/380 and corrigendum); and Central American Republics individual GATS Schedules of commitments.

4.4 Liberalization commitments

4.19. The Agreement incorporates, and replicates, *mutatis mutandis* with some modifications, liberalization commitments and reservations in the Parties' Lists of Commitments on Establishment (Annex X to the Incorporated Agreement, as modified), and Cross-Border Supply of Services (Annex XI to the Incorporated Agreement, as modified). The Agreement uses a positive list approach for the liberalization of trade in services. Commitments are either horizontal or sectoral.

4.20. The sections below compare broadly the Parties' liberalization commitments under the Agreement and the GATS, by sectors and sub-sectors. Improvements over existing GATS commitments include a reduction in market access and/or national treatment limitations, a relaxation of the form of establishment under mode 3, and/or additional commitments and/or improved sectoral coverage. Mode 4 commitments and limitations are, to a large extent, also excluded from the tables. The following sections are to be read in conjunction with the Party's reservations and respective modifications in the Agreement.

4.21. In a number of sectors of a public utility and/or social service nature (education, health, recreational, in some cases also environment and transport), the Parties have restricted their commitments to privately funded services only (hereafter, "public service limitation") which was not always listed as a horizontal reservation. The scope of "public utilities" vary according to Parties.

4.22. Further, the Parties introductory notes to incorporated Annexes X and XI, as modified, to clarify that issues related to qualification requirements, such as diplomas, need not to be listed but still apply to the Parties' services suppliers. Subsidies are not covered by the Agreement.

4.4.1 The United Kingdom

4.23. The Agreement incorporates, and replicates, *mutatis mutandis* with some modifications³³, specific commitments on establishment and cross-border supply of services under the EU-Central America Agreement.

³³ In particular, commitments relating to specific countries which are not part of the Agreement (EU27) are not incorporated into the Agreement. Sector-specific modifications relate to rental/leasing services without operators; telecommunications services; internal waterways transport; services auxiliary to internal waterways transport; and rental of aircraft with crew.

4.4.1.1 MFN and horizontal commitments

4.24. UK horizontal reservations are presented in Table 4.2.

Table 4.2 The United Kingdom: Horizontal reservations

Subject	GATS	Agreement
Public utilities	Mode 3	E
Legal entities (types of establishment)	Mode 3	E
a. Limitations on branches, agencies and representative offices	Mode 3	E
b. Limitations on subsidiaries	Mode 3	E ³⁴
Subsidies	Modes 3 and 4	Not applicable
Categories of natural persons covered under Mode 4	See section 4.3.5	

CBSS Cross border supply of services.

E Establishment.

Source: UK Schedules in Annexes X and XI to the Incorporated Agreement, as modified and UK GATS Schedule.

4.4.1.2 Sector specific commitments

4.25. UK sectoral liberalization (modes 1 through 3) is presented in Table 4.3. All sectoral liberalization is subject to the horizontal reservations set out in Table 4.2.

4.26. Under the Agreement the UK incorporates, *mutatis mutandis*, its national list of reservations as well as applicable EU sector-specific reservations except for modifications with respect to establishment, for rental/leasing services without operators, telecommunication services, internal waterways transport, services auxiliary to internal waterways transport, and rental of aircraft with crew; and, with respect to cross-border supply of services, for rental/leasing services without operators, internal waterways transport, services auxiliary to internal waterways transport, and rental of aircraft with crew. Most of the modifications replace or remove references to the EU or its Member States by the UK for incorporated reservations on rental/leasing services without operators; internal waterways transport; and air transport services. On establishment, the UK reserves its rights to maintain public participation in certain telecommunication operators in the future, while clarifying that this is not a market access limitation. Finally, commitments relating to specific (EU27) countries which are not part of the Agreement are not incorporated.

Table 4.3 UK: Comparison of specific commitments in the GATS and the Incorporated Agreement

Sectors / Sub-sectors	GATS	FTA		
		Compared to GATS	Trade in services	Establishment
1. Business services				
A. Professional Services	Partial	Similar	Partial	Partial
B. Computer and Related Services	Full	Same	Full	Full
C. Research and Development Services	Partial	Improved	Partial	Partial
D. Real Estate Services	Full	Same	Full	Full
E. Rental/Leasing Services without Operators	Partial	Same	Partial (R)	Partial (R)
F. Other Business Services	Partial	Similar	Partial	Partial
2. Communication services				
A. Postal services	---	New	Full ^a	Full
B. Courier services	---	New	Full ^a	Full
C. Telecommunication services	Partial	Improved	Partial (M)	Partial
D. Audiovisual services	---	Same	Excluded	Excluded
E. Other	---	Same	---	---
3. Construction and related engineering services				
A. General construction work for buildings	Partial	Improved	Full	Full
B. General construction work for civil engineering	Partial	Improved	Full	Full
C. Installation and assembly work	Partial	Improved	Full	Full
D. Building completion and finishing work	Partial	Improved	Full	Full
E. Other	Partial	Improved	Full	Full
4. Distribution services				

³⁴ Incorporated with modifications Article 160(e) of the EU-Central America Agreement.

Sectors / Sub-sectors	GATS	FTA		
		Compared to GATS	Trade in services	Establishment
A. Commission agents' services	Partial	Improved	Partial	Full
B. Wholesale trade services	Partial	Improved	Partial	Partial
C. Retailing services	Partial	Improved	Partial	Partial
D. Franchising	Partial	Improved	Full	Full
E. Other	---	Same	---	---
5. Education services				
A. Primary education services	Partial	Similar	Partial	Partial
B. Secondary education services	Partial	Similar	Partial	Partial
C. Higher education services	Partial	Similar	Partial	Partial
D. Adult education	Partial	Similar	Partial	Partial
E. Other education services	---	Same	---	---
6. Environmental services				
A. Sewage services	Partial	Improved	Partial	Full
B. Refuse disposal services	Partial	Improved	Partial	Full
C. Sanitation and similar services	Partial	Improved	Partial	Full
D. Other	Partial	Improved	Partial	Full
7. Financial services				
A. All insurance and insurance-related services	Partial	Similar	Partial	Partial
B. Banking and other financial services	Partial	Improved	Partial	Partial
8. Health related and social services				
A. Hospital services	Partial	Similar	Partial	Partial
B. Other Human Health Services	---	Improved	Partial	Partial
C. Social Services	Partial	Similar	Partial	Partial
D. Other	---	Same	---	---
9. Tourism and travel related services				
A. Hotels and restaurants (including catering)	Partial	Improved	Partial	Partial
B. Travel agencies and tour operators services	Full	Same	Full	Full
C. Tourist guides services	Full	Same	Full	Full
D. Other	---	Same	---	---
10. Recreational and cultural and sporting services				
A. Entertainment services	Partial	Similar	Partial	Partial
B. News agency services	Full	Same	Full	Full
C. Libraries, archives, museums and other cultural services	---	Same	---	---
D. Sporting and other recreational services	Partial	Similar	Partial	Partial
E. Other	---	New	Partial	Partial
11. Transport services				
A. Maritime Transport Services	---	New	Partial	Partial
B. Internal Waterways Transport	---	New	Partial (R)	Partial (R)
C. Air Transport Services	Partial	Improved	Partial (R)	Partial (R)
D. Space Transport	---	Same	---	---
E. Rail Transport Services	Partial	Improved	Partial	Partial
F. Road Transport Services	Partial	Similar	Partial	Partial
G. Pipeline Transport of goods other than fuel	---	New	Partial	Partial
H. Services auxiliary to all modes of Transport	Partial	Similar	Partial	Partial
I. Other Transport Services	Partial	Improved	Partial	Partial
12. Other services not included elsewhere	---	Same	---	---
13. Energy services (Separate sector under the Agreement but not in MTN.GNS/W/120)				
A. Services Incidental to Mining			Full	Full
B. Pipeline Transportation of fuels			Partial	Partial
C. Storage and warehouse services of fuels transported through pipelines			Partial	Partial
D. Wholesale trade services of solid, liquid and gaseous fuels and related products and wholesale trade services of electricity, steam and hot water			Partial	Partial
E. Retailing Services of motor fuel			Partial	Partial
F. Retail sales of fuel oil, bottled gas, coal and wood and retailing services of electricity, (non-bottled) gas, steam and hot water			Partial	Partial
G. Services incidental to energy distribution			Partial	Partial

A: Individual licenses may be required.

M: Modifications in the Agreement to incorporate EU and UK schedules in the EU-Central America FTA.

R: Technical modifications to replace or remove references to the EU or the EU Member States.

E: Technical modifications.

Full: No market access or national treatment limitation(s), for modes 1-3.

Partial: Some market access or national treatment limitation(s) for modes 1-3.

-
- No specific commitment (under GATS), or full reservation (under the Agreement).
- New: New commitments (full or partial, with or without limitations) which can, in most cases, be seen as "improved".
- Improved: Overall improved commitments under the Agreement compared to those under the GATS.
- Similar: Similar commitments; though possibly, in individual cases, with limited improvements and/or limited additional reservations. The assessment is broad taking into consideration both sectoral coverage and the level of specific commitments.
- Same: Commitments are the same as under the GATS.
- Excluded: Sector or subsector excluded from coverage.
- Note: Horizontal reservations and Mode 4 commitments/limitations not included.
- Source: The United Kingdom's modifications to the incorporated EU schedules annexed to the Agreement; European Union schedules annexed to the EU-Central American Agreement, and United Kingdom GATS Specific Commitments.

4.27. The sectors/sub-sectors that are fully liberalized are computer and related services, all construction and related engineering services, franchising, and services incidental to mining.

4.28. In business services, full coverage is provided for research and development (R&D) services and for publicly funded R&D services, except that exclusive rights and authorization can only be granted to nationals and juridical persons of the UK. Establishment by real estate agents is fully liberalized but rights and/or restrictions for natural and juridical persons purchasing real estate are not affected. Most sub-sectors in rental/leasing services without operators are liberalized; that of telecommunication equipment is fully committed while liberalization of other sub-sectors is improved compared to the GATS. Some other business services have been liberalized under the Agreement as regards establishment, compared to restrictions under the GATS (e.g. advisory and consulting services related to fishing) while others are fully liberalized (e.g. packaging services).

4.29. Some postal (for which there are no GATS commitments) and courier services including handling of written communications, parcels, packages and express delivery services are fully liberalized under the Agreement. However, individual licences requiring universal services obligations and/or financial contributions to a compensation fund may be required. In telecommunication services, coverage has been improved; new commitments are taken on satellite broadcast transmission services. Audiovisual services, unbound under the GATS, are carved out of the Agreement.

4.30. The liberalization of distribution services is improved compared to the GATS. Save horizontal reservations, all sub-sectors are covered and many mode 3 GATS limitations are removed. Cross-border supply of services remains, however, subject to some limitations in particular for mode 1.

4.31. Education services commitments under the Agreement are similar to those in the GATS covering only privately funded education services, with numerous limitations for all modes of supply.

4.32. All environmental services are covered under both the GATS and the Agreement. Under the Agreement establishment and mode 2 are fully liberalized for all sub-sectors; for consulting services only mode 1 is liberalized.

4.33. The UK's GATS commitments in financial services, and also those under the Agreement, are based on the Understanding on Commitments in Financial Services (hereafter the "Understanding"). In financial services, the coverage and depth of the UK's commitments under the Agreement is enlarged as compared to the GATS while certain limitations remain.

4.34. Health and social services commitments only cover privately funded services (as in the GATS), while also improving coverage and specific commitments. Mode 1 remains largely unbound for hospital services and other residential health facilities and social services, as under the GATS, while there are almost no limitations for mode 2. For mode 3 under the Agreement, participation by private operators in the health and social network is subject to concessions provided under UK domestic laws and an economic needs test may apply. Also, under mode 3 ambulance services are liberalized.

4.35. In tourism and travel related services modes 1-3 have been liberalized. Mode 2 is, in particular, fully liberalized for all sub-sectors as is the case for mode 3 for tourist guide services.

4.36. Under recreational and cultural and sporting services, recreation park and beach services are fully liberalized as are news agency services.

4.37. In transport services, coverage differs in the partial commitments under the GATS and the Agreement. Under the Agreement, maritime transport only covers passenger and freight transport excluding cabotage: for modes 1-2, the only restriction is an authorisation for feeding services while certain GATS mode 3 limitations have also been lifted. Internal waterways transport remains subject to certain limitations under modes 1-3 but liberalization is improved as compared to the GATS. Mode 1 for rail and road transport is unbound under the Agreement while mode 2, which is largely unbound under the GATS, is fully liberalized. Selling and marketing of air transport services is free under the Agreement; sub-sectors covered by the Agreement but not the GATS are partially liberalized, in many instances based on reciprocity. Many services auxiliary to all modes of transport (listed as a full sector in Annexes X and XI) are committed for modes 1-2 but with mode 3 limitations.

4.38. The UK lists under a separate sector 13 energy services. Services incidental to mining, restricted for mode 3 under the GATS, are fully liberalized. For all other sub-sectors, a number of restrictions apply for modes 1 and 3, while mode 2 has generally been liberalized.

4.4.2 Central American Republics

4.39. Under the Agreement the Central American Republics incorporate, *mutatis mutandis* and without modifications, their respective national lists of reservations as well as sector-specific reservations in "establishment" and "cross-border supply of services" (Annexes X and XI to the Incorporated Agreement).

4.40. The GATS commitments of Central American countries are limited. Given the wider scope of the Agreement as compared to the GATS, they have listed a number of new horizontal reservations in the Annexes X and XI to the Incorporated Agreement. The scope and depth of their commitments under the Incorporated Agreement significantly increases liberalization in favour of UK suppliers.

4.41. Costa Rica, El Salvador, Guatemala, and Nicaragua have a common reservation specifying that market access for non-services is unbound. It is however mitigated by an MFN commitment to extend to the other Party³⁵ any more favourable treatment granted under another international agreement, from the latter's date of entry into force (market access MFN clause).

4.42. In financial services, all Central American countries except Panama reserve the right to adopt or maintain measures requiring the domestic incorporation of foreign financial services suppliers, other than those seeking to operate as banks or insurance companies within each respective domestic market (incorporation reservation).

4.43. Certain Central American Parties list in the GATS a number of taxation restrictions. These horizontal measures are not included in Annexes X and XI to the Incorporated Agreement, but there is a general taxation exception under the Agreement (incorporated Article 350).

4.4.2.1 Costa Rica

4.4.2.1.1 MFN and horizontal commitments

4.44. Costa Rica's horizontal reservations in Annexes X and XI to the Incorporated Agreement are summarized in Table 4.4. **Erreur ! Source du renvoi introuvable.** The GATS limitation on foreign investment in coastal areas is included in the Incorporated Agreement. Other reservations include limitations on domestic sale of goods produced in free zones, State ownership (or concessions) of natural resources; exemptions for public utilities/services, and nationality requirements for senior management and boards of directors.

Table 4.4 Costa Rica: Horizontal reservations

Subject	GATS	Agreement
(1) Branches, agencies and representatives	None	E
(2) Branches	None	E

³⁵ The commitment applies to the other Party but not among Central American countries.

Subject	GATS	Agreement
(3) Coastal area	Mode 3	E
(4) Free zones	None	E
(5/1) Natural resources – State-owned or concessions	None	E & CBSS
(6/2) Transport infrastructure – State-owned or concessions	None	E & CBSS
(7/3) Public utilities – public monopoly or exclusive rights	None	E & CBSS
(8/4) Professional services	Dealt elsewhere	E & CBSS
(9/5) Minority Affairs and Native Groups / Social Services	None	E & CBSS
(10/6) Standstill for local governments ^a	None	E & CBSS
(11) Senior management and board of directors	None	E
(12) Market access for non-services: unbound, MFN clause	Not applicable	E

a Without prejudice to Costa Rica's commitments in Government procurement (Title V).

CBSS Cross-border supply of services.

E Establishment.

Note: In brackets, the number of the horizontal reservation in Annexes X and XI, respectively.

Source: Costa Rica's GATS Draft Consolidated Schedule of Specific Commitments (S/DCS/W/CRI) and its Schedules annexed to the Agreement.

4.4.2.1.2 Sector specific commitments

4.45. Table 4.5 compares sector specific commitments under both the GATS and the Agreement (modes 1-3, horizontal reservations excluded).

Table 4.5 Costa Rica: Comparison of specific commitments in the GATS and the Incorporated Agreement

Sectors / Sub-sectors	GATS	FTA		
		Compared to GATS	Trade in services	Establishment
1. Business services				
A. Professional Services	Partial	Improved	Partial	Partial
B. Computer and Related Services	Partial	Improved	Full	Full
C. Research and Development Services	---	New	Partial	Partial
D. Real Estate Services	---	New	Full	Full
E. Rental/Leasing Services without Operators	Partial	Improved	Partial	Partial
F. Other Business Services	---	New	Partial	Partial
2. Communication services				
A. Postal services	---	Same	---	---
B. Courier services	---	New	Partial	Partial
C. Telecommunication services	---	New	Partial	Partial
D. Audiovisual services	---	Same	Excluded	Excluded
E. Other	---	Same	---	---
3. Construction and related engineering services				
All sub-sectors A-E	---	New	Full	Full
4. Distribution services				
A. Commission agents' services	---	New	Partial	Partial
B. Wholesale trade services	---	New	Partial	Partial
C. Retailing services	---	New	Partial	Partial
D. Franchising	---	New	Full	Full
E. Other	---	Same	---	---
5. Education services^a				
A. Primary education services	Partial	Improved	Full	Full
B. Secondary education services	Partial	Improved	Full	Full
C. Higher education services	Partial	Improved	Partial	---
D. Adult education	---	New	Full	Full
E. Other education services	---	New	Full	Full
6. Environmental services				
All sub-sectors A-D	---	New	Partial	Partial
7. Financial services				
A. All insurance and insurance-related services	---	New	Partial	Partial
B. Banking and other financial services	Partial	Improved	Partial	Partial
8. Health related and social services^a				
A. Hospital services	Partial	Improved	Partial	Full
B. Other Human Health Services	---	New	Partial	Full
C. Social Services	---	Same	---	---
D. Other	---	Same	---	---

Sectors / Sub-sectors	GATS	FTA		
		Compared to GATS	Trade in services	Establishment
9. Tourism and travel related services				
A. Hotels and restaurants (including catering)	Partial	Improved	Partial	Partial
B. Travel agencies and tour operators services	Partial	Improved	Full	Partial
C. Tourist guides services	Partial	Improved	Partial	Partial
D. Other	Partial	Lower	---	---
10. Recreational and cultural and sporting services				
A. Entertainment services	---	New	Partial	Full
B. News agency services	---	New	Partial	Partial
C. Libraries, archives, museums and other cultural services	---	New	Partial	Partial
D. Sporting and other recreational services	Partial	Improved	Partial	Partial
E. Other	---	Improved	Partial	Partial
11. Transport services				
A. Maritime Transport Services	---	New	Partial	Partial
B. Internal Waterways Transport	---	New	Partial	---
C. Air Transport Services	---	New	Partial	Partial
D. Space Transport	---	Same	---	---
E. Rail Transport Services	---	New	Partial	Partial
F. Road Transport Services	---	New	Partial	Partial
G. Pipeline Transport of goods other than fuel	---	Same	---	---
H. Services auxiliary to all modes of Transport	---	New	Partial	Partial
I. Other Transport Services	---	New	Partial	Partial
12. Other services not included elsewhere	---	New	Partial	Partial
13. Energy services				
All sub-sectors A-G	---	New	Partial	Partial

a Only privately-funded services.

Note: Horizontal reservations and Mode 4 commitments/limitations not included.
Definitions in accordance with those of Table 4.3.

Source: As table above.

4.46. The sectors/sub-sectors that are fully liberalized are computer and related services, real estate services, all construction and related engineering services; franchising; privately funded education services except for higher education; and privately funded hospital services and other human health services.

4.47. In business services, there are partial GATS commitments for medical and dental services, and computer and related services. Under the Agreement, professional services are covered extensively, with liberalization normally limited by nationality requirements for mode 1 but fully liberalized for mode 2. That is also the case for medical and dental services, with liberalization improved given that under GATS mode 1 is unbound. Liberalization of mode 3 varies, but it is free for example for architectural and veterinary services. For R&D services, only R&D in natural science is not fully liberalized. Under the GATS, rental car services are free for mode 2 and unbound for other modes; under the Agreement they are free for all three modes. Coverage is also extended to other types of rental/leasing services without operators, with some reservations.

4.48. In courier services, modes 1-3 are free except what is reserved for the State and its enterprises.

4.49. Modes 1 and 3 in education services, which are unbound under the GATS, are liberalized except for higher education. As in the GATS, these only apply to privately funded services. Health and social services commitments also only apply to privately funded services, and commitments in the Agreement are improved for mode 3; modes 1-2 commitments are similar to the GATS. Environmental services are unbound for mode 1 except for consulting services, and fully liberalized for mode 2.

4.50. For financial services, commitments are undertaken in insurances services – for which there are no GATS commitments. In banking services, improvements include mode 2 full liberalization of advisory and other auxiliary services (excluding intermediation), for which there are no GATS commitments.

4.51. GATS commitments for other tourist sector/computer reservation services are not included in the Agreement. In recreational and cultural and sporting services, the GATS commitments on rental of tourist boats are not included in the Agreement but all sporting services are fully liberalized.

4.52. For all types of transport services, passenger and freight services have been partially liberalized. Services auxiliary to all modes of transport and pipeline transportation of fuels are also partially liberalized. In air transport services, repair of aircraft, ground handling etc. remains subject to restrictions; airport management is exempted under the public utilities reservation; and sales and marketing and computer reservation systems are free. The public utilities reservation also applies to ports and railways, as well as pushing and towing services.

4.4.2.2 El Salvador

4.4.2.2.1 MFN and horizontal commitments

4.53. GATS-wide restrictions on foreign investment (e.g., local presence, maximum transfer of benefits) are lifted.³⁶ More targeted limitations are however listed under the Incorporated Agreement (Table 4.6 **Erreur ! Source du renvoi introuvable.**). Foreign investment including rural ownership of land is subject to reciprocity, except for land used for industrial plants. The incorporated Agreement's reservations on small-scale trade and percentage of national personnel and their wages match those in the GATS. The cooperatives reservation requires that at least 75% of the personnel be Salvadorian nationals (the threshold for this in general is of 90%).

Table 4.6 El Salvador: Horizontal reservations, incorporated Annexes X and XI, as modified

Subject	GATS	Agreement
(1/1) National resources – State-owned or concessions	Wider for E	E & CBSS
(2) Rural land ownership on the basis of reciprocity	Wider for E	E
(3) Foreign ownership of enterprises on the basis of reciprocity	Wider for E	E
(4) Small-scale trade reserved to nationals and CA nationals	Mode 4	E
(5) Cooperatives	Wider for E	E
(6) Personnel	Mode 4	E
(7/2) Minority Affairs	None	E & CBSS
(8/3) Social services for public purposes	None	E & CBSS
(9/4) Public companies or public utility services in the exercise of governmental authority	None	E & CBSS
(10/5) Local governments exempted from commitments ^a	None	E & CBSS
(11/6) Concession, license, etc	None	E & CBSS
(12) Juridical persons	Wider for E	E
(13/7) Public utilities – public monopoly or exclusive rights	None	E & CBSS
(14) Non-discriminatory nature of Article 164		E
(15) Market access for non-services: unbound, MFN clause	Not applicable	E
(-/8) Non-discriminatory nature of Article 170		CBSS

a Without prejudice to El Salvador's commitments in Government procurement.

CBSS Cross-border supply of services.

E Establishment.

Note: In brackets, the number of the horizontal reservation in Annexes X and XI to the Incorporated Agreement, respectively.

Source: El Salvador's GATS Draft Consolidated Schedule of Specific Commitments (S/DCS/W/SLV) and its Schedules annexed to the incorporated Agreement.

4.4.2.2.2 Sector specific commitments

4.54. The scope and depth of El Salvador's commitments under the Agreement significantly increases liberalization for UK suppliers. Table 4.7 **Erreur ! Source du renvoi introuvable.** compares sector specific commitments under the GATS and the Incorporated Agreement (modes 1-3, horizontal reservations excluded).

³⁶ The GATS taxation reservation is not replicated; this may be covered by the incorporated Article 350.

Table 4.7 El Salvador: Comparison between the GATS and the Incorporated Agreement specific commitments, as modified

Sectors / Sub-sectors	GATS	FTA		
		Compared to GATS	Trade in services	Establishment
1. Business services				
A. Professional Services	Partial	Improved	Partial	Partial
B. Computer and Related Services	Partial	Improved	Full	Full
C. Research and Development Services	---	New	Full	Full
D. Real Estate Services	---	New	Full	Full
E. Rental/Leasing Services without Operators	Partial	Improved	Full	Full
F. Other Business Services	Partial	Improved	Partial	Partial
2. Communication services				
A. Postal services	---	Same	---	---
B. Courier services	---	New	Full	Full
C. Telecommunication services	Partial	Improved	Full	Full
D. Audiovisual services	---	Same	Excluded	Excluded
E. Other	---	Same	---	---
3. Construction and related engineering services				
All sub-sectors A-E	---	New	Partial	Partial
4. Distribution services				
Sub-sectors A-B-C-D	---	New	Full	Full
E. Other	---	Same	---	---
5. Education services				
Sub-sectors A-B-C-D	---	New	Partial	Partial
E. Other education services	---	New	---	Full
6. Environmental services				
Sub-sectors A-B-C	---	New	Partial	Partial
D. Other	Partial	Improved	Partial	Partial
7. Financial services				
A. All insurance and insurance-related services	---	New	Partial	Partial
B. Banking and other financial services	Partial	Improved	Partial	Partial
8. Health related and social services				
All sub-sectors A-D	---	Same	---	---
9. Tourism and travel related services				
Sub-sectors A-B-C	Partial	Improved	Full	Full
D. Other	---	Same	---	---
10. Recreational and cultural and sporting services				
A. Entertainment services	---	New	Partial	Partial
B. News agency services	---	New	Full	Full
C. Libraries, archives, museums and other cultural services	---	New	Full	Full
D. Sporting and other recreational services	---	New	Full	Full
E. Other	---	New	Full	Full
11. Transport services				
A. Maritime Transport Services	---	New	Partial	Partial
B. Internal Waterways Transport	---	New	Partial	Partial
C. Air Transport Services	Partial	Improved	Partial	Partial
D. Space Transport	---	Same	---	---
E. Rail Transport Services	---	New	Partial	Partial
F. Road Transport Services	---	New	Partial	Partial
G. Pipeline Transport of goods other than fuel	---	New	Partial	Partial
H. Services auxiliary to all modes of Transport	---	New	Partial	Partial
I. Other Transport Services	---	New	Partial	Partial
12. Other services not included elsewhere		New	Partial	Partial
13. Energy services				
A. Services Incidental to Mining	---	New	Partial	---
B. Pipeline Transportation of fuels	---	New	Full	Full
C. Storage and warehouse services of fuels transported through pipelines	---	New	Full	Full
D. Wholesale trade services of solid, liquid and gaseous fuels and related products and wholesale trade services of electricity, steam and hot water	---	New	Full	Full
E. Retailing Services of motor fuel	---	New	Full	Full
F. Retail sales of fuel oil, bottled gas, coal and wood and retailing services of electricity, (non-bottled) gas, steam and hot water	---	New	Full	Full

Sectors / Sub-sectors	GATS	FTA		
		Compared to GATS	Trade in services	Establishment
G. Services incidental to energy distribution	---	New	Partial	Partial

Note: Horizontal reservations and Mode 4 commitments/limitations not included.
Definitions in accordance with those of Table 4.3.

Source: As table above.

4.55. The sectors/sub-sectors that are fully liberalized are computer and related services; R&D; real estate services; rental/leasing without operators; courier services; distribution services; tourism services sectors except "other"; various privately funded recreational, cultural and sporting services excluding audiovisual services, and various energy services. Telecommunications services are fully liberalized – save for broadcasting that is carved out from the Agreement. Only health-related and social services sector remain completely closed to service suppliers from the United Kingdom.

4.56. The coverage of business services is largely improved compared with the GATS (only partial commitments in computer services) in particular on scope. Mode 2 is generally free for committed sectors; the depth of liberalization of modes 1 and 3 is more variable. All other business services are liberalized, with a few restrictions (e.g., local content for advertising, authorisation for investigation and security services).

4.57. In construction and related engineering services, only mode 2 has been liberalized; modes 1 and 3 reservations include partnership with a domestic enterprise and local presence requirements.

4.58. Except for other education services, all of the education services sector is liberalized, save for a nationality requirement for the teaching of national history and the Constitution. Other education services are free for mode 3 but El Salvador undertakes no commitment in modes 1 and 2. There are no commitments in the sector in the GATS.

4.59. Under the Agreement, all of environmental services – largely uncommitted under the GATS – are fully liberalized for mode 2. Mode 1 liberalization only applies to consulting services, while for establishment a concession or permit may be required for the supply of such services.

4.60. In the case of financial services, commitments are undertaken in insurances services – for which there are no GATS commitments – with mode 1 opened up for certain non-life insurance services and mode 2 fully liberalized. A branch office of a foreign insurance company may be opened within one year from the Agreement's entry into force. The 75% equity requirement for Salvadoran and Central American natural persons in the GATS is reduced to 50% for banks but maintained at 75% for insurance. The coverage of banking services is extended to all sub-sectors, subject to limitations for mode 3 and with modes 1 and 2 covering solely the provision and transfer of financial information, financial data processing and advisory and other auxiliary services (excluding intermediation). Services classified under "other" in the GATS Schedule have been integrated into the two sub-sectors in the Agreement.

4.61. In entertainment services, a number of limitations (nationality and performance requirements) apply for modes 1 and 3, with mode 2 being free. All the remaining privately funded recreational, cultural and sporting services are free.

4.62. Passenger and freight transport services are fully liberalized for maritime transport. For other sub-sectors, liberalization of passenger and freight transportation is only partial – generally free for modes 1 and 2 but with mode 3 limitations (concession or licence) for internal waterways and rail transport. Liberalization in covered air transport services is improved e.g. full liberalization of computer reservation systems. In road transport services, passenger transportation remains subject to nationality requirements, concessions and an economic needs test, and mode 3 is unbound for freight transportation by UK companies. In air transport services, aircraft repair requires a reciprocal concession/licence, airport management is free for mode 2 but unbound for modes 1 and 3; sales and marketing and computer reservation systems are free. Partial liberalization commitments are made in services auxiliary to all modes of transport and pipeline transport services.

4.4.2.3 Guatemala

4.4.2.3.1 MFN and horizontal commitments

4.63. Compared to the GATS, there are a number of new horizontal reservations on ownership of land in urban, coastal and border areas. The GATS thresholds on the percentage of national personnel and their wages (90% and 85%, respectively) may be decreased under certain specific circumstances (Table 4.8).³⁷

Table 4.8 Guatemala: Horizontal reservations

Subject	GATS	Agreement
(1/2) Minority Affairs	None	E & CBSS
(2) Land ownership on coastal area and urban zones	None	E
(3) Land ownership on border area	None	E
(4) Legal entities – minimum capital	None	E
(5/1) Personnel	Mode 4	E & CBSS
(6) Senior managers and board of directors exempted from limitation referred to above	None	E
(7) Market access for non-services: unbound, MFN clause	Not applicable	E
(8/3) Public utilities – public monopoly or exclusive rights	None	E & CBSS

CBSS Cross-border supply of services.

E Establishment.

Note: In brackets, the order of the horizontal reservation in Annexes X and XI, respectively.

Source: Guatemala's GATS Draft Consolidated Schedule of Specific Commitments (S/DCS/W/GTM) and its Schedules annexed to the Agreement.

4.4.2.3.2 Sector specific commitments

4.64. The scope and depth of Guatemala's commitments under the Agreement significantly increases liberalization for UK suppliers (Table 4.9).

Table 4.9 Guatemala: Comparison of specific commitments in the GATS and the Incorporated Agreement

Sectors / Sub-sectors	GATS	FTA		
		Compared to GATS	Trade in services	Establishment
1. Business services				
A. Professional Services	---	New	Partial	Partial
B. Computer and Related Services	Partial	Improved	Full	Full
C. Research and Development Services	---	New	Full	Full
D. Real Estate Services	---	New	Full	Full
E. Rental/Leasing Services without Operators	---	New	Full	Full
F. Other Business Services	---	New	Partial	Partial
2. Communication services				
A. Postal services	---	New	Full	Full
B. Courier services	---	New	Full	Full
C. Telecommunication services	Partial	Improved	Partial	Partial
D. Audiovisual services	---	Same	Excluded	Excluded
E. Other	---	Same	---	---
3. Construction and related engineering services				
All sub-sectors A-E	---	New	Full	Full
4. Distribution services				
A. Commission agents' services	---	New	Full	Full
B. Wholesale trade services	---	New	Partial	Full
C. Retailing services	---	New	Full	Full
D. Franchising	---	New	Full	Full
E. Other	---	Same	---	---
5. Education services				
Sub-sectors A-B-C-D	---	New	Full	Full

³⁷ Authorised by the Executive Branch, for work in agriculture, livestock, welfare or cultural character institutions; or in the case of Central American origin.

Sectors / Sub-sectors	GATS	FTA		
		Compared to GATS	Trade in services	Establishment
E. Other education services	---	New	Partial	---
6. Environmental services				
Sub-sectors A-B-C	---	New	Partial	Full
D. Other	---	New	Partial	Partial
7. Financial services				
A. All insurance and insurance-related services	Partial	Improved	Partial	Partial
B. Banking and other financial services	Partial	Improved	Partial	Partial
8. Health related and social services				
A. Hospital services	---	New	Full	Full
B. Other human health services	---	New	Partial	Full
C. Social services	---	New	Partial	---
D. Other	---	Same	---	---
9. Tourism and travel related services				
A. Hotels and restaurants (including catering)	Partial	Improved	Full	Full
B. Travel agencies and tour operators services	---	New	Full	Full
C. Tourist guides services	---	New	Partial	Partial
D. Other	Partial	Lower	---	---
10. Recreational and cultural and sporting services				
A. Entertainment services	---	New	Partial	Full
B. News agency services	---	New	Full	Full
C. Libraries, archives, museums and other cultural services	---	New	Full	Full
D. Sporting and other recreational services	---	New	Full	Full
E. Other	---	New	Partial	Full
11. Transport services				
A. Maritime Transport Services	---	New	Partial	Partial
B. Internal Waterways Transport	---	New	Partial	Partial
C. Air Transport Services	Partial	Improved	Full	Full
D. Space Transport	---	Same	---	---
E. Rail Transport Services	---	New	Partial	Full
F. Road Transport Services	---	New	Partial	Full
G. Pipeline Transport of goods other than fuel	---	New	Full	Full
H. Services auxiliary to all modes of Transport	---	New	Partial	Full
I. Other Transport Services	---	New	Partial	Partial
12. Other services not included elsewhere	---	New	Partial	Partial
13. Energy services				
Sub-sectors A-B-C-D-E and G	---	New	Full	Full
F. Retail sales of fuel oil, bottled gas, coal and wood and retailing services of electricity, (non-bottled) gas, steam and hot water	---	New	Partial	Full

Note: Horizontal reservations and Mode 4 commitments/limitations not included.
Definitions in accordance with those of Table 4.3.

Source: As table above.

4.65. The sectors/sub-sectors that are fully liberalized are computer and related services; R&D; real estate services; rental/leasing without operators; postal and courier services; all construction and related engineering services; commission agents services; retail services except for electricity, gas, steam and hot water; franchising; all privately-funded hospital services and education services except "other"; hotels and restaurants; travel agencies and tour operators; privately-funded news agencies, libraries, archives, museums and other cultural services, sporting and other recreational services excluding audio-visual (carved-out from the Agreement); air transport services; pipeline transport of goods other than fuel; and energy services.

4.66. Business services are largely liberalized under the Agreement. In professional services, modes 1 and 2 are generally fully liberalized except for legal services (nationality requirements for admission to the Bar, notaries and auditing services) and midwife services which is unbound for mode 1. Establishment nevertheless generally requires a partnership/association with nationals. In other business services mode 1 is unbound for a limited number of sub-sectors (e.g., placement, and investigation), there are no commitments in the supply of aerial photographic services as well as official translation and interpretation; modes 2 and 3 are fully liberalized.

4.67. Guatemala is the only Central American country that fully liberalizes postal services. Telecommunication services are also largely liberalized but may require registration and reciprocity.

4.68. Under the Agreement, all environmental services – for which there are no commitments under the GATS – are fully liberalized for mode 2, with mode 1 liberalization only applying to consulting services. Establishment is fully liberalized except for other environmental and ancillary services.

4.69. For financial services, mode 1-2 commitments are extended beyond reinsurance (only sub-sector with GATS commitments) to cover certain non-life insurance services and services auxiliary to insurance. No reservation applies to establishment except for the incorporation reservation. The coverage of banking services is extended to cover all sub-sectors, with modes 1 and 2 unbound for 5 out of the 12 sub-sectors.

4.70. Health and social services commitments only apply to privately funded services, with hospital services fully liberalized. Other sub-sectors - ambulance, residential health facilities and social services, are free for mode 2 and unbound for mode 1, while mode 3 is free for the first two.

4.71. Two tourism sub-sectors have been fully liberalized. GATS commitments in modes 2 and 3 for the operation of marina services are not incorporated into the Agreement. In entertainment services, the only limitation concerns an authorization for hiring foreign suppliers.

4.72. Passenger and freight transport services are fully liberalized for rail, road and maritime transport, except for national cabotage. Pushing and towing services remain closed for maritime and internal waterways transport services but liberalized for rail transport services. For other sub-sectors mode 1 is sometimes unbound, while modes 2 and 3 are in general free. Air transport services are free except mode 1 for ground handling services other than catering.

4.73. All energy services are free except for retailing services for electricity, gas, steam and hot water for which mode 1 is unbound.

4.4.2.4 Honduras

4.4.2.4.1 MFN and horizontal commitments

4.74. Compared to the GATS, the horizontal reservation regarding land ownership has been made more flexible as it authorizes investors of the UK to own/lease land in such areas for tourism or other economic or social development reasons, subject to government authorization. Limitations on personnel are less restrictive: GATS thresholds on the maximum percentage of foreign personnel and their wages (10% and 15%, respectively) may be increased (or decreased) under certain specific circumstances,³⁸ with senior management being exempted from these ceilings. GATS requirements that senior management speak Spanish, as well as those linking foreign establishment to capacity-building of Honduran nationals and limiting foreigners in labour unions are lifted. Further, Honduras grants the UK an MFN clause for the treatment of its nationals under its labour regulations ("Código de Trabajo"). Compared to the GATS, small-scale trade is opened up to UK nationals that are naturalized citizens of Honduras on the basis of reciprocity (Table 4.10).

Table 4.10 Honduras: Horizontal reservations

Subject	GATS	Agreement
(1) Personnel	Mode 4	E
(2) Ownership/lease of State/common land and of land on coastal and border areas	Mode 3	E
(3) Small-scale trade opened up to naturalized citizens on the basis of reciprocity	Mode 3	E
(4) Cooperatives – prior authorization required on the basis of reciprocity and a legal representative in Honduras	None	E
(5) Local presence	None	E
(6/1) Social services for public purposes	None	E & CBSS
(7/2) Public utilities – public monopoly or exclusive rights	None	E & CBSS
(8/3) Market access for non-services: unbound, MFN clause	Not applicable	E & CBSS

CBSS Cross-border supply of services.

³⁸ Authorized by the Executive authority.

E Establishment.

Note: In brackets, the order of the horizontal reservation in Annexes X and XI, respectively.

Source: Honduras' GATS Draft Consolidated Schedule of Specific Commitments (S/DCS/W/HND/Rev.1 and its Schedules annexed to the Agreement.

4.4.2.4.2 Sector specific commitments

4.75. The scope and depth of Honduras's commitments under the Incorporated Agreement significantly increases liberalization for UK suppliers (Table 4.11).

Table 4.11 Honduras: Comparison of specific commitments in the GATS and the Incorporated Agreement

Sectors / Sub-sectors	GATS	FTA		
		Compared to GATS	Trade in services	Establishment
1. Business services				
A. Professional Services	---	New	Partial	Partial
B. Computer and Related Services	Partial	Improved	Full	Full
C. Research and Development Services	---	New	Full	Full
D. Real Estate Services	---	New	Full	Full
E. Rental/Leasing Services without Operators	---	New	Full	Full
F. Other Business Services	Partial	Improved	Partial	Partial
2. Communication services				
A. Postal services	---	Same	---	---
B. Courier services	---	New	Full	Full
C. Telecommunication services	Partial	Improved	Partial	Partial
D. Audiovisual services	---	Same	Excluded	Excluded
E. Other	---	Same	---	---
3. Construction and related engineering services				
All sub-sectors A-E	---	New	Partial	Partial
4. Distribution services				
Sub-sectors A-D	---	New	Full	Full
E. Other	---	Same	---	---
5. Education services				
Sub-sectors A-D	---	New	Partial	Partial
E. Other education services	---	Same	---	---
6. Environmental services				
All sub-sectors A-D	---	New	Partial	Partial
7. Financial services				
A. All insurance and insurance-related services	Partial	Improved	Partial	Partial
B. Banking and other financial services	Partial	Improved	Partial	Partial
8. Health related and social services				
Sub-sectors A-C	---	New	Full	Full
D. Other	---	Same	---	---
9. Tourism and travel related services				
A. Hotels and restaurants (including catering)	Full	Same	Full	Full
B. Travel agencies and tour operators services	Partial	Improved	Full	Full
C. Tourist guides services	---	New	Full	Full
D. Other	---	Same	---	---
10. Recreational and cultural and sporting services				
A. Entertainment services	---	New	Partial	Full
B. News agency services	---	New	Partial	Partial
C. Libraries, archives, museums and other cultural services	---	New	Full	Full
D. Sporting and other recreational services	---	New	Full	Full
E. Other	---	New	Partial	Partial
11. Transport services				
A. Maritime Transport Services	---	New	Partial	Partial
B. Internal Waterways Transport	---	New	Partial	Partial
C. Air Transport Services	Partial	Improved	Full	Full
D. Space Transport	---	Same	---	---
E. Rail Transport Services	---	New	Partial	Partial
F. Road Transport Services	Partial	Improved	Partial	Partial
G. Pipeline Transport of goods other than fuel	---	New	Partial	Partial
H. Services auxiliary to all modes of Transport	---	New	Partial	Partial

Sectors / Sub-sectors	GATS	FTA		
		Compared to GATS	Trade in services	Establishment
I. Other Transport Services	---	New	Partial	Partial
12. Other services not included elsewhere	---	New	Partial	Partial
13. Energy services				
A. Services Incidental to Mining	---	New	Full	Full
B. Pipeline Transportation of fuels	---	New	Full	Full
C. Storage and warehouse services of fuels transported through pipelines	---	New	Full	Partial
D. Wholesale trade services of solid, liquid and gaseous fuels and related products and wholesale trade services of electricity, steam and hot water	---	New	Partial	Partial
E. Retailing Services of motor fuel	---	New	Full	Partial
F. Retail sales of fuel oil, bottled gas, coal and wood and retailing services of electricity, (non-bottled) gas, steam and hot water	---	New	Partial	Partial
G. Services incidental to energy distribution	---	New	Full	Partial

Note: Horizontal reservations and Mode 4 commitments/limitations not included.
Definitions in accordance with those of Table 4.3.

Source: As table above.

4.76. The sectors/sub-sectors that are fully liberalized are computer and related services; R&D; real estate services; rental/leasing without operators; courier services; distribution services except "other"; privately funded health services and social services except "other"; tourism services except "other"; libraries and sporting services; air transport services; services incidental to mining; and pipeline transportation of fuels.

4.77. Business services are largely liberalized under the Agreement; in some instances, modes 1 and 3 remain subject to residency requirements and in a few cases to nationality requirements. In other business services, investigation services remain unbound, advertising and security services are subject to restrictions while other sub-sectors are fully liberalized.

4.78. A sector-wide limitation applies to telecommunication services allowing any modification of State participation in the national telecommunication enterprise (HONDUTEL), its affiliates or subsidiaries. Further, foreign governments cannot participate directly or indirectly in the provision of public telecommunications and there is a need for commercial presence. Satellite broadcasting is opened up for modes 1-2 and mode 3 subject to reciprocity.

4.79. In construction and related engineering services, only mode 2 has been liberalized; mode 1 is unbound and mode 3 remains subject to numerous establishment requirements.

4.80. Environmental services are reserved for municipalities, with the exception of "other" (noise and vibration abatement, protection of biodiversity etc) - fully liberalized for mode 2, but with mode 1 liberalization only applying to consulting services. Establishment is fully liberalized except for "other environmental and ancillary services".

4.81. Sector-wide financial services limitations allow Honduras to take any measures on the supply of services by savings and loan cooperatives and to require incorporation in Honduras of foreign financial service suppliers other than banks or insurers. Despite remaining subject to various other limitations for modes 1-3, liberalization is improved compared to the GATS in particular for sub-sectoral coverage/liberalization commitments for mode 2 and economic needs tests and performance and senior management requirements are lifted.

4.82. The liberalization of transport services is significantly increased in terms of coverage and depth of commitments. For example, GATS commitments on road transport services are limited to rental of vehicles; under the Agreement, the whole sector is covered, with modes 1-2 free subject to reciprocity and to preferential treatment for domestic suppliers on selected routes; mode 3 is subject to various requirements.

4.83. Modes 1 and 2 in energy services are generally free, except for mode 1 for the wholesale of petroleum products and retail of electricity, gas, steam power; establishment is subject to requirements, in particular incorporation under Honduran law.

4.4.2.5 Nicaragua

4.4.2.5.1 MFN and horizontal commitments

4.84. The GATS economic needs test for approval of FDI is lifted under the Incorporated Agreement. A number of other horizontal limitations, not included in the GATS, are listed in both incorporated Annexes; they may result from the Incorporated Agreement's wider scope and coverage. For example, Nicaragua has reserved its rights to take any measure with respect to coastal lands, islands, and riverbanks in its possession (Table 4.12).

Table 4.12 Nicaragua: Horizontal reservations

Subject	GATS	Agreement
(1/-) Personnel	Mode 4	E
(2/-) Free-zones – preferential treatment for all investors	None	E
(3/-) Sale of heritage goods – preferential treatment to the State	None	E
(4/-) Local presence	None	E
(5/-) MSMEs	None	E
(6/-) SOEs	None	E
(7/-) Government enterprises – control and senior management	None	E
(8/-) Ownership of coastal land & islands	None	E
(9/-) Coastal land & islands ownership/investment- Local presence	None	E
(10/1) Minority Affairs	None	E & CBSS
(11/2) Public utilities – public monopoly or exclusive rights	None	E & CBSS
(12/3) Social services for public purposes	None	E & CBSS
(13/3) Market access for non-services: unbound, MFN clause	None	E & CBSS
(-/4) Supply of professional services	Mode 4	CBSS
(-/5) MFN reservation as regards the Central American Economic Integration Subsystem	MFN	CBSS

CBSS Cross-border supply of services.

E Establishment.

MSMEs Micro, Small and Medium Enterprises.

Note: In brackets, the order of the horizontal reservation in Annexes X and XI, respectively.

Source: Nicaragua's GATS Draft Consolidated Schedule of Specific Commitments (S/DCS/W/NIC and its Schedules annexed to the Incorporated Agreement.

4.4.2.5.2 Sector specific commitments

4.85. The scope and depth of Nicaragua's commitments under the Agreement significantly increases liberalization for UK suppliers (Table 4.13).

Table 4.13 Nicaragua: Comparison of specific commitments in the GATS and the Incorporated Agreement

Sectors / Sub-sectors	GATS	FTA		
		Compared to GATS	Trade in services	Establishment
1. Business services				
A. Professional Services	---	New	Partial	Partial
B. Computer and Related Services	Partial	Improved	Full	Full
C. Research and Development Services	Partial	Improved	Partial	Partial
D. Real Estate Services	---	New	Full	Partial
E. Rental/Leasing Services without operators	---	New	Full	Full
F. Other Business Services	Partial	Improved	Partial	Partial

Sectors / Sub-sectors	GATS	FTA		
		Compared to GATS	Trade in services	Establishment
2. Communication services				
A. Postal services	---	Same	---	---
B. Courier services	---	New	Partial	Partial
C. Telecommunication services	Partial	Improved	Partial	Partial
D. Audiovisual services	Partial	Same	Excluded	Excluded
E. Other	---	Same	---	---
3. Construction and related engineering services				
All sub-sectors A-E	---	New	Partial	Partial
4. Distribution services				
Sub-sectors A-D	---	New	Full	Full
E. Other	---	Same	---	---
5. Education services				
All sub-sectors A-E	---	New	Partial	---
6. Environmental services				
A. Sewage services	---	Same	---	---
B. Refuse disposal services	---	New	Partial	---
C. Sanitation and similar services	---	New	Partial	---
D. Other	---	New	Partial	Partial
7. Financial services				
A. All insurance and insurance-related services	Partial	Improved	Partial	Partial
B. Banking and other financial services	Partial	Improved	Partial	Partial
8. Health related and social services				
Sub-sectors A-C	---	New	Partial	---
D. Other	---	Same	---	---
9. Tourism and travel related services				
A. Hotels and restaurants (including catering)	Partial	Lower	Full	Partial
B. Travel agencies and tour operators services	Partial	Lower	Full	Partial
C. Tourist guides services	Full	Lower	Full	Partial
D. Other	---	---	---	---
10. Recreational and cultural and sporting services				
A. Entertainment services	---	New	Partial	Partial
B. News agency services	---	New	Full	---
C. Libraries, archives, museums and other cultural services	---	New	Full	Full
D. Sporting and other recreational services	---	New	Full	Full
E. Other	---	New	Partial	Partial
11. Transport services				
A. Maritime Transport Services	---	New	Partial	Partial
B. Internal Waterways Transport	---	New	Partial	Partial
C. Air Transport Services	Partial	Improved	Partial	Partial
D. Space Transport	---	Same	---	---
E. Rail Transport Services	Partial	Improved	Partial	Partial
F. Road Transport Services	---	New	Partial	Partial
G. Pipeline Transport of goods other than fuel	---	New	Partial	Partial
H. Services auxiliary to all modes of Transport	---	New	Partial	Partial
I. Other Transport Services	---	New	Partial	Partial
12. Other services not included elsewhere	---	New	Partial	Partial
13. Energy services				
A. Services Incidental to Mining	Partial	Improved	Partial	Partial
B. Pipeline Transportation of fuels	---	New	Partial	Partial
C. Storage and warehouse services of fuels transported through pipelines	---	New	Partial	Full
D. Wholesale trade services of solid, liquid and gaseous fuels and related products and wholesale trade services of electricity, steam and hot water	---	New	Full	Full
E. Retailing Services of motor fuel	---	New	Full	Full
F. Retail sales of fuel oil, bottled gas, coal and wood and retailing services of electricity, (non-bottled) gas, steam and hot water	---	New	Full	Full
G. Services incidental to energy distribution	Partial	Lower	---	---

Note: Horizontal reservations and Mode 4 commitments/limitations not included.
Definitions in accordance with those of Table 4.3.

Source: As table above.

4.86. The sectors/sub-sectors that are fully liberalized are computer and related services; rental/leasing without operators; distribution services except "other"; libraries and sporting services; and certain energy services.

4.87. Business services are largely liberalized under the Agreement. In professional services, in some instances mode 1 requires association with a local firm. Liberalization of mode 3 is subject to reciprocity. The only limitation on R&D is a requirement for a legal representative in Nicaragua for the entire duration of R&D in the natural sciences. In other business services, security and scientific and technical consulting services remain unbound; UK suppliers of investigation services require authorization, which is also required for translation and interpretations services – and granted on the basis of reciprocity as regards conditions and requirements. Credit reporting, duplicating and telecommunications consulting services are unbound while other sub-sectors are fully liberalized.

4.88. In courier services, the only limitation applying to non-State-reserved services is the commercial presence requirement and full jurisdiction of Nicaraguan law. An MFN clause provides that any future liberalization in favour of domestic or foreign suppliers deriving from a modification of legislation shall be automatically extended to UK suppliers; as of January 2022, there have been no legal reforms in the courier services sector. A sector-wide limitation on telecommunication services requires a concession for the supply of such services that may be granted to foreign legal persons that have a commercial presence in and are fully subject to Nicaraguan law.

4.89. In construction and related engineering services, only mode 2 has been liberalized; mode 1 is unbound and mode 3 remains subject to numerous establishment requirements. Somewhat similarly mode 2 is liberalized and modes 1 and 3 are unbound for privately funded educational services and health and social services.

4.90. Environmental services remain largely uncommitted with the exception of "other services" (noise and vibration abatement, protection of biodiversity etc) – fully liberalized for mode 2, but with mode 1 liberalization only applying to consulting services. Establishment for these sub-sectors is fully liberalized with the exception of "other environmental and ancillary services".

4.91. Sector-wide financial services limitations allow Nicaragua to provide (partially or fully) preferential treatment to SOEs established with a public interest purpose and require incorporation in Nicaragua of foreign financial service suppliers other than banks or insurers. Despite remaining subject to various other limitations for modes 1-3, liberalization is improved compared to the GATS in particular through sub-sectoral coverage/liberalization commitments for mode 2 and the lifting of the general economic needs test.

4.92. Tourism services are more restricted than under the GATS, as their supply requires incorporation under Nicaraguan law and commercial presence, which are not specified in the GATS. Further, tourist guides must be Nicaraguan nationals under the Agreement but not under the GATS.

4.93. Despite numerous limitations under the Agreement in transport services, commitments are improved as compared to the GATS (limited to air and rail transport services). In particular limitations apply to passenger and cargo transportation, which may require reciprocity, majority equity and effective control by Nicaraguans, etc. In air transport services commitments are more limited than under the GATS for rental of aircraft with crew.

4.94. In energy services, there is partial liberalization with mode 1 unbound and mode 2 free, while some limitations may apply for mode 3.

4.4.2.6 Panama

4.4.2.6.1 MFN and horizontal commitments

4.95. The Incorporated Agreement maintains the GATS horizontal limitation on the acquisition of land by non-Panamanians in border areas and adds a limitation on land acquisition by foreign governments (except for an embassy). Other horizontal limitations in Table 4.14, are also included in the Incorporated Agreement. In particular, Panama reserves the right to adopt or maintain any measure in relation to the Panama Canal Authority (PCA), including that a member of its board of directors be a Panamanian national. Also new is a horizontal reservation allowing local presence or

financial guarantee requirements necessary to ensure compliance with domestic law and private contractual obligations. The GATS limitation on the percentage of foreign personnel has been lifted.

Table 4.14 Panama: Horizontal reservations

Subject	GATS	Agreement
(1/-) Public utilities – public monopoly or exclusive rights	Market access	E
(2/2) Panama Canal	None	E & CBSS
(3/-) SOEs	None	E
(4/1) Social services for public purposes	None	E & CBSS
(5/4) Minority Affairs	None	E & CBSS
(6/-) Ownership of land	None	E
(-/3) Local presence	None	CBTS

CBSS Cross-border supply of services.

E Establishment.

MSMEs Micro, Small and Medium Enterprises.

Note: In brackets, the order of the horizontal reservation in Annexes X and XI, respectively.

Source: Panama's GATS Draft Consolidated Schedule of Specific Commitments (S/DCS/W/PAN and its Schedules annexed to the Incorporated Agreement.

4.4.2.6.2 Sector specific commitments

4.96. The Incorporated Agreement expands significantly Panama's GATS specific commitments both in terms of scope and depth for UK suppliers (Table 4.15).

Table 4.15 Panama: Comparison of specific commitments in the GATS and the Incorporated Agreement

Sectors / Sub-sectors	GATS	FTA		
		Compared to GATS	Trade in services	Establishment
1. Business services				
A. Professional Services	Partial	Improved	Partial	Partial
B. Computer and Related Services	Partial	Improved	Full	Full
C. Research and Development Services	---	New	Full	Full
D. Real Estate Services	---	New	Full	Partial
E. Rental/Leasing Services without Operators	Partial	Improved	Full	Full
F. Other Business Services	Partial	Improved	Partial	Partial
2. Communication services				
A. Postal services	---	Same	---	---
B. Courier services	---	New	Full	Full
C. Telecommunication services	Partial	Improved	Partial	Partial
D. Audiovisual services	Partial	Lower	Excluded	Excluded
E. Other	---	Same	---	---
3. Construction and related engineering services				
All sub-sectors A-E	Partial	Improved	Partial	Full
4. Distribution services				
A. Commission agents' services	Full	Same	Full	Full
B. Wholesale trade services	Full	Same	Full	Full
C. Retailing services	---	New	Full	Partial
D. Franchising	Partial	Improved	Partial	Partial
E. Other	---	Same	---	---
5. Education services				
A. Primary education services	Partial	Improved	Full	Full
B. Secondary education services	Partial	Improved	Full	Full
C. Higher education services	Partial	Improved	Full	Full
D. Adult education	---	New	Full	Full
E. Other education services	---	Same	---	---
6. Environmental services				
Sub-sectors A-B-C	---	New	Partial	Full
D. Other	Partial	Improved	Partial	Partial
7. Financial services				
A. All insurance and insurance-related services	Partial	Improved	Partial	Partial
B. Banking and other financial services	Partial	Improved	Full	Full

Sectors / Sub-sectors	GATS	FTA		
		Compared to GATS	Trade in services	Establishment
8. Health related and social services				
A. Hospital services	Partial	Same	Partial	Full
B. Other Human Health Services	---	New	Partial	Full
C. Social Services	---	Same	---	---
D. Other	---	Same	---	---
9. Tourism and travel related services				
A. Hotels and restaurants (including catering)	Partial	Improved	Full	Full
B. Travel agencies and tour operators services	Partial	Improved	Full	Partial
C. Tourist guides services	---	New	Full	Full
D. Other	---	Same	---	---
10. Recreational and cultural and sporting services				
A. Entertainment services	Partial	Improved	Partial	Partial
B. News agency services	---	New	Full	Partial
C. Libraries, archives, museums and other cultural services	---	New	Partial	---
D. Sporting and other recreational services	---	New	Full	Full
E. Other	---	New	Partial	Partial
11. Transport services				
A. Maritime Transport Services ^{a,b}	---	New	Partial	Partial
B. Internal Waterways Transport	---	New	Full	Full
C. Air Transport Services ^c	Partial	Improved	Partial	Partial
D. Space Transport	---	Same	---	---
E. Rail Transport Services ^a	---	New	Full	Full
F. Road Transport Services	---	New	Partial	Partial
G. Pipeline Transport of goods other than fuel	---	New	Full	Full
H. Services auxiliary to all modes of Transport	---	New	Partial	Partial
I. Other Transport Services	---	New	Partial	Partial
12. Other services not included elsewhere	---	New	Partial	Partial
13. Energy services				
A. Services Incidental to Mining	---	New	Full	Full
B. Pipeline Transportation of fuels	---	New	Full	Full
C. Storage and warehouse services of fuels transported through pipelines	---	Same	---	---
D. Wholesale trade services of solid, liquid and gaseous fuels and related products and wholesale trade services of electricity, steam and hot water	Full	Same	Full	Full
E. Retailing Services of motor fuel	---	New	Full	Partial
F. Retail sales of fuel oil, bottled gas, coal and wood and retailing services of electricity, (non-bottled) gas, steam and hot water	---	New	Full	Partial
G. Services incidental to energy distribution	---	New	Partial	Partial

Note: Horizontal reservations and Mode 4 commitments/limitations not included. Definitions in accordance with those of Table 4.3.

- a Contrary to other Central American countries, the public utilities horizontal reservation has not been reflected in the sector-specific commitments except for a footnote. For the sake of comparison, the relevant horizontal reservation has thus been incorporated in this table.
- b Cabotage excluded for passenger and freight maritime transport services
- c On air transport services, Panama's commitments are included in business services sector (subsectors Rental/Leasing Services without Operator and Other Business Services) and in transport services sector (subsector Services auxiliary to All Modes of Transport).

Source: As table above.

4.97. The sectors/sub-sectors that are fully liberalized are computer and related services; R&D; rental/leasing without operators; courier services; commission agents and wholesale trade services; privately funded education services except "other"; banking and other financial services; hotels and restaurants and tourist guide services; sporting and other recreational services; internal waterways transport and rail transport services; services incidental to mining; pipeline transportation of fuels and other goods; and wholesale trade services of energy.

4.98. Under the Agreement, Panama expands the coverage and depth of its commitments in business services, in particular by undertaking commitments in all professional services with mode 2

fully free, and modes 1 and 3 requiring a licence for the supply of some services (e.g. engineering, veterinary). In other business services, only security services, printing and publishing and official translation and interpretation are not fully free.

4.99. In construction and related engineering services, and privately funded hospital services and other human health services, there are no mode 1 commitments while modes 2 and 3 are liberalized.

4.100. In distribution services, Panama is the only Central American Party where franchising is not fully liberalized, since it is limited to citizens of Panama. Retail services are subject to a number of mode 3 restrictions.

4.101. In financial services, commitments are undertaken on all types of insurance, though some restrictions apply – insurance companies require authorization to operate in Panama, nationality/residence requirements and domestic equity requirements of a minimum of 49%. Banking and other financial services are fully liberalized.

4.102. Under the Agreement, Panama's GATS commitments in hotels are improved to also cover restaurants and all the sub-sectors of travel agencies, tour operators and tourist guide services. The only limitation on tourism restricts travel agency services to nationals.

4.103. Transport services are largely uncommitted under the GATS. Under the Agreement, there are commitments for almost all transport services though for many the horizontal reservation on public utilities applies – e.g., use of port services and pushing and towing services. Commitments in air transport services go beyond the Agreement's scope – e.g., it fully liberalizes airport management for modes 2 and 3 – and improves GATS commitments by fully liberalizing sales and marketing of air transport services and computer reservation systems, for which there are no GATS commitments.

4.4.3 Other investment related provisions

4.104. Chapter 2 of incorporated Part IV, Title III relates to establishment. While it covers services supplied under mode 3 (commercial presence), it may also cover investment-related aspects that go beyond trade in services. Incorporated Annex X to the EU-Central America Agreement includes non-services sectors (agriculture, hunting and forestry; fishing and aquaculture; mining and quarrying and manufacturing). Moreover, Costa Rica adds to these sectors the production, transmission and distribution on own account of electricity, gas, steam and hot water. While reservations include measures such as nationality or residency requirements, or time-bound licence requirements, incorporated Annex X also binds, free of any reservation, establishment for the manufacture of certain goods, such as foods and beverage, tobacco products, and textiles

4.105. Chapter 2 further clarifies that the Parties remain free to be party to international investment agreements providing preferential treatment (Article 167) without extending these to its partners under the Agreement. Some exceptions to this non-MFN clause have been listed as commitments in the Parties' schedules (Costa Rica, El Salvador, Guatemala, Nicaragua). Incorporated Article 167 also specifies that nothing in the Agreement shall be subject, directly or indirectly, to investor-to-State dispute settlement procedures established in any of these agreements

4.106. A rendezvous clause provides for a review of the legal framework and environment for investments, as well as the flow of investment between them at regular intervals (incorporated Article 168). According to the Parties no reviews have taken place.

4.5 Regulatory provisions

4.5.1 Domestic regulation

4.107. The Agreement incorporates, and replicates, without modification, the provisions of the EU-Central America Agreement on domestic regulation. Domestic regulation in the sense of GATS Article VI in incorporated Article 179 ("Procedures", in Chapter 5 of Part IV, Title III of the Incorporated Agreement) mirrors those of the GATS, with the exception of the GATS built-in agenda for the development of further disciplines in this area.

4.5.2 Mutual Recognition

4.108. The Agreement incorporates, and replicates, without modification, the provisions of the EU-Central America Agreement on mutual recognition. It encourages the joint development of recommendations on mutual recognition by relevant professional bodies or competent authorities to the Association Committee. These recommendations would then be reviewed by the Committee to determine whether the Parties' competent authorities should be encouraged to negotiate an agreement on mutual recognition of requirements, qualifications, licences and other regulations with a view to implementing that recommendation. Any such agreement shall conform to the relevant WTO provisions and in particular GATS Article VII.

4.5.3 Subsidies

4.109. The provisions of incorporated Part IV, Title III shall not apply to subsidies granted by the Parties (incorporated Article 159.3). Under Title XII (Transparency and Administrative Procedures), the Parties may, upon request, exchange information on matters related to subsidies in services (incorporated Article 344).

4.5.4 Safeguards

4.110. Incorporated Article 349 allows the Parties to adopt or maintain temporary restrictive measures on trade in services which should however be avoided. Any such measures shall be in accordance with the provisions of the WTO and of the international Monetary Fund. Any such balance-of-payments measures shall be promptly notified to the other Party. If consultations are requested, they shall take place in the Association Committee.

4.5.5 Other

4.5.5.1 Cooperation

4.111. The Parties agree to promote mutual cooperation and technical assistance initiatives on issues related to establishment, trade in services, and e-commerce identified under Title VI of Part III of the EU-Central America Agreement

4.5.5.2 Transparency and disclosure of confidential information

4.112. The Agreement incorporates, and replicates, without modification, the provisions of the EU-Central America on transparency and disclosure of confidential information. A Party shall promptly reply to all requests by the other Party for specific information on any of its measures of general application or international agreements which pertain to or affect issues under Part IV, Title III of the Incorporated Agreement (incorporated Article 178). Each Party shall designate an enquiry point. The Parties remain free not to disclose confidential information.

4.6 Sector specific provisions on trade in services

4.6.1 Computer services

4.113. The Agreement incorporates, and replicates, without modification, the understanding in the EU-Central America Agreement on computer services. To the extent that there are commitments on trade in computer services the Parties agree to a common understanding of the coverage of CPC 84 (the UN code for describing computer and related services).

4.6.2 Courier services

4.114. The Agreement incorporates, and replicates, without modification, the provisions in Section C, Part IV, Title III of the Incorporated Agreement on courier services, as far as there are commitments by the Parties. Incorporated Article 182 requests the Parties to introduce or maintain appropriate measures for the prevention of anti-competitive practices in the courier sector. Incorporated Article 183 requires that licensing criteria, timeframe for the application's analysis and the terms and conditions of licences be made publicly available, that the reasons for denying a licence be made known to the applicant upon request, and that a right to recourse is guaranteed.

Under incorporated Article 184 the Parties agree that their regulatory bodies shall be independent from any supplier of courier services and be impartial for all market participants.

4.6.3 Telecommunication services³⁹

4.115. The Agreement incorporates, and replicates, without modification, additional provisions in Section D, Part IV, Title III of the Incorporated Agreement on telecommunications services. As in the GATS, broadcasting of radio and television programmes - covering both wireless and wired (cable) - are excluded from the Chapter's scope. It sets out the principles of the regulatory framework for public telecommunications services, other than broadcasting, in accordance with Chapters 2, 3 and 4 of Part IV, Title III of the Incorporated Agreement, which include voice telephone services, packet-switched data transmission services, circuit-switched data transmission services, telex services, telegraph services, facsimile services, private leased circuit services and mobile and personal communications services and systems.

4.116. Incorporated Articles 185-193 build upon the GATS and its Annex on Telecommunications as well as the WTO Reference Paper, to whose regulatory principles only the UK, El Salvador and Guatemala have committed. Overall, the provisions of Section D extend the Reference Paper's disciplines to the other four Central American Parties. That includes committing them, in particular, to new disciplines on interconnection; prevention of anti-competitive practices of major suppliers of public telecommunications networks and services; ensuring that enterprises have access to Parties' regulatory bodies in order to resolve disputes with other enterprises; allocation and use of scarce resources; and universal service. The disciplines on interconnection mirror those of the GATS Reference Paper. While suppliers of commercial mobile services and rural telecommunications services are not subject to these disciplines⁴⁰, the Parties are free to do so for suppliers of commercial mobile services.

4.117. Under incorporated Article 193 disputes between telecommunications suppliers on safeguards and interconnection (incorporated Articles 188 and 189), binding decisions shall be issued to resolve the dispute in the shortest possible time frame by the relevant regulatory authority, at the request of either supplier and, in accordance with the procedures established in the respective legislation.

4.6.4 Financial services

4.118. The Agreement incorporates, and replicates, without modification, the provisions of the EU-Central America Agreement on financial services.

4.119. The disciplines and definitions on financial services in Section E of Part IV, Title III, Chapter 5 of the Incorporated Agreement build upon those of the GATS and its Annex on Financial Services. In particular, it extends to Central American Parties, some of the provisions included in the Uruguay Round GATS Understanding (applying to the UK but not the Central American Parties) including for new financial services and data processing of financial information.

4.120. The new provisions extend prudential carve-outs to the maintenance of the safety, soundness, integrity or financial responsibility of financial services suppliers (incorporated Article 195:1(b)). Improved transparency is foreseen for best endeavour measures to be adopted on requirements associated with applications for supplying a service. A best endeavour clause also invites the Parties to use internationally agreed standards for regulation and supervision in the financial services sector, to address the fight against money laundering or other assets, terrorism financing, as well as tax evasion and tax avoidance.

³⁹ Under the incorporated Agreement, "telecommunications services" mean all services consisting of the transmission and reception of electro-magnetic signals through telecommunications networks and do not cover the economic activity consisting of the provision of content which requires telecommunications networks or services for its transport.

⁴⁰ Paragraphs 3, 4 and 5, do not apply with respect to suppliers of commercial mobile services, nor rural telecommunications services suppliers. For greater certainty, nothing in this Article shall be construed to preclude a Party from imposing the requirements set out in this Article on suppliers of commercial mobile services (footnote 2 to incorporated Article 189).

4.121. The list of specific exceptions to financial services (incorporated Article 199) are also in line with those in the GATS and its Annex on Financial Services.⁴¹

4.6.5 International maritime services

4.122. The Agreement incorporates, and replicates, without modification, the provisions of the EU-Central America Agreement on international maritime transport services.

4.123. Section F of Part IV, Title III, Chapter 5 of the Incorporated Agreement sets out the scope, definitions and principles regarding the respective Annexes of commitments (incorporated Article 200).

4.124. The Agreement builds on GATS provisions for international maritime services. For instance, it provides unrestricted access to international maritime markets and trade routes on a commercial and non-discriminatory basis. It also grants national treatment to ships flying the flag, or operated by service suppliers, of the other Party for access to ports (including infrastructure and auxiliary services), fees and charges, customs facilities, and the assignment of berths and facilities for loading and unloading. New cargo-sharing arrangements in future bilateral agreements with third parties are prohibited while existing arrangements are to be terminated within a reasonable period of time. Measures that are discriminatory and which constitute a disguised restriction on trade, subject to commitments and limitations in the respective Annexes are also prohibited. The right of establishment for the other Party's service suppliers is provided for in incorporated Article 165. Non-discrimination shall also be ensured as regards the offer on port services.

5 GENERAL PROVISIONS OF THE AGREEMENT

5.1 Transparency

5.1. The Agreement incorporates, and replicates, the specific provisions of the EU-Central America Agreement on transparency on publication, contact points and exchange of information, administrative proceedings and review and appeal mechanisms; and transparency in subsidies. With the exception of the latter, they largely replicate WTO provisions. The Incorporated Agreement also establishes specific transparency requirements in a number of Titles or Chapters.

5.2 Current payments and capital movements

5.2. The Agreement incorporates, and replicates, without modification, the provisions of the EU-Central America Agreement on current payments and capital movements. The Parties shall aim to liberalize current payments and capital movements between them (incorporated Article 204) and permit all payments and transfers on the current account in accordance with Articles of the IMF (incorporated Article 205). They shall also allow or ensure the free movement of capital relating to FDI in accordance with the provisions of Part IV, Title III of the Incorporated Agreement, as well as the liquidation and repatriation of these investments and of any profit stemming therefrom (incorporated Article 206). Time-bound restrictions are however possible when payments and capital movements cause or threaten to cause serious difficulties for the operation of exchange rate or monetary policy. These restrictions can be applied for one year; under extremely exceptional circumstances they can be reintroduced following coordination with the other Party.

5.3. Incorporated Article 349 allows the Parties to adopt or maintain temporary restrictive measures on current payments; these should however be avoided. Any such measures shall be in accordance with the provisions of the WTO and of the IMF. Any such balance-of-payments measures shall be promptly notified to the other Party and a time schedule for their removal must be presented as soon as possible. If consultations are requested, they shall take place in the Association Committee.

5.4. The Parties agree to consult each other with a view to facilitating the movement of capital between them in order to promote the objective of the Agreement (incorporated Article 208).

⁴¹ Article XIV(c)(i) and Annex on Financial Services list exceptions for prudential reasons; monetary, credit and exchange rate policies; and for prevention of deceptive and fraudulent practices. These exceptions are with respect to different Chapters, including Chapters 9, 11, 13 and 14.

5.3 Exceptions

5.5. The Agreement incorporates, and replicates, without modification, the provisions of the EU-Central America Agreement on exceptions. Incorporated Article 350 contains a number of exceptions related to taxation measures, while incorporated Article 357 contains a security exception. In addition, incorporated Articles 195 contain exceptions related to financial services, in particular measures maintained or introduced for prudential reasons.

5.3.1 General exceptions

5.6. Incorporated Article 158 makes Article XX of the GATT 1994 part of the Agreement. The Parties also confirm GATT XX(b)'s applicability to environmental measures necessary to protect human, animal, or plant life or health and GATT XX(g)'s applicability to measure relating to the conservation of living and non-living exhaustible natural resources. It provides for an information/examination mechanism to be activated upon request in cases of export restrictions imposed on short supply grounds. Exceptions applying to trade in services equivalent to those under GATS Article XIV are included in incorporated Article 203.

5.3.2 Security exceptions

5.7. Incorporated Article 357 contains security exceptions modelled on Articles XXI of the GATT and XIV bis of the GATS. Further, it carves out from the Incorporated Agreement government procurement indispensable for national security or for national defence purposes and makes clear that a Party is free to decide on budgetary priorities

5.3.3 Balance-of-payments safeguards

5.8. Incorporated Article 349 allows the Parties to adopt or maintain temporary restrictive measures (which should be avoided) on trade in goods. Any such measures shall be in accordance with WTO and International Monetary Fund provisions. The measures shall be promptly notified to the other Party. If consultations are requested, they shall take place in the Association Committee.

5.3.4 Taxation

5.9. The Parties may distinguish between taxpayers who are not in the same situation, in particular with regard to their place of residence or where their capital is invested. Measures aimed at preventing the avoidance or evasion of taxes in the context of agreements to avoid double taxation, other tax arrangements or domestic tax law may be taken by a Party. Moreover, the rights and obligations of the Parties under any tax agreement remain reserved. In the event of any inconsistency between the provisions on trade of the Incorporated Agreement and any such agreement, the latter shall prevail to the extent of the inconsistency (Incorporated Article 350).

5.4 Accession and withdrawal

5.10. Accessions to the Agreement may take place in the context of accession to the Central American integration process. The Association Committee is to be informed of a request for accession. The Parties shall exchange relevant information and take into account views provided (incorporated Article 359). The effect of any such accession shall be examined in the Association Committee, which shall decide on any necessary adjustment or transition measures.

5.11. Article 10 (paragraph 4) clarifies that a Party may terminate the application of the Agreement (or provisions of it), by written notice, with termination taking effect on the first day of the second month following the date of the notification.

5.5 Institutional framework

5.12. The Agreement incorporates, and replicates, with minor modifications⁴², the institutional framework of the EU-Central America Agreement. Article 8 introduces further provisions in relation to the Association Council and Association Committee, to ensure that the Agreement operates properly and the incorporation *mutatis mutandis* of applicable decisions taken before the signature of the Agreement by the Association Council or Association Committee under the EU-Central America Agreement.

5.13. The Agreement's institutional framework is incorporated in Part I, Title II. Its governing body is the Association Council which is assisted by the Association Committee (incorporated Article 7). The Association Committee is responsible for the general implementation of the Agreement; Decisions and recommendations are taken by mutual agreement between the Parties; consensus is required among the Central American Parties. If empowered by the Association Council, the Association Committee can take decisions on its behalf. The Association Committee meets at least once a year in sessions dealing with Part IV of the Incorporated Agreement (incorporated Article 346). Other Sub-Committees established under the Agreement have been referred to elsewhere in this Factual Presentation.

5.6 Dispute settlement

5.14. The Agreement incorporates, and replicates, without modification, the provisions of the EU-Central America Agreement on dispute settlement under Title X, concerning the interpretation or application of Part IV (on trade) of the Incorporated Agreement. In addition, there is a mediation mechanism for non-tariff measures under Title XI of Part IV of the Incorporated Agreement.

5.15. Disputes may concern the interpretation or application of the provisions on trade, except as otherwise expressly provided (incorporated Article 309.1). Non-violation complaints are not covered. Dispute settlement cannot be invoked for matters related to anti-dumping and countervailing measures; multilateral/global safeguards; final decisions issued by a national or regional competent authority regarding the registration or protection of a geographical indication; trade and competition; trade and sustainable development; commitments on regional integration assumed by a Central American Party; transparency in subsidies; and the Protocol on Cultural Cooperation.

5.16. Consultations and panel procedures may be initiated by or brought against a single or more Central American Party(ies), depending on if the alleged violation is similar in all relevant legal and factual aspects. The Parties may agree that the Panel suspends its work for a period not exceeding 12 months.⁴³ In addition, termination of proceedings is possible at any time if the Parties find a mutually satisfactory solution to the dispute (incorporated Article 324).

5.17. Forum shopping is provided for in incorporated Article 326, with the forum deemed to have been selected upon the request to establish a Panel under the Incorporated Agreement, or, upon the establishment of the Panel in the WTO.

5.18. The Panel ruling shall be issued within 120 days from its establishment (60 days in cases of urgency) or extended to 150 days (unless exceptional circumstances apply) (incorporated Article 313). Panel recommendations shall be implemented without undue delay although a reasonable period of time may be granted, either by mutual agreement or by determination of the Panel. In case of disagreement between the disputing Parties regarding the implementation of the ruling, the original Panel shall rule on the matter and notify its ruling within 45 days of the submission of the written request by the complaining Party (incorporated Article 316).

⁴² For instance, the maximum time between two meetings of the Association Council at ministerial level goes from two years to four years, and the establishment of an Association Parliamentary Committee is left up to the Parties. Unlike under the EU-Central America Agreement, the Agreement does not establish a Joint Consultative Committee as a consultative body of the Association Council.

⁴³ The terms of reference of the Panel shall lapse if the Panel procedure had been suspended for more than twelve months (without prejudice to the complaining Party's right to request consultations and the establishment of a Panel on the same matter at a later stage), unless the suspension is the result of attempts in good faith at reaching a mutually satisfactory solution pursuant to Article 324 of the Incorporated Agreement (incorporated Article 327.3).

5.19. Failure to comply with the Panel ruling opens the door to compensation to be mutually agreed. Should no compensatory agreement be found, the affected Party may suspend obligations temporarily until compliance is restored, or the dispute is otherwise settled. The UK shall endeavour to exercise appropriate moderation in suspending benefits, taking into consideration, the likely impact on the economy and level of development of the Party complained against, and opt for measures conducive to bringing the Party complained against into compliance, and least likely to adversely affect the attainment of the objectives of the Incorporated Agreement.

5.20. The level of suspension of obligations may be challenged by the Party complained against by submitting a written request to the original Panel to rule on the matter. The original Panel will issue its report within 30 days of the date of the submission of the written request (or 45 days where the original Panel, or some of its members are unable to reconvene). Panel rulings may not be appealed.

5.21. The Mediation Mechanism for Non-tariff Measures, which applies in cases where these measures adversely affect trade between the Parties under Part IV of the Incorporated Agreement, applies bilaterally between the UK, and each of the Central American Parties. It is confidential and does not apply to matters arising under the rules on trade and sustainable development, regional economic integration, integration process of the Central American Parties, matters in which dispute settlement procedures have been excluded, and provisions of an institutional nature. The Mediation Mechanism provides for the selection of a Mediator and for the implementation of a mutually agreed solution. The procedure shall normally be completed within 60 days from the date of the appointment of the Mediator. It may be discontinued at any stage by mutual agreement between the Parties. It does not exclude recourse to the dispute settlement mechanism.

5.7 Relationship with other agreements concluded by the parties

5.22. The Agreement is based on the EU-Central America Agreement and, as indicated above, it incorporates most of its provisions. In addition, in the Preamble of the Incorporated Agreement and in incorporated Article 77, the Parties affirm their rights and obligations with respect to each other under the WTO Agreement and other agreements to which they are party.

5.23. Table 5.1 below shows the Parties' RTAs in force, notified and non-notified, other than the Agreement.

Table 5.1 The United Kingdom and Central America: Participation in other RTAs (notified and non-notified in force), as of as of 23 May 2023

RTA Name	Date of entry into force ^a	Coverage	GATT/WTO Notification	
			Year	WTO Provision
UNITED KINGDOM				
United Kingdom – Iceland, Liechtenstein and Norway	01-Dec-21	Goods & Services	2021	GATT Art. XXIV & GATS Art. V
United Kingdom – Mexico	01-Jun-21	Goods & Services	2021	GATT Art. XXIV & GATS Art. V
United Kingdom - Serbia	20-May-21	Goods & Services	2021	GATT Art. XXIV & GATS Art. V
United Kingdom - Albania	03-May-21	Goods & Services	2021	GATT Art. XXIV & GATS Art. V
United Kingdom - Jordan	01-May-21	Goods	2021	GATT Art. XXIV
United Kingdom - Ghana	05-Mar-21	Goods	2021	GATT Art. XXIV
EU – United Kingdom	01-Jan-21	Goods & Services	2021	GATT Art. XXIV & GATS Art. V
United Kingdom - Cameroon	01-Jan-21	Goods	2020	GATT Art. XXIV
United Kingdom - Canada	01-Jan-21	Goods	2020	GATT Art. XXIV
	01-Apr-21	Services	2021	GATS Art. V
United Kingdom - CARIFORUM States	01-Jan-21	Goods & Services	2020	GATT Art. XXIV & GATS Art. V
United Kingdom – Chile	01-Jan-21	Goods & Services	2020	GATT Art. XXIV & GATS Art. V
United Kingdom – Colombia, Ecuador and Peru	01-Jan-21	Goods & Services	2020	GATT Art. XXIV & GATS Art. V
United Kingdom - Côte d'Ivoire	01-Jan-21	Goods	2020	GATT Art. XXIV

RTA Name	Date of entry into force ^a	Coverage	GATT/WTO Notification	
			Year	WTO Provision
United Kingdom - Eastern and Southern Africa States	01-Jan-21	Goods	2020	GATT Art. XXIV
United Kingdom - Egypt	01-Jan-21	Goods	2020	GATT Art. XXIV
United Kingdom - Faroe Islands	01-Jan-21	Goods	2020	GATT Art. XXIV
United Kingdom - Georgia	01-Jan-21	Goods & Services	2020	GATT Art. XXIV & GATS Art. V
United Kingdom - Israel	01-Jan-21	Goods	2020	GATT Art. XXIV
United Kingdom - Japan	01-Jan-21	Goods & Services	2020	GATT Art. XXIV & GATS Art. V
United Kingdom - Kenya	01-Jan-21	Goods	2020	GATT Art. XXIV
United Kingdom - Kosovo ^b	01-Jan-21	Goods	2020	GATT Art. XXIV
United Kingdom - Lebanon	01-Jan-21	Goods	2020	GATT Art. XXIV
United Kingdom - Morocco	01-Jan-21	Goods	2020	GATT Art. XXIV
United Kingdom - North Macedonia	01-Jan-21	Goods & Services	2020	GATT Art. XXIV & GATS Art. V
United Kingdom - Pacific States	01-Jan-21	Goods	2020	GATT Art. XXIV
• <i>United Kingdom - Pacific States - Accession of Samoa</i>	01-Jan-21	Goods	2020	GATT Art. XXIV
• <i>United Kingdom - Pacific States - Accession of Solomon Islands</i>	01-Jan-21	Goods	2020	GATT Art. XXIV
United Kingdom - Palestine	01-Jan-21	Goods	2020	GATT Art. XXIV
United Kingdom - Republic of Korea	01-Jan-21	Goods & Services	2020	GATT Art. XXIV & GATS Art. V
United Kingdom - Republic of Moldova	01-Jan-21	Goods & Services	2020	GATT Art. XXIV & GATS Art. V
United Kingdom - SACU and Mozambique	01-Jan-21	Goods	2021	GATT Art. XXIV
United Kingdom - Singapore	01-Jan-21	Goods & Services	2020	GATT Art. XXIV & GATS Art. V
United Kingdom - Switzerland - Liechtenstein	01-Jan-21	Goods	2020	GATT Art. XXIV
United Kingdom - Tunisia	01-Jan-21	Goods	2020	GATT Art. XXIV
United Kingdom - Türkiye	01-Jan-21	Goods	2020	GATT Art. XXIV
United Kingdom - Ukraine	01-Jan-21	Goods & Services	2020	GATT Art. XXIV & GATS Art. V
United Kingdom - Viet Nam	01-Jan-21	Goods & Services	2020	GATT Art. XXIV & GATS Art. V
CENTRAL AMERICA - COLLECTIVELY				
Republic of Korea - Central America (<i>all CACM Member States, except Guatemala</i>)	01-Oct-19 ^c	Goods & Services	2021	GATT Art. XXIV & GATS Art. V
EFTA - Central America (Costa Rica and Panama)	19-Aug-14 ^d	Goods & Services	2014	GATT Art. XXIV & GATS Art. V
EU - Central America (<i>all CACM Member States</i>)	01-Aug-13 ^e	Goods & Services	2013	GATT Art. XXIV & GATS Art. V
Mexico - Central America (<i>all CACM Member States, except Panama</i>)	01-Sep-12 ^f	Goods & Services	2014	GATT Art. XXIV & GATS Art. V
Dominican Republic - Central America - United States Free Trade Agreement (CAFTA-DR) (<i>all CACM Member States, except Panama</i>)	01-Mar-06 ^g	Goods & Services	2006	GATT Art. XXIV & GATS Art. V
Panama - Central America	11-Apr-03 ^h	Goods & Services	2005	GATT Art. XXIV & GATS Art. V
Chile - Central America (<i>all CACM Member states, except Panama</i>)	15-Feb-02 ⁱ	Goods & Services	2002	GATT Art. XXIV & GATS Art. V
Dominican Republic - Central America (<i>all CACM Member States, except Panama</i>)	04-Oct-01 ^j	Goods & Services	2012	GATT Art. XXIV & GATS Art. V
Central American Common Market (CACM)	04-Jun-61	Goods	1961	GATT Art. XXIV
• <i>CACM - Accession of Panama</i>	06-May-13	Goods	2017	GATT Art. XXIV

RTA Name	Date of entry into force ^a	Coverage	GATT/WTO Notification	
			Year	WTO Provision
Treaty on Investment and Trade in Services (TICS) (El Salvador, Guatemala and Honduras)	20-07-08 ^k	Services	Not notified	
COSTA RICA				
Costa Rica - Colombia	01-Aug-16	Goods & Services	2016	GATT Art. XXIV & GATS Art. V
Costa Rica - Singapore	01-Jul-13	Goods & Services	2013	GATT Art. XXIV & GATS Art. V
Costa Rica - Peru	01-Jun-13	Goods & Services	2013	GATT Art. XXIV & GATS Art. V
China - Costa Rica	01-Aug-11	Goods & Services	2012	GATT Art. XXIV & GATS Art. V
Canada - Costa Rica	01-Nov-02	Goods	2003	GATT Art. XXIV
Costa Rica - Bolivarian Republic of Venezuela [LAIA, AAP.A25 TM 26]	09-Jul-86	Goods	2020	Enabling Clause - Changes to LAIA TM 80
CARICOM - Costa Rica	15-Nov-05	Goods	Not notified	
EL SALVADOR				
El Salvador - Ecuador	16-Nov-17	Goods	2018	Enabling Clause
El Salvador - Cuba	01-Aug-12	Goods	2013	Enabling Clause
Colombia - Northern Triangle (El Salvador, Guatemala, Honduras)	01-Feb-10	Goods & Services	2012	GATT Art. XXIV & GATS Art. V
GUATEMALA				
Ecuador - Guatemala [LAIA, AAP.A25 TM 42]	19-Feb-13	Goods	2020	Enabling Clause - Changes to LAIA TM 80
Colombia - Northern Triangle (El Salvador, Guatemala, Honduras)	12-Nov-09	Goods & Services	2012	GATT Art. XXIV & GATS Art. V
Guatemala - Chinese Taipei	01-Jul-06	Goods & Services	2011	GATT Art. XXIV & GATS Art. V
Guatemala – Cuba [LAIA, AAP.A25 TM 36]	12-Apr-00	Goods	2020	Enabling Clause - Changes to LAIA TM 80
Mexico – Guatemala [LAIA, AAP.A25 TM 37]	05-Dec-00	Goods	2020	Enabling Clause - Changes to LAIA TM 80
Guatemala - Bolivarian Republic of Venezuela [LAIA, AAP.A25 TM 23]	06-Feb-86	Services Goods	2020	Not notified Enabling Clause - Changes to LAIA TM 80
Belize - Guatemala	04-Apr-10	Goods	Not notified	
HONDURAS				
Peru - Honduras	01-Jan-17	Goods & Services	2018	GATT Art. XXIV & GATS Art. V
Canada - Honduras	01-Oct-14	Goods & Services	2015	GATT Art. XXIV & GATS Art. V
Colombia - Northern Triangle (El Salvador, Guatemala, Honduras)	27-Mar-10	Goods & Services	2012	GATT Art. XXIV & GATS Art. V
Honduras - Chinese Taipei	15-Jul-08	Goods & Services	2010	GATT Art. XXIV & GATS Art. V
Honduras - Bolivarian Republic of Venezuela [LAIA, AAP.A25 TM 16]	14-May-86	Goods	2020	Enabling Clause - Changes to LAIA TM 80
NICARAGUA				
Ecuador - Nicaragua [LAIA, AAP.A25 TM 45]	19-Nov-17	Goods	2022	Enabling Clause - Changes to LAIA TM 80
Cuba – Nicaragua [LAIA, AAP.A25 TM 44]	09-Oct-14	Goods	2022	Enabling Clause - Changes to LAIA TM 80
Plurinational State of Bolivia, Cuba, Nicaragua and Bolivarian Republic of Venezuela [LAIA, AAP.CE 70]	30-Jan-14	Goods	2020	Enabling Clause - Changes to LAIA TM 80
Nicaragua - Bolivarian Republic of Venezuela [LAIA, AAP.A25 TM 25]	26-Feb-92	Goods	2020	Enabling Clause - Changes to LAIA TM 80
Global System of Trade Preferences among Developing Countries (GSTP)	19-Apr-89	Goods	1989	Enabling Clause

RTA Name	Date of entry into force ^a	Coverage	GATT/WTO Notification	
			Year	WTO Provision
Colombia – Nicaragua [LAIA, AAP.A25 TM 6]	02-Sep-85	Goods	2020	Enabling Clause - Changes to LAIA TM 80
PANAMA				
Mexico - Panama	01-Jul-15	Goods & Services	2016	GATT Art. XXIV & GATS Art. V
Canada - Panama	01-Apr-13	Goods & Services	2013	GATT Art. XXIV & GATS Art. V
United States - Panama	31-Oct-12	Goods & Services	2012	GATT Art. XXIV & GATS Art. V
Panama - Peru	01-May-12	Goods & Services	2012	GATT Art. XXIV & GATS Art. V
Panama – Cuba [LAIA, AAP.CE 71]	20-Aug-09	Goods	2020	Enabling Clause - Changes to LAIA TM 80
Panama - Chile	07-Mar-08	Goods & Services	2008	GATT Art. XXIV & GATS Art. V
Panama - Singapore	24-Jul-06	Goods & Services	2007	GATT Art. XXIV & GATS Art. V
Panama - Chinese Taipei	01-Jan-04	Goods & Services	2009	GATT Art. XXIV & GATS Art. V
Colombia – Panama [LAIA, AAP.A25 TM 29]	01-Jan-95	Goods	2020	Enabling Clause - Changes to LAIA TM 80
Panama - Dominican Republic	08-Jun-87	Goods	2016	Enabling Clause
Panama - Israel	01-Jan-20	Goods & Services	Not notified	
Panama - Trinidad and Tobago	04-Jul-16	Goods	Not notified	
LAIA - Accession of Panama	03-May-12	Goods	Not notified	

- a Dates of the first entry into force/provisional application for at least one of the Parties.
- b Reference to Kosovo in this table shall be understood to be in the context of the United Nations Security Council resolution 1244 (1999).
- c Dates of entry into force: Honduras, Nicaragua: 01 Oct 19; Costa Rica: 01 Nov 19; El Salvador: 01 Jan 20; Panama: 01 Mar 21.
- d Dates of entry into force: Costa Rica, Panama and Norway: 19 Aug 14; Costa Rica, Panama, Liechtenstein and Switzerland: 29 Aug 14; Costa Rica, Panama and Iceland: 5 Sept 14.
- e Dates of entry into force: EU, Honduras, Nicaragua and Panama: 1 Aug 13; Costa Rica and El Salvador: 1 Oct 13; Guatemala: 1 Dec 13.
- f Dates of entry into force: El Salvador, Nicaragua: 01 Sep 12; Honduras: 01 Jan 13; Costa Rica: 01 Jul 13; Guatemala: 01 Sept 13.
- g Dates of entry into force: El Salvador, the United States: 01 Mar 06; Honduras, Nicaragua: 01 Apr 06; Guatemala: 01 Jul 06; the Dominican Republic: 01 Mar 07; Costa Rica: 01 Jan 09.
- h The bilateral Protocols to the Free Trade Agreement between Panama and Central America have been notified to the WTO separately. Dates of entry in force: El Salvador: 11 Apr 03; Costa Rica: 23 Nov 08; Honduras: 09 Jan 09; Guatemala: 20 Jun 09; Nicaragua: 21 Nov 09.
- i The bilateral Protocols to the Free Trade Agreement between Chile and Central America have been notified to the WTO separately. Dates of entry in force: Costa Rica: 15 Feb 02; El Salvador: 01 Jun 02; Honduras: 19 Jul 08; Guatemala: 23 Mar 10; Nicaragua: 19 Oct 12.
- j Dates of entry into force: El Salvador: 4 Oct 01; Guatemala: 15 Oct 01; Honduras: 19 Dec 01; Costa Rica: 7 Mar 02; Nicaragua: 3 Sep 02.
- k Date of entry into force of the Protocol that modifies the TICS. El Salvador, Honduras: 20-Jul-08, Guatemala: 31-Mar-10.
- Note: The LAIA reference is indicated in brackets for some RTAs notified as a change to LAIA's TM 80. Further details can be found at: <http://aladi.org>.
- Source: WTO Secretariat. Further information including on dates of entry into force/provisional application may be found in the WTO Database on RTAs: <http://rtais.wto.org>.

5.8 Government procurement

5.24. The Agreement incorporates, and replicates, with some modifications⁴⁴, the provisions of the EU-Central America Agreement on government procurement. The incorporated Annex XVI to the EU-Central America Agreement, contains the Parties' commitments on covered entities and thresholds.

5.25. Among the Parties, only the UK is a signatory to the WTO Government Procurement Agreement (GPA); Costa Rica and Panama are observers. The Parties' thresholds generally reflect those of the UK under the GPA and are SDR 130,000 for goods and services and SDR 5 million for construction services for Central Entities; the thresholds are higher for goods and services for sub-central entities at SDR 355,00 (compared to SDR 200,000 under the GPA) and SDR 5 million for construction services for sub-central entities. Thresholds for other entities range from SDR 200,000 to SDR 400,000 for goods and services, and SDR 5 million (to SDR 7 million for Panama) for construction services.

5.26. Government procurement provisions, addressed in Part III, Title V of the Incorporated Agreement, are largely based on UK provisions under the WTO GPA, with some adjustments.

5.27. The scope of Part III, Title V of the Incorporated Agreement is defined in incorporated Article 210. It includes procurement by government entities (central, sub-central and others), listed in the Parties' Schedules included in Appendix 1 to the incorporated Annex XVI, of goods, services or any combination thereof.

5.9 Intellectual property rights

5.28. The Agreement incorporates, and replicates, with some modifications⁴⁵, the provisions of the EU-Central America Agreement on intellectual property.

5.29. Part IV, Title VI of the Incorporated Agreement covers intellectual property, and ensures adequate and effective implementation of international treaties on intellectual property to which the Parties are party, including the WTO Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS).

5.30. MFN and national treatment are provided for in accordance with the relevant TRIPS provisions (incorporated Article 230). The Parties are free to establish their own regimes on the exhaustion of intellectual property rights, subject to the provisions of the TRIPS Agreement (incorporated Article 232).

5.31. Transfer of technology provisions (incorporated Article 231) allow the Parties to take appropriate measures to prevent or control licensing practices or conditions pertaining to intellectual property rights which may adversely affect the international transfer of technology and that constitute an abuse of intellectual property rights by right holders or of obvious asymmetries of information in the negotiation of licences. The exchange of experiences and information on transfer of technology is encouraged; areas for such cooperation are identified in incorporated Article 55.

5.32. The protection granted under the Agreement to all types of intellectual property rights, including any exceptions that might be provided for, mirror those of the TRIPS Agreement. However, some disciplines differ from TRIPS or are new, as summarized below.

5.33. On copyright and related rights (incorporated Articles 233-237), the Parties shall comply with a number of international treaties⁴⁶. Authors' rights shall be protected for 70 years. (50 years under the TRIPS Agreement). In terms of the collective management of rights, the Parties recognise the

⁴⁴ In Appendix I of Annex XVI to the Incorporated Agreement, institutions relating to specific countries which are not part of the Agreement or to the EU shall not be incorporated into the Agreement.

⁴⁵ Annex XVII to the Incorporated Agreement is replaced.

⁴⁶ The International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organisations (Rome, 1961) (Rome Convention); the Berne Convention for the Protection of Literary and Artistic Works (1886, lastly amended in 1979) (Berne Convention); the World Intellectual Property Organisation Copyright Treaty (Geneva, 1996) (WCT); and the World Intellectual Property Organisation Performances and Phonograms Treaty (Geneva, 1996) (WPPT).

importance of the collecting societies, and the establishment of arrangements between them. The Agreement provides performers and producers of phonograms with a single equitable remuneration right for the broadcasting and communication to the public of their phonograms published for commercial purposes. In the absence of an agreement between performers and producers of phonograms, the Parties may establish the conditions under which such remuneration is to be shared between the two categories of right holders.

5.34. On trademarks (incorporated Articles 238-241), disciplines address registration procedures, and the Agreement makes clear that the provision on well-known trademarks may apply to unregistered well known trademarks.

5.35. On geographical indications (GIs) (incorporated Articles 244-250), the Parties shall maintain systems for the protection of GIs in their legislation. GIs listed in incorporated Annex XVII shall be processed according to the applicable procedures of the UK, once such an application for protection has been submitted. Protected GIs are included in the Annex XVIII to the Incorporated Agreement, as modified⁴⁷, in accordance with incorporated Articles 246 and 247. Following successful examination, additional GIs for wines, spirits, agricultural products and foodstuffs shall be included in the incorporated Annex XVIII to the Incorporated Agreement, as modified⁴⁸. The Agreement's dispute settlement does not apply to the registration or protection of a GI (incorporated Article 250).

5.36. On industrial designs (incorporated Articles 251-257), the Agreement is more specific on requirements for protection, rights conferred and invalidity or refusal of registration. The duration of protection shall be at least 10 years as under the TRIPS Agreement, and may be renewed for one or more periods of five years each, up to the maximum term of protection established in each Party's legislation; if unregistered designs are protected, the duration shall be at least three years. The Agreement makes clear that a design protected by a design right and registered in a Party may also be copyright-protected.

5.37. On patents, under incorporated Article 258 the Parties shall comply with the Budapest Treaty on the International Recognition of the Deposit of Micro-Organisms for the Purposes of Patent Procedure. A best endeavour clause invites the UK to comply with the Patent Law Treaty while Central American Parties shall make reasonable efforts to ratify or accede to it. The Parties are to protect plant varieties by patents or by an effective sui generis system or by any combination thereof (incorporated Article 259), mirroring Article 27.3(b) of the TRIPS Agreement.⁴⁹ Exceptions to plant breeders' exclusive rights are allowed.

5.38. The Agreement's dispute settlement does not apply to the registration or protection of a GI (incorporated Article 250). Any claim against the protection of a geographical indication shall be brought before the available judicial instances established in accordance with the national legislation of each Party.

5.39. The provisions on enforcement of intellectual property rights (incorporated Articles 260-273), complement the TRIPS Agreement. Under the Incorporated Agreement, enforcement measures, procedures and remedies shall be fair, proportionate and equitable. The right to recourse to enforcement provisions is extended to federations and associations as well as exclusive licensees and other duly authorized licensees, and provisional measures for preserving relevant evidence about any alleged infringement are specified. Provisional and precautionary measures are authorized and both provisional and precautionary measure shall be executed expeditiously. Corrective measures are further specified (incorporated Article 266) and there is a provision regarding

⁴⁷ The geographical indication (GI) for Irish Cream covers liqueur produced in the territory of Ireland and Northern Ireland. This shall not be deemed to modify any existing rights in relation to such GIs protected in each of the Central American Republics. The same approach is taken for Irish whiskey/ Uisce Beathe Eireannach/Irish whisky/whiskey produced on the territory of Ireland and Northern Ireland. Other GIs, listed in Part A of Annex XVIII to the Incorporated Agreement, relating to specific countries which are not part of the Agreement shall not be incorporated into the Agreement.

⁴⁸ Annex XVII to the EU-Central America Agreement is replaced by a shorter list covering coffee and cheese for Nicaragua.

⁴⁹ The UK has implemented this obligation when it was a member state of the EU and has maintained them since. Costa Rica grants protection to plant varieties through a sui generis system, according to Law 8631 Protection of Plant Varieties. For El Salvador, protection is granted through patents under the Intellectual Property Law and for Guatemala under Decree 57-2000, Law of Industrial Property. Honduras indicates the corresponding law is in force.

"presumption of ownership" in incorporated Article 270. The scope of border measures relating to the importation of counterfeit trademark and pirated copyright goods covers their importation, exportation, re-exportation, entry into or exit from the customs territory and the placement under a suspensive procedure or placement under a free zone or a free warehouse of goods infringing trademarks, or copyrights. The rights and duties of importers under Section 4 of Part III of the TRIPS Agreement are accordingly extended to the exporter or the holder of the goods. Further, Parties shall provide that their competent authorities may initiate border measures *ex officio* in the cases of import, export and transit. Article 272 limits the liabilities of services providers as currently foreseen in the Parties' national legislation.

5.40. A Sub-Committee on Intellectual Property is established (incorporated Article 274).

5.10 Competition

5.41. The Agreement incorporates, and replicates, with minor modifications, the provisions of the EU-Central America Agreement on trade and competition. The provisions in Part IV, Title VII of the Incorporated Agreement (incorporated Articles 277-283) require the Parties to adopt or maintain and enforce competition laws which effectively address anticompetitive practices, and to establish or maintain competition authorities designated and appropriately equipped for the transparent and effective implementation of competition laws. Transition periods for the adoption of national competition laws and the designation of a competent authority (incorporated Article 279.2 and 279.3), and, in the case of the Central American Economic Integration Subsystem, the adoption of common competition regulations and the designation of a Central American competition body (incorporated Article 279.2) had lapsed before the entry into force of the Agreement.⁵⁰

5.42. While under the Incorporated Agreement, there is no provision for the exchange of confidential information, the exchange of non-confidential information and enforcement cooperation is regulated in incorporated Article 281. Cooperation and technical assistance are also foreseen (incorporated Article 52).

5.43. The Incorporated Agreement's dispute settlement mechanism does not apply to the provisions of the Incorporated Agreement on trade and competition (incorporated Article 283).

5.44. In a new Joint Declaration on trade and competition the Parties agree that a Central American Competition Regulation and a Central American Competition Body shall be established by the Central American Party. The content of such a Central American Competition Regulation or the form or powers of a Central American Competition Body are for the Central America Party to determine. According to the Central American Parties, a Technical Competition Group was formed to draft the Central American Competition Regulations, which gave rise to the Central American Competition Committee. With the creation of this Committee, the process of institutional consolidation and co-operation and co-ordination in advocacy among the region's competition authorities began.⁵¹

5.11 State-owned enterprises and designated monopolies

5.45. Incorporated Article 280 on "public enterprises and enterprises entrusted with special or exclusive rights including designated monopolies" provides that nothing in Part IV, Title VII of the Incorporated Agreement prevents a Party from designating or maintaining public enterprises, enterprises entrusted with special or exclusive rights or monopolies according to their respective national laws. Any such entity shall be subject to competition laws insofar as their application does not obstruct the performance, in law or in fact, of the particular tasks assigned to them by a Party and shall ensure that no discrimination is exercised by such entities as regards the conditions under which goods or services are purchased or sold, both in terms of natural or legal persons and of originating goods from either of the Parties.

⁵⁰ As of January 2022, Guatemala had not yet adopted a competition law, while a Central American Regulation on Competition had been adopted in 2020 and is in force since 20 March 2021 (Resolution 441-2020 (COMIECO-XCII), adopted on 10 December 2020).

⁵¹ COMIECO Resolution No. 441-2020 dated 10/12/2020, in which the Central American Competition Regulation was approved, establishing the Central American Competition Committee.

5.46. The Parties reserve their rights and obligations relating to Title V (Government Procurement of Part IV of this Agreement).

5.47. The Incorporated Agreement's dispute settlement mechanism does not apply to any of the provisions under Incorporated Title VII including for public enterprises and enterprises entrusted with special or exclusive rights including designated monopolies (incorporated Article 283).

5.12 Environment and labour

5.48. The Agreement incorporates, and replicates, without modification, the provisions of the EU-Central America Agreement on trade and sustainable development, which cover, inter alia, the right to regulate and the levels of domestic environmental and labour protection; multilateral environmental standards and agreements; and multilateral labour standards and agreements; trade favouring sustainable development; trade in forest products; trade in fish products; and upholding levels of protection afforded in domestic environmental and labour laws.

5.49. Under incorporated Article 285, the Parties reaffirm their rights to set their own sustainable development priorities and to establish their own levels of domestic environmental and social protection, consistent with internationally recognized agreements on standards to which they are signatories, as listed in incorporated Articles 286 and 287. They shall strive to improve those laws and policies, provided they are not applied in a manner that would constitute a means of arbitrary or unjustifiable discrimination between them or a disguised restriction on international trade. The Parties stress that labour standards should never be invoked or otherwise used for protectionist trade purposes and that the comparative advantage of any Party should not be questioned. They also commit to consult and cooperate as appropriate, on trade-related labour issues of mutual interest. Nothing in the Agreement shall prevent the adoption or enforcement by any Party of measures to implement the agreements referred to in incorporated Article 287, provided that such measures are not applied in a manner which would constitute a means of arbitrary or unjustifiable discrimination between them or a disguised restriction on international trade.

5.50. The Incorporated Agreement contains provisions on upholding levels of environmental and labour protection; the need to take into account scientific information to establish appropriate measures of protection; the importance of reviews of sustainable impact (incorporated Articles 291-293). Best endeavour provisions in incorporated Article 288 encourages the development of trade schemes and practices favouring sustainable development and invite the Parties to work together towards that aim.

5.51. Trade in fishery products is addressed by a three-pronged commitment (incorporated Article 290) to implement multilaterally agreed rules aimed at the conservation of fish stocks and sustainable trade in fishery resources, including under the FAO Agreement on Port State Measures to Prevent, Deter and Eliminate Illegal, Unreported and Unregulated (IUU); to cooperate in preventing IUU fishing; and to exchange relevant scientific and non-confidential trade. In its Unilateral Declaration on the incorporated Article 290 "Trade in Fish Products" of Part IV, Title VIII (*Trade and Sustainable Development*) of the Incorporated Agreement, El Salvador subscribes to incorporated Article 290 without prejudice to its own legal status in regard to the United Nations Convention on the Law of the Sea and Annexes.⁵² Under incorporated Article 289 on trade in forest products, the Parties commit to work together to improve forest law and enforcement and governance and to promote trade in legal and sustainable forest products.

5.52. Incorporated Articles 294 to 301, establish institutional and monitoring mechanisms. They provide for a Civil Society Dialogue Forum with balanced representation by environmental, economic and social stakeholders; government consultations; the potential intervention of the Board on Trade and Sustainable Development; and, if appropriate, the formation of a Panel of Experts which if convened, shall present an initial and a final report with recommendations to resolve the matter. Taking into consideration the final report, the Parties shall discuss appropriate measures to be implemented including, where appropriate, cooperation to support their implementation. The Party to which the measures are addressed will then inform the Board of Trade and Sustainable Development about its intentions concerning the report including, where appropriate, through an action plan. Under the Joint Declaration on the civil society dialogue forum attached to the Agreement, the Parties will continue to assess the operation of the Civil Society Dialogue Forum

⁵² El Salvador has not ratified the Convention.

through the Board on Trade and Sustainable Development, in furtherance of their shared commitment to sustainable development.

5.53. The Agreement's dispute settlement mechanism does not apply to provisions on trade and sustainable development (incorporated Article 284:4).

5.13 Electronic commerce

5.54. The Agreement incorporates, and replicates, without modification, the provisions of the EU-Central America Agreement on Electronic commerce (e-commerce).

5.55. In the incorporated Agreement, the Parties, reaffirming their commitments under the WTO Agreements, lay down the necessary provisions for cooperation on electronic commerce (incorporated Article 159). The Agreement also prohibits the imposition of customs duties on deliveries by electronic means (incorporated Article 201). Moreover, the Parties agree to maintain a dialogue and cooperate on regulatory issues arising from electronic commerce.

5.14 Small and medium-sized enterprises

5.56. Micro, Small and Medium Enterprises (MSMEs) are addressed under incorporated Part III (on cooperation). Incorporated Article 70 recognizes their contribution to social cohesion and lists a number of cooperation actions.

ANNEX 1

INDICATORS OF TRADE LIBERALIZATION UNDER THE AGREEMENT

1. The following tables present tariff liberalization under the Agreement. A comparison is made between these tariffs and the MFN tariffs that are applicable to these products. Tariff-related market access conditions for trade between the UK and Central American countries applicable at the entry into force of the Agreement remained largely unchanged compared to the situation under the EU-Central America Agreement, when the UK was still an EU Member State. The following tables should therefore be read bearing this in mind.

The United Kingdom

2. Table A1.1 shows tariff liberalization by the UK under the Agreement by total, agricultural and industrial products. Applied MFN rates in 2021 serve as a comparison.

3. When the Agreement entered into force in 2021, the UK's share of duty-free tariff lines (overall) increased from 47% (MFN basis) to 94.8% for imports from Central America. The share rose from 18.8% to 81.1% for agricultural products and from 57.1% to 99.7% for industrial products. The average preferential tariff for imports from Central American Parties fell to 0.1% overall, from an average MFN rate of 3.8% giving Central American exports a relative margin of preference of 97.4%. For agricultural products, the average tariff decreased from 8.9% to 0.3%, and for industrial products from 2.5% to zero giving Central American exporters a relative margin of preference of 96.6% and 100% for agricultural and industrial products respectively. At the end of the transition period in 2022, Central American exporters faced zero duties on 95.1% of the UK's tariff lines (82.5% for agricultural products and 99.7% for industrial products).

Table A1.1 United Kingdom: Indicators of MFN tariff rates and preferential rates for bilateral imports

Origin of goods	Year	ALL PRODUCTS			HS Chapters 1-24			HS Chapters 25-97		
		Average applied tariff		Share of duty-free tariff lines (%)	Average applied tariff		Share of duty-free tariff lines (%)	Average applied tariff		Share of duty-free tariff lines (%)
		Overall (%)	On dutiable (%)		Overall (%)	On dutiable (%)		Overall (%)	On dutiable (%)	
MFN	2021	3.8	7.8	47.0	8.9	12.0	18.8	2.5	5.8	57.1
CA	2021	0.1	10.7	94.8	0.3	11.8	81.1	0.0	7.6	99.7
	2022	0.1	10.7	95.1	0.3	11.8	82.5	0.0	7.6	99.7

Note: Tariff lines subject to in-quota rates are excluded from the computation.
Based on the HS 2017 nomenclature.

Source: WTO estimates based on data provided by the UK authorities.

4. Table A1.2 shows the market access opportunities in the UK for the top 25 exports of its Central America's partners, which in 2018-2020 covered between 48 and 111 tariff lines, and accounted for between 50.6% and 87.5% of their global exports. Some of these products were already duty free on an MFN basis prior to the Agreement's entry into force - 49 for Costa Rica, 19 for El Salvador, 10 for Guatemala, 11 for Honduras, 5 for Nicaragua and 22 for Panama. Under the Agreement none of the Central American countries' top 25 exports will have been liberalized completely: 3 products exported by El Salvador will remain dutiable, 6 for Costa Rica and Guatemala, 9 for Nicaragua and Panama and 13 for Honduras. The 2021 MFN rates for these products ranged from 6.6% to 16.0%, while for 18 products specific rates applied.

Table A1.2 United Kingdom: Market access opportunities under the Agreement for Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, and Panama top 25 exports to the world (2018-2020)

Access Conditions to UK's import markets															
HS number	Share in global exports (%)	MFN rate 2021			Duty-free under the Agreement		Remain dutiable	HS number	Share in global exports (%)	MFN rate 2021			Duty-free under the Agreement		Remain dutiable
		Avg (%)	Duty free	Dutiable	2021	2022				Avg (%)	Duty free	Dutiable	2021	2022	
COSTA RICA								EL SALVADOR							
901839	12.5	0.0	1					610910	10.1	12.0		1	1		
901890	9.2	0.0	8					611030	3.9	12.0		3	3		
080390	9.1	16.0		2	1		1	170114	3.1	-		2			2
080430	8.6	4.0		1	1			481810	2.7	0.0	2				
902139	4.4	0.0	2					610990	2.6	12.0		2	2		
210690	4.0	12.0		7	7			611596	2.6	12.0		3	3		
090111	2.7	0.0	1					610711	2.5	12.0		1	1		
901819	1.8	0.0	2					853221	2.3	0.0	1				
300490	1.3	0.0	1					611020	2.0	12.0		3	3		
300215	1.2	0.0	1					090111	2.0	0.0	1				
902190	1.1	0.0	2					392330	1.9	6.0		2	2		
401110	1.0	4.0		1	1			220299	1.9	6.3		6	3	3	
961900	1.0	0.0	8					300490	1.8	0.0	1				
151110	1.0	2.0	1	1	1			854430	1.8	1.8		1	1		
200899	1.0	16.8	2	23	22	1		160414	1.4	20.5		10	10		
854449	0.9	2.0	1	4	4			190590	1.4	6.6		7	5	1	1
071410	0.8	0.0		1	1			271019	1.1	2.2	12	13	13		
900130	0.8	2.0		1	1			392321	1.1	6.0		1	1		
392690	0.8	5.8		3	3			271119	1.1	0.0	1				
081190	0.7	12.8		10	10			610343	1.1	12.0		1	1		
701090	0.7	0.0	17					621210	1.1	6.0		2	2		
210390	0.6	6.0	2	1	1			600632	1.0	8.0		1	1		
020230	0.6	12.0		3			3	600622	0.9	8.0		1	1		
200941	0.6	15.0		2	2			610463	0.9	12.0		1	1		
170114	0.6	-		2			2	481910	0.8	0.0	1				
Total	67.0		49	62	55	1	6	Total	53.1		19	61	54	4	3
GUATEMALA								HONDURAS							
080390	7.4	16.0		2	1		1	090111	24.0	0.0	1				
090831	6.4	0.0	1					854430	8.0	1.8		1	1		
090111	5.9	0.0	1					080390	5.8	16.0		2	1		1
151110	3.5	2.0	1	1	1			030617	5.4	12.0		5	5		
170199	3.1	-		2			2	151110	4.8	2.0	1	1	1		
170114	2.6	-		2			2	710812	2.3	0.0	1				
720260	2.1	0.0	1					080719	1.9	8.0		1	1		
300490	1.7	0.0	1					340119	1.8	0.0	1				
611020	1.7	12.0		3	3			151190	1.4	8.5		4	4		
271600	1.6	0.0	1					481910	1.3	0.0	1				
610610	1.6	12.0		1	1			240210	1.3	25.0		1	1		
610510	1.5	12.0		1	1			170113	1.1	-		2			2
481910	1.2	0.0	1					230910	1.1	8.0	2	10	1		9
080719	1.2	8.0		1	1			260800	1.1	0.0	1				
610520	1.1	12.0		2	2			610910	1.1	12.0		1	1		
220710	1.0	0.0		1	1			030611	1.1	12.0		2	2		
611030	0.9	12.0		3	3			190590	1.0	6.6		7	5	1	1
080310	0.9	16.0		2	2			080430	0.8	4.0		1	1		
270900	0.9	0.0	2					711291	0.8	0.0	1				
600622	0.8	8.0		1	1			151321	0.8	6.7		3	3		
400122	0.8	0.0	1					070999	0.7	8.8		6	6		
340220	0.7	4.0		2	2			721041	0.7	0.0	1				
190590	0.7	6.6		7	5	1	1	240220	0.6	30.0		2	2		
610620	0.7	12.0		1	1			721420	0.6	0.0	1				
220299	0.6	6.3		6	3	3		870829	0.6	3.0		2	2		
Total	50.6		10	38	28	4	6	Total	70.2		11	51	37	1	13

Access Conditions to UK's import markets															
HS number	Share in global exports (%)	MFN rate 2021			Duty-free under the Agreement		Remain dutiable	HS number	Share in global exports (%)	MFN rate 2021			Duty-free under the Agreement		Remain dutiable
		Avg (%)	Duty free	Dutiable	2021	2022				Avg (%)	Duty free	Dutiable	2021	2022	
NICARAGUA								PANAMA							
710812	10.0	0.0	1					260300	47.9	0.0	1				
854430	9.3	1.8		1	1			080390	10.2	16.0		2	1		1
610910	8.7	12.0		1	1			230120	2.9	0.0	1				
090111	8.6	0.0	1					440349	2.7	0.0	3				
020230	5.3	12.0		3			3	720410	2.1	0.0	1				
240210	4.6	25.0		1	1			170113	2.0	-		2			2
020130	3.8	12.0		1			1	151110	1.8	2.0	1	1	1		
610990	3.2	12.0		2	2			150420	1.6	10.0	1	1	1		
030617	3.0	12.0		5	5			300490	1.6	0.0	1				
620342	2.3	12.0		7	7			020230	1.6	12.0		3			3
610610	2.2	12.0		1	1			220840	1.5	-	2	4	2		2
120242	1.9	0.0	1					030616	1.4	15.0		2	2		
170113	1.9	-		2			2	090122	1.2	8.0		1	1		
071333	1.8	0.0	2					760200	1.2	0.0	3				
030611	1.2	12.0		2	2			030617	1.1	12.0		5	5		
040690	1.1	0.0		32	32			030289	0.9	11.0	1	8	8		
620520	1.0	12.0		1	1			080430	0.8	4.0		1	1		
170199	1.0	-		2			2	080711	0.8	8.0		1	1		
611030	1.0	12.0		3	3			740400	0.8	0.0	3				
040630	0.9	0.0		4	4			030219	0.7	8.0		1	1		
620343	0.9	12.0		5	5			020610	0.6	12.0	2	1			1
610690	0.9	12.0		4	4			030232	0.6	20.0	1	1	1		
711319	0.8	2.0		1	1			761290	0.6	6.0		3	3		
080390	0.7	16.0		2	1		1	711291	0.5	0.0	1				
620791	0.6	12.0		1	1			090121	0.5	6.0		1	1		
Total	76.6		5	81	72	0	9	Total	87.5		22	38	29	0	9

- contains specific duties

Note: Based on the HS 2017 nomenclature

Source: WTO estimates based on data provided by the UK authorities, UNSD-Comtrade database and [Instituto Nacional de Estadística y Censos](#) (Panama).

Central American countries

5. Tables A1.3 through A1.8 show tariff liberalization by the Central American Parties under the Agreement by total, agricultural and industrial products. Applied MFN rates in 2021, as well as for the most recent year available in WTO's IDB, serve as a comparison.

6. When the Agreement entered into force in 2021, Costa Rica's share of duty-free tariff lines (overall) increased from zero on an MFN basis to 57.6% for imports from the United Kingdom. The share rose from zero to 32% for agricultural products and from zero to 62.2% for industrial products. The average preferential tariff for imports from the United Kingdom fell to 1.7% overall, from an average MFN rate of 6.8% giving UK exporters a relative margin of preference of 75%. For agricultural products, the average tariff decreased from 14.1% to 8.1%, and for industrial products from 5.5% to 0.6% giving UK exporters a relative margin of preference of 42.6% and 89.1% respectively for agricultural and industrial products. At the end of the transition period in 2027, UK exporters are expected to face zero duties on 96% of Costa Rica's tariff (73.7% for agricultural products and 100% for industrial products).

Table A1.3 Costa Rica: Indicators of MFN tariff rates and preferential rates for imports from the UK

Origin of goods	Year	ALL PRODUCTS			HS Chapters 1-24			HS Chapters 25-97		
		Average applied tariff		Share of duty-free tariff lines (%)	Average applied tariff		Share of duty-free tariff lines (%)	Average applied tariff		Share of duty-free tariff lines (%)
		Overall (%)	On dutiable (%)		Overall (%)	On dutiable (%)		Overall (%)	On dutiable (%)	
MFN	2021	6.8	6.8	0.0	14.1	14.1	0.0	5.5	5.5	0.0
UK	2021	1.7	4.0	57.6	8.1	12.0	32.0	0.6	1.5	62.2
	2022	1.3	15.8	92.1	7.6	25.4	70.1	0.1	2.9	96.1
	2023	1.2	15.4	92.1	7.5	25.2	70.1	0.1	2.0	96.1
	2024	1.2	14.9	92.1	7.5	25.0	70.1	0.0	1.2	96.1
	2025	1.1	23.2	95.1	7.4	26.1	71.5	0.0	2.1	99.3
	2026	1.1	23.0	95.1	7.4	26.0	71.5	0.0	1.0	99.3
	2027	1.1	28.0	96.0	7.4	28.0	73.7	0.0	0.0	100.0

Note: Tariff lines subject to in-quota rates are excluded in the computation.
Based on the HS 2007 nomenclature.

Source: WTO estimates based on data provided by the Costa Rican authorities and the WTO-IDB.

7. When the Agreement entered into force in 2021, Nicaragua's share of duty-free tariff lines (overall) increased from 46.5% on an MFN basis to 55.1% for imports from the United Kingdom. The share rose from 17.3% to 28.3% for agricultural products and from 53.5% to 61.5% for industrial products. The average preferential tariff for imports from the United Kingdom fell to 1.7% overall, from an average MFN rate of 6.2% giving UK exporters a relative margin of preference of 72.5%. For agricultural products, the average tariff decreased from 12.4% to 6.3%, and for industrial products from 4.8% to 0.6% giving UK exporters a relative margin of preference of 49.2% and 87.5% respectively for agricultural and industrial products. At the end of the transition period in 2027, UK exporters are expected to face zero duties on 94.8% of Nicaragua's tariff (73.2% for agricultural products and 100% for industrial products).

Table A1.4 Nicaragua: Indicators of MFN tariff rates and preferential rates for imports from the UK

Origin of goods	Year	ALL PRODUCTS			HS Chapters 1-24			HS Chapters 25-97		
		Average applied tariff		Share of duty-free tariff lines (%)	Average applied tariff		Share of duty-free tariff lines (%)	Average applied tariff		Share of duty-free tariff lines (%)
		Overall (%)	On dutiable (%)		Overall (%)	On dutiable (%)		Overall (%)	On dutiable (%)	
MFN	2021	6.2	11.7	46.5	12.4	15.0	17.3	4.8	10.3	53.5
UK	2021	1.7	3.8	55.1	6.3	8.8	28.3	0.6	1.6	61.5
	2022	1.2	12.4	90.3	5.7	17.8	68.0	0.1	2.8	95.6
	2023	1.2	11.9	90.3	5.6	17.6	68.0	0.1	1.9	95.6
	2024	1.1	11.5	90.3	5.6	17.4	68.0	0.0	1.1	95.6
	2025	1.1	17.6	93.9	5.5	19.2	71.4	0.0	2.0	99.3
	2026	1.1	17.4	93.9	5.5	19.1	71.4	0.0	1.0	99.3
	2027	1.1	20.3	94.8	5.4	20.3	73.2	0.0	0.0	100.0

Note: Tariff lines subject to in-quota rates are excluded in the computation.
Based on the HS 2017 nomenclature.

Source: WTO estimates based on data provided by the Nicaragua authorities.

8. When the Agreement entered into force in 2021, Honduras' share of duty-free tariff lines (overall) increased from 48% on an MFN basis to 56.5% for imports from the United Kingdom. The share rose from 18.9% to 29.6% for agricultural products and from 54.4% to 62.4% for industrial products. The average preferential tariff for imports from the United Kingdom fell to 1.4% overall, from an average MFN rate of 6% giving UK exporters a relative margin of preference of 76.7%. For agricultural products, the average tariff decreased from 11.6% to 8.1%, and for industrial products from 4.7% to 0.6 giving UK exporters a relative margin of preference of 56% and 87.2% respectively for agricultural and industrial products. At the end of the transition period in 2027, UK exporters are expected to face zero duties on 95.9% of Honduras' tariff (77% for agricultural products and 100% for industrial products).

Table A1.5 Honduras: Indicators of MFN tariff rates and preferential rates for imports from the UK

Origin of goods	Year	ALL PRODUCTS			HS Chapters 1-24			HS Chapters 25-97		
		Average applied tariff		Share of duty-free tariff lines (%)	Average applied tariff		Share of duty-free tariff lines (%)	Average applied tariff		Share of duty-free tariff lines (%)
		Overall (%)	On dutiable (%)		Overall (%)	On dutiable (%)		Overall (%)	On dutiable (%)	
MFN	2021	6.0	11.5	48.0	11.6	14.3	18.9	4.7	10.4	54.4
UK	2021	1.4	3.2	56.5	5.1	7.3	29.6	0.6	1.5	62.4
	2022	0.9	10.6	91.5	4.5	15.6	71.2	0.1	2.7	96.0
	2023	0.9	10.1	91.5	4.4	15.4	71.2	0.1	1.9	96.0
	2024	0.8	9.7	91.5	4.4	15.2	71.2	0.0	1.1	96.0
	2025	0.8	15.6	95.0	4.3	17.4	75.3	0.0	2.0	99.3
	2026	0.8	15.4	95.0	4.3	17.3	75.3	0.0	1.0	99.3
	2027	0.8	18.5	95.9	4.3	18.5	77.0	0.0	0.0	100.0

Note: Tariff lines subject to in-quota rates are excluded in the computation.
Based on the HS 2017 nomenclature.

Source: WTO estimates based on data provided by the Honduras authorities.

9. When the Agreement entered into force in 2021, Guatemala's share of duty-free tariff lines (overall) increased from 49.4% on an MFN basis to 57.8% for imports from the United Kingdom. The share rose from 19.7% to 30.3% for agricultural products and from 55.9% to 63.9% for industrial products. The average preferential tariff for imports from the United Kingdom fell to 1.2% overall, from an average MFN rate of 5.7% giving UK exporters a relative margin of preference of 78.9%. For agricultural products, the average tariff decreased from 10.6% to 4.1%, and for industrial products from 4.6% to 0.5% giving UK exporters a relative margin of preference of 61.3% and 89% respectively for agricultural and industrial products. At the end of the transition period in 2027, UK exporters are expected to face zero duties on 96% of Guatemala's tariff (77.4% for agricultural products and 100% for industrial products).

Table A1.6 Guatemala: Indicators of MFN tariff rates and preferential rates for imports from the UK

Origin of goods	Year	ALL PRODUCTS			HS Chapters 1-24			HS Chapters 25-97		
		Average applied tariff		Share of duty-free tariff lines (%)	Average applied tariff		Share of duty-free tariff lines (%)	Average applied tariff		Share of duty-free tariff lines (%)
		Overall (%)	On dutiable (%)		Overall (%)	On dutiable (%)		Overall (%)	On dutiable (%)	
MFN	2021	5.7	11.2	49.4	10.6	13.2	19.7	4.6	10.5	55.9
UK	2021	1.2	2.8	57.8	4.1	5.9	30.3	0.5	1.5	63.9
	2022	0.7	8.5	91.6	3.5	12.2	71.7	0.1	2.8	95.9

Origin of goods	Year	ALL PRODUCTS			HS Chapters 1-24			HS Chapters 25-97		
		Average applied tariff		Share of duty-free tariff lines (%)	Average applied tariff		Share of duty-free tariff lines (%)	Average applied tariff		Share of duty-free tariff lines (%)
		Overall (%)	On dutiable (%)		Overall (%)	On dutiable (%)		Overall (%)	On dutiable (%)	
	2023	0.7	8.0	91.6	3.4	12.0	71.7	0.1	2.0	95.9
	2024	0.6	7.5	91.6	3.3	11.7	71.7	0.0	1.2	95.9
	2025	0.6	12.0	95.1	3.2	13.4	75.8	0.0	2.0	99.3
	2026	0.6	11.8	95.1	3.2	13.3	75.8	0.0	1.0	99.3
	2027	0.6	14.1	96.0	3.2	14.1	77.4	0.0	0.0	100.0

Note: Tariff lines subject to in-quota rates are excluded in the computation.
Based on the HS 2017 nomenclature.

Source: WTO estimates based on data provided by the Guatemala authorities.

10. When the Agreement entered into force in 2021, El Salvador's share of duty-free tariff lines (overall) increased from 47.4% on an MFN basis to 56% for imports from the United Kingdom. The share rose from 19.6% to 30.2% for agricultural products and from 53.5% to 61.7% for industrial products. The average preferential tariff for imports from the United Kingdom fell to 1.6% overall, from an average MFN rate of 6.4% giving UK exporters a relative margin of preference of 75%. For agricultural products, the average tariff decreased from 13% to 6.2%, and for industrial products from 4.9% to 0.6% giving UK exporters a relative margin of preference of 52.3% and 87.8% respectively for agricultural and industrial products. At the end of the transition period in 2027, UK exporters are expected to face zero duties on 95.2% of El Salvador's tariff (77.2% for agricultural products and 99.1% for industrial products).

Table A1.7 El Salvador: Indicators of MFN tariff rates and preferential rates for imports from the UK

Origin of goods	Year	ALL PRODUCTS			HS Chapters 1-24			HS Chapters 25-97		
		Average applied tariff		Share of duty-free tariff lines (%)	Average applied tariff		Share of duty-free tariff lines (%)	Average applied tariff		Share of duty-free tariff lines (%)
		Overall (%)	On dutiable (%)		Overall (%)	On dutiable (%)		Overall (%)	On dutiable (%)	
MFN	2021	6.4	12.1	47.4	13.0	16.2	19.6	4.9	10.6	53.5
UK	2021	1.6	3.6	56.0	6.2	8.9	30.2	0.6	1.5	61.7
	2022	1.1	12.0	90.9	5.6	19.7	71.7	0.1	2.4	95.0
	2023	1.1	11.6	90.9	5.5	19.5	71.7	0.1	1.8	95.0
	2024	1.0	11.1	90.9	5.4	19.2	71.7	0.1	1.1	95.0
	2025	1.0	17.6	94.4	5.4	22.1	75.7	0.0	1.5	98.5
	2026	1.0	17.4	94.4	5.4	22.0	75.7	0.0	1.1	98.5
	2027	1.0	20.1	95.2	5.3	23.4	77.2	0.0	1.3	99.1

Note: Tariff lines subject to in-quota rates are excluded in the computation.
Based on the HS 2017 nomenclature.

Source: WTO estimates based on data provided by the El Salvador authorities.

11. When the Agreement entered into force in 2021, Panama's share of duty-free tariff lines (overall) increased from 45.5% on an MFN basis to 62.6% for imports from the United Kingdom. The share rose from 18.9% to 36.2% for agricultural products and from 51.7% to 68.8% for industrial products. The average preferential tariff for imports from the United Kingdom fell to 2% overall, from an average MFN rate of 6.8% giving UK exporters a relative margin of preference of 70.6%. For agricultural products, the average tariff decreased from 15.1% to 8%, and for industrial products from 4.9% to 0.6% giving UK exporters a relative margin of preference of 47% and 87.8%

respectively for agricultural and industrial products. At the end of the transition period in 2027, UK exporters are expected to face zero duties on 95.2% of Panama's tariff (74.3% for agricultural products and 100% for industrial products).

Table A1.8 Panama: Indicators of MFN tariff rates and preferential rates for imports from the UK

Origin of goods	Year	ALL PRODUCTS			HS Chapters 1-24			HS Chapters 25-97		
		Average applied tariff		Share of duty-free tariff lines (%)	Average applied tariff		Share of duty-free tariff lines (%)	Average applied tariff		Share of duty-free tariff lines (%)
		Overall (%)	On dutiable (%)		Overall (%)	On dutiable (%)		Overall (%)	On dutiable (%)	
MFN	2021	6.8	12.6	45.5	15.1	18.6	18.9	4.9	10.3	51.7
UK	2021	2.0	5.2	62.6	8.0	12.6	36.2	0.6	1.8	68.8
	2022	1.5	16.0	90.5	7.5	23.0	67.4	0.2	3.6	95.8
	2023	1.5	15.5	90.5	7.4	22.7	67.4	0.1	2.6	95.8
	2024	1.4	15.0	90.5	7.3	22.4	67.4	0.1	1.6	95.8
	2025	1.4	21.2	93.6	7.2	24.3	70.4	0.0	2.3	98.9
	2026	1.3	20.9	93.6	7.1	24.0	70.4	0.0	1.2	98.9
	2027	1.3	27.4	95.2	7.0	27.4	74.3	0.0	2.5	100.0

Note: Tariff lines subject to in-quota rates are excluded in the computation.
Based on the HS 2017 nomenclature.

Source: WTO estimates based on data provided by the Panama authorities and the WTO-IDB.

12. Table A1.9 shows the market access opportunities in the individual Central American countries' markets for the top 25 exports of the UK, which in 2018-2020 covered between 25 tariff lines, accounting for between 38.4% of UK's global exports. Most products were already MFN duty free prior to the Agreement's entry into force. At the end of the implementation of the Agreement, only eight tariff lines will remain dutiable in in El Salvador relating to passenger motor vehicles and whose MFN tariff in 2021 was 17.4% and 20.6%.

Table A1.9 Central America: Market access opportunities under the agreement for UK's top 25 exports to the world (2018-2020)

Access Conditions to Central America's import markets															
HS number	Share in global exports (%)	MFN rate 2021			Duty-free under the Agreement		Remain dutiable	HS number	Share in global exports (%)	MFN rate 2021			Duty-free under the Agreement		Remain dutiable
		Avg (%)	Duty free	Dutiable	2021	2022				Avg (%)	Duty free	Dutiable	2021	2022	
COSTA RICA								EL SALVADOR							
710813	5.6	6.0		1		1		710813	5.6	5.0		1		1	
270900	4.9	1.0		2	2			270900	4.9	0.0	2				
300490	3.2	3.5		6	6			300490	3.2	5.0		6	6		
880330	2.9	1.0		1	1			880330	2.9	0.0	1				
841112	2.6	1.0		1	1			841112	2.6	0.0	1				
870323	2.4	6.6		10	10			870323	2.4	20.6		16	4	12	
841191	2.1	1.0		1	1			841191	2.1	0.0	1				
870324	1.7	6.6		5	5			870324	1.7	22.1		8	2	6	
220830	1.3	12.5		2	2			220830	1.3	30.0		2	2		
271012	1.3	3.9		7	3	4		271012	1.3	2.9	3	4		4	
970110	1.3	8.0		2		2		970110	1.3	7.5		2		2	
870322	1.2	6.6		10	6	4		870322	1.2	17.4		16		12	4
711319	1.0	15.0		1	1			711319	1.0	15.0		1	1		
271019	1.0	3.2		13	9	4		271019	1.0	2.3	8	5	1	4	
870332	0.7	6.6		10	6	4		870332	0.7	20.6		16		12	4

Access Conditions to Central America's import markets															
HS number	Share in global exports (%)	MFN rate 2021			Duty-free under the Agreement		Remain dutiable	HS number	Share in global exports (%)	MFN rate 2021			Duty-free under the Agreement		Remain dutiable
		Avg (%)	Duty free	Dutiable	2021	2022				Avg (%)	Duty free	Dutiable	2021	2022	
300220	0.6	1.0		1	1			300220	0.6	0.0	1				
870340	0.6	1.0		1	1			870340	0.6	30.0		1	1		
711021	0.6	1.0		1	1			711021	0.6	0.0	1				
300215	0.6	1.0		2	2			300215	0.6	0.0	1				
851762	0.6	1.0		1	1			851762	0.6	0.0	1				
382200	0.5	1.0		1	1			382200	0.5	0.0	1				
490199	0.5	1.0		1	1			490199	0.5	0.0	1				
870333	0.5	6.6		5	5			870333	0.5	22.1		8	2	6	
840890	0.4	1.0		1	1			840890	0.4	0.0	1				
870899	0.4	10.0		1	1			870899	0.4	1.0		1	1		
Total	38.4		0	87	68	19	0	Total	38.4		23	87	20	59	8
GUATEMALA								HONDURAS							
710813	5.6	5.0		1		1		710813	5.6	5.0		1		1	
270900	4.9	0.0	2					270900	4.9	0.0	2				
300490	3.2	5.0		6	6			300490	3.2	2.5	3	3	3		
880330	2.9	0.0	1					880330	2.9	0.0	1				
841112	2.6	0.0	1					841112	2.6	0.0	1				
870323	2.4	0.0	10					870323	2.4	15.0		10	4	6	
841191	2.1	0.0	1					841191	2.1	0.0	1				
870324	1.7	0.0	5					870324	1.7	15.0		5	2	3	
220830	1.3	22.5		2	2			220830	1.3	10.0		2	2		
271012	1.3	2.9	3	4	3	1		271012	1.3	2.9	3	4		4	
970110	1.3	7.5		2		2		970110	1.3	7.5		2		2	
870322	1.2	0.0	10					870322	1.2	5.0		10		10	
711319	1.0	15.0		1	1			711319	1.0	15.0		1	1		
271019	1.0	2.3	8	5	3	2		271019	1.0	2.3	8	5	1	4	
870332	0.7	0.0	10					870332	0.7	5.0		10		10	
300220	0.6	0.0	1					300220	0.6	0.0	1				
870340	0.6	0.0	1					870340	0.6	0.0	1				
711021	0.6	0.0	1					711021	0.6	0.0	1				
300215	0.6	0.0	1					300215	0.6	0.0	1				
851762	0.6	0.0	1					851762	0.6	0.0	1				
382200	0.5	0.0	1					382200	0.5	0.0	1				
490199	0.5	0.0	1					490199	0.5	0.0	1				
870333	0.5	0.0	5					870333	0.5	15.0		5	2	3	
840890	0.4	0.0	1					840890	0.4	0.0	1				
870899	0.4	10.0		1	1			870899	0.4	5.0		1	1		
Total	38.4		64	22	16	6	0	Total	38.4		27	59	16	43	0
NICARAGUA								PANAMA							
710813	5.6	5.0		1		1		710813	5.6	5.0		1	1		
270900	4.9	0.0	2					270900	4.9	0.0	2				
300490	3.2	2.5	3	3	3			300490	3.2	0.0	5				
880330	2.9	0.0	1					880330	2.9	0.0	1				
841112	2.6	0.0	1					841112	2.6	0.0	1				
870323	2.4	8.0		20	8	12		870323	2.4	0.0	6				
841191	2.1	0.0	1					841191	2.1	0.0	1				
870324	1.7	8.0		10	4	6		870324	1.7	0.0	6				
220830	1.3	7.5		2	2			220830	1.3	15.0		2	2		
271012	1.3	2.5	6	6	6			271012	1.3	0.0	12				
970110	1.3	7.5		2		2		970110	1.3	5.0	1	1		1	
870322	1.2	8.0		10		10		870322	1.2	0.0	6				
711319	1.0	15.0		1	1			711319	1.0	15.0		1	1		
271019	1.0	2.3	9	6	1	5		271019	1.0	8.2	4	10	7	3	
870332	0.7	9.0		30		30		870332	0.7	0.0	6				
300220	0.6	0.0	1					300220	0.6	0.0	1				
870340	0.6	5.0	2	2		2		870340	0.6	0.0	1				
711021	0.6	0.0	1					711021	0.6	0.0	1				

Access Conditions to Central America's import markets															
HS number	Share in global exports (%)	MFN rate 2021			Duty-free under the Agreement		Remain dutiable	HS number	Share in global exports (%)	MFN rate 2021			Duty-free under the Agreement		Remain dutiable
		Avg (%)	Duty free	Dutiable	2021	2022				Avg (%)	Duty free	Dutiable	2021	2022	
300215	0.6	0.0	1					300215	0.6	0.0	1				
851762	0.6	0.0	1					851762	0.6	0.0	1				
382200	0.5	0.0	3					382200	0.5	0.0	1				
490199	0.5	0.0	1					490199	0.5	0.0	2				
870333	0.5	8.0		20	8	12		870333	0.5	0.0	6				
840890	0.4	0.0	1					840890	0.4	0.0	1				
870899	0.4	5.0		1	1			870899	0.4	2.5	1	1	1		
Total	38.4		34	114	28	86	0	Total	38.4		67	16	12	4	0

Note: Based on the HS 2017 nomenclature. Costa Rican data is originally based on HS 2007 nomenclature. The HS 2007 subheadings aligned to HS 2017 are: 271011 to 271012; 870390 to 870340; and 300290 to 300215.

Source: WTO estimates based on data provided by the Central American Parties, WTO-IDB and UK authorities.

ANNEX 2

SUMMARY OF THE PARTIES' TARIFF RATE QUOTAS

1. With respect to Appendices 1 and 2 to the incorporated Annex I to the EU-Central America Agreement, information on the import tariff-rate quota (TRQ) volumes and, where applicable, annual volume increases, are replaced by rates and volumes in the Annex to the Agreement, and in particular under point 17 (Modifications to Annex 1/elimination of customs duties).¹

Table A2.1 TRQs within the Agreement

Product (SAC 2007)	Quantity (MT) "2019 quota" and increase	Rate	
		In-quota	Out-of-quota
Central America TRQs			
Cured hams and streaky bacon 0210.11.00, 0210.12.00, 0210.19.00	159/year (joint), increased by 6/year	Free	Cat. H: Free in 2027
Powdered Milk 0402.10.00, 0402.21.11, 0402.21.12, 0402.21.21, 0402.21.22, 0402.29.00	CRI/SLV/NIC: 27/year, 1/year GTM/HND: 53/year, 2/year PAN: 67/year, 3/year	Free	Cat. F MFN
Cheese 0406.20.90, 0406.30.00, 0406.90.10, 0406.90.20, 0406.90.90	CRI: 42/year, 2/year SLV: 78/year, 3/year GTM/PAN: 80/year, 3/year HND: 67/year, 3/year NIC: 53/year, 2/year	Free	Cat. F MFN
Prepared or preserved swine meat 1602.41.00, 1602.42.00, 1602.49.90	159/year (joint), increased by 6/year	Free	Cat. H: Free in 2027
UK TRQs			
Garlic 0703 20 00	75/year No staging	Free	Cat. F MFN
Manioc starch 1108 14 00	681/year No staging	Free	Cat. F MFN
6 Sweet corn 0710 40 00, 0711 90 30, 2001 90 30, 2004 90 10, 2005 80 00	294/year, increased by 16/year	Free	Cat: J; 0% (EIF) + specific rate at Base Rate
Mushrooms 0711 51 00, 2003 10 20, and 2003 10 30	37/year No staging	Free	Cat. J 0% (EIF) + specific rate at Base Rate
Beef 0201 10 00, 0201 20 20, 0201 20 30, 0201 20 50, 0201 20 90, 0201 30 00, 0202 10 00, 0202 20 10, 0202 20 30, 0202 20 50, 0202 20 90, 0202 30 10, 0202 30 50, 0202 30 90	to NIC only: 67/year, increased by 3/year to Central America jointly: 1,268/year, increased by 49/year Quantities in carcass weight equivalent	Free	Cat. F MFN
Sugar, including organic sugar, and goods with high sugar content i) 1701 11 10, 1701 11 90, 1701 91 00, 1701 99 10, 1701 99 90, 1702 30 10, 1702 30 51, 1702 30 59, 1702 30 91, 1702 30 99, 1702 40 90, 1702 90 30,	PAN: 1,929/year increased by 49/year Central America jointly, excluding PAN: 56,127/year,	Free	Cat. F MFN

¹ The TRQ volumes for 2019 shall be those stipulated under "2019 quota", and, for TRQs that increase over time, the volume for subsequent years shall be calculated in accordance with the "Yearly increase" figure. As the Agreement entered into force in 2021, the applicable volume during the year the Agreement enters into force shall be calculated by combining the "2019 quota" and the "yearly increase" as applicable for each year after 2019 up until and including the year of entry into force.

Product (SAC 2007)	Quantity (MT) "2019 quota" and increase	Rate	
		In-quota	Out-of-quota
1702 90 50, 1702 90 71, 1702 90 75, 1702 90 79, 1702 90 80, 1702 90 99 ii) 1702 50 00, 1704 90 99, 1806 10 30, 1806 10 90, 1806 20 95ex2, 1806 90 90ex2, 1901 90 99, 2006 00 31, 2006 00 38, 2007 91 10, 2007 99 20, 2007 99 31, 2007 99 33, 2007 99 35, 2007 99 39, 2009 11 11ex2, 2009 11 91, 2009 19 11ex2, 2009 19 91, 2009 29 11ex2, 2009 29 91, 2009 39 11ex2, 2009 39 51, 2009 39 91, 2009 49 11ex2, 2009 49 91, 2009 80 11ex2, 2009 80 35ex2, 2009 80 61, 2009 80 86, 2009 90 11ex2, 2009 90 21ex2, 2009 90 31, 2009 90 71, 2009 90 94, 2101 12 98ex2, 2101 20 98ex2, 2106 90 98ex2, 3302 10 29	increased by 1,427/year Quantities in raw sugar equivalent	Free	0% (EIF) + specific rate at Base Rate
<i>Rice</i> 1006 20 15, 1006 20 17, 1006 20 96, 1006 20 98, 1006 30 25, 1006 30 27, 1006 30 46, 1006 30 48, 1006 30 65, 1006 30 67, 1006 30 96, 1006 30 98	Central America jointly: 3,541/year, increased by 136/year	Free	Cat. F MFN
<i>Bulk rum</i> 2208 40 99	PAN: 177 hl/year increased by 7 hl/year Central America jointly, excluding PAN: 1,199 hl/year, increased by 41 hl/year Quantities in pure alcohol equivalent	Free	Cat. F MFN

Source: Appendices 1 and 2 to Annex I to the Incorporated Agreement.