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ANNEX 15-A – SCHEDULE OF MEXICO

SECTION A

Federal Government Entities

Unless otherwise specified, this Chapter covers procurement by entities listed in this Section, in accordance with the following thresholds and subject to Section H:

USD\$79,507 for *Goods and Services*

USD\$10,335,931 for *Construction Services*

Federal Government Entities

1. Secretaría de Gobernación (Ministry of Government), includes:
 - a. Secretaría General del Consejo Nacional de Población (General Secretary of the National Population Council).
 - b. Secretariado Ejecutivo del Sistema Nacional de Seguridad Pública (Executive Secretariat of the Public Security National System).
 - c. Archivo General de la Nación (General Archives of the Nation).
 - d. Centro Nacional de Prevención de Desastres (National Disaster Prevention Center).
 - e. Instituto Nacional para el Federalismo y el Desarrollo Municipal (National Institute for Federalism and Municipal Development).
 - f. Secretaría Técnica de la Comisión Calificadora de Publicaciones y Revistas Ilustradas (Technical Secretary of Illustrated Periodicals and Publications Examining Commission).
 - g. Centro de Producción de Programas Informativos y Especiales (Production Center for Informative Programs and Specials).
 - h. Coordinación General de la Comisión Mexicana de Ayuda a Refugiados (General Coordination of the Mexican Commission on Refugee Assistance).
 - i. Instituto Nacional de Migración (National Institute of Migration).
 - j. Comisión Nacional para Prevenir y Erradicar la Violencia contra las Mujeres (National Commission to Prevent and Eradicate Violence against Women).
 - k. Secretaría Técnica del Consejo de Coordinación para la Implementación del Sistema de Justicia Penal (Technical Secretary of the Coordination Council for the Implementation of the Criminal Justice System).
 - l. Policía Federal (Federal Police).
 - m. Prevención y Readaptación Social (Prevention and Social Readaptation).
2. Secretaría de Relaciones Exteriores (Ministry of Foreign Relations), includes:
 - a. Instituto Matías Romero (Matías Romero Institute).
 - b. Instituto de los Mexicanos en el Exterior (Institute for Mexicans Abroad).
 - c. Agencia mexicana de Cooperación Internacional para el Desarrollo (Mexican International Cooperation Agency for Development).
3. Secretaría de Hacienda y Crédito Público (Ministry of Finance and Public Credit), includes:
 - a. Comisión Nacional Bancaria y de Valores (National Banking and Securities Commission).
 - b. Comisión Nacional de Seguros y Fianzas (National Commission of Insurance and Guarantees).
 - c. Servicio de Administración Tributaria (Tax Administration Service).
 - d. Servicio de Administración y Enajenación Bienes (Assets Management and Disposition Agency).
 - e. Comisión Nacional del Sistema de Ahorro para el Retiro (National Commission of the Saving System for Retirement).

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4. Secretaría de Agricultura, Ganadería, Desarrollo Rural, Pesca y Alimentación (Ministry of Agriculture, Livestock, Rural Development, Fisheries and Feeding), includes:
 - a. Instituto Nacional de Investigaciones Forestales, Agrícolas y Pecuarias (National Forestry, Agriculture and Cattle Research Institute).
 - b. Agencia de Servicios a la Comercialización y Desarrollo de Mercados Agropecuarios (Support Services for Agricultural Marketing).
 - c. Comisión Nacional de Acuacultura y Pesca (National Commission of Aquaculture and Fisheries).
 - d. Servicio Nacional de Sanidad, Inocuidad y Calidad Agroalimentaria (National Service of Health, Innocuous and Agro-alimentary Quality).
 - e. Servicio de Información Agroalimentaria y Pesquera (Information Service and Agro-alimentary and Fisheries Statistics).
 - f. Servicio Nacional de Inspección y Certificación de Semillas (National Service of Inspection and Certification of Seeds).
 - g. Instituto Nacional de Pesca (National Institute of Fisheries).
5. Secretaría de Comunicaciones y Transportes (Ministry of Communication and Transportation), includes:
 - a. Instituto Mexicano del Transporte (Mexican Institute of Transportation).
 - b. Servicios a la Navegación en el Espacio Aéreo Mexicano (Mexican Air Navigation Services).
6. Secretaría de Economía (Ministry of Economy), includes:
 - a. Comisión Federal de Mejora Regulatoria (Federal Commission of Regulatory Improvement).
 - b. Instituto Nacional del Emprendedor (National Entrepreneur Institute).
 - c. Instituto Nacional de la Economía Social (National Institute for Social Economy).
7. Secretaría de Educación Pública (Ministry of Public Education), includes:
 - a. Instituto Nacional de Antropología e Historia (National Institute of Anthropology and History).
 - b. Instituto Nacional de Bellas Artes y Literatura (National Institute of Fine Arts and Literature).
 - c. Instituto Nacional de Estudios Históricos de las Revoluciones de México (National Institute of Historical Studies of Mexican Revolutions).
 - d. Radio Educación (Radio Education).
 - e. Consejo Nacional para la Cultura y las Artes (National Council for Culture and Arts).
 - f. Comisión Nacional de Cultura Física y Deporte (National Physical Culture and Sports Commission).
 - g. Instituto Nacional del Derecho de Autor (National Institute for Copyrights).
 - h. Administración Federal de Servicios Educativos en el Distrito Federal (Federal Administration of Educational Services in Mexico City).
 - i. Comisión de Apelación y Arbitraje del Deporte (Arbitration and Appeal Committee for Sport).
 - j. Instituto Politécnico Nacional (National Polytechnic Institute).
 - k. Universidad Pedagógica Nacional (National Pedagogical University).
8. Secretaría de Salud (Ministry of Health), includes:
 - a. Administración del Patrimonio de la Beneficencia Pública (Public Charity Fund Administration).
 - b. Centro Nacional de la Transfusión Sanguínea (National Blood Transfusion Center).
 - c. Laboratorios de Biológicos y Reactivos de México, S.A. de C.V. (Laboratories of Biologicals and Reagents of Mexico).
 - d. Instituto Nacional de Rehabilitación (National Rehabilitation Institute).
 - e. Centro Nacional para la Prevención y Control del VIH/SIDA (National Center for the Prevention and Control of HIV/AIDS).
 - f. Centro Nacional para la Salud de la Infancia y la Adolescencia (National Center for Health of Childhood and Adolescence).
 - g. Comisión Federal para la Protección contra Riesgos Sanitarios (Federal Commission for Protection Against Health Risks).
 - h. Servicios de Atención Psiquiátrica (Psychiatric Attention Services).
 - i. Comisión Nacional de Arbitraje Médico (National Commission of Medical Arbitration).
 - j. Centro Nacional de Trasplantes (National Transplants Center).
 - k. Centro Nacional de Equidad de Género y Salud Reproductiva (National Centre of Reproductive Health and Gender Equity).
 - l. Centro Nacional de Excelencia Tecnológica en Salud (National Centre for Health Technology Excellence).

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- m. Centro Nacional de Programas Preventivos y Control de Enfermedades (National Center for Prevention and Disease Control).
 - n. Centro Nacional para la Prevención y Control de las Adicciones (National Center for Prevention and Addiction Control).
 - o. Comisión Nacional de Bioética (National Commission of Bioethics).
 - p. Comisión Nacional de Protección Social en Salud (National Commission of Social Health Protection).
9. Secretaría del Trabajo y Previsión Social (Ministry of Labor and Social Welfare), includes:
 - a. Procuraduría Federal de la Defensa del Trabajo (Office of the Federal Attorney for Labor Defense).
 - b. Comité Nacional Mixto de Protección al Salario (Joint National Committee for Wage Protection).
 10. Secretaría de Desarrollo Agrario, Territorial y Urbano (Ministry of Agrarian Territorial and Urban Development), includes:
 - a. Procuraduría Agraria (Agrarian Office of the Attorney).
 - b. Registro Agrario Nacional (National Agrarian Registry).
 - c. Comisión Nacional de Vivienda (National Housing Commission).
 11. Secretaría de Medio Ambiente y Recursos Naturales (Ministry of Environment and Natural Resources), includes:
 - a. Instituto Mexicano de Tecnología del Agua (Mexican Water Technology Institute).
 - b. Comisión Nacional de Áreas Naturales Protegidas (National Commission on Natural Protected Areas).
 - c. Instituto Nacional de Ecología y Cambio Climático (National Institute of Ecology and Climate Change).
 - d. Procuraduría Federal de Protección al Ambiente (Federal Attorney's Office for Environmental Protection).
 12. Procuraduría General de la República (Office of the Attorney General of the Republic).
 13. Secretaría de Energía (Ministry of Energy), includes:
 - a. Comisión Nacional de Seguridad Nuclear y Salvaguardias (National Commission on Nuclear Safety and Safeguards).
 - b. Comisión Nacional para el Uso Eficiente de la Energía (National Commission for Energy Conservation).
 - c. Comisión Reguladora de Energía (Regulatory Commission of Energy).
 14. Secretaría de Desarrollo Social (Ministry of Social Development), includes:
 - a. Coordinación Nacional de PROSPERA (National Coordination PROSPERA).
 - b. Instituto Nacional de Desarrollo Social (National Institute for Social Development).
 15. Secretaría de Turismo (Ministry of Tourism), includes:
 - a. Instituto de Competitividad Turística (Institute for Tourist Competitiveness).
 - b. Corporación de Servicios al Turista Ángeles Verdes (Ángeles Verdes Corporation for Tourist Services).
 16. Secretaría de la Función Pública (Ministry of Public Administration), includes:
 - a. Instituto de Administración y Avalúos de Bienes Nacionales (Institute for Administration and Appraisal of National Property).
 17. Comisión Nacional de las Zonas Áridas (National Commission on Arid Zones).
 18. Comisión Nacional de Libros de Texto Gratuitos (National Commission of Free Textbooks).
 19. Consejo Nacional de Fomento Educativo (National Educational Development Council).
 20. Secretaría de la Defensa Nacional (Ministry of National Defense).
 21. Secretaría de Marina (Ministry of Navy).
 22. Centro de Ingeniería y Desarrollo Industrial (Engineering and Industrial Development Center).

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SECTION B

Sub-Federal Government Entities

None.

SECTION C

Other Covered Entities

Unless otherwise specified, this Chapter covers procurement by the entities listed in this Section, in accordance with the following thresholds and subject to Section H:

USD\$397,535 for *Goods and Services*

USD\$12,721,740 for *Construction Services*

1. Talleres Gráficos de México (National Printers of Mexico).
2. Aeropuertos y Servicios Auxiliares (ASA) (Airports and Auxiliary Services).
3. Caminos y Puentes Federales de Ingresos y Servicios Conexos (CAPUFE) (Federal Toll Roads and Bridges and Related Services).
4. Servicio Postal Mexicano (Mexican Postal Services).
5. Telecomunicaciones de México (TELECOM) (Telecommunications of México).
6. Petróleos Mexicanos (PEMEX) (Mexican Petroleum) (No incluye las compras de combustibles y gas) (Not including procurements of fuels or gas)
 - PEMEX Corporativo. (PEMEX Corporative)
 - PEMEX Exploración y Producción. (PEMEX exploration and Production)
 - PEMEX Refinación. (PEMEX Refination)
 - PEMEX Gas y Petroquímica Básica. (PEMEX Gas and Basic Petrochemical)
 - PEMEX Petroquímica. (PEMEX Petrochemical)
7. Comisión Federal de Electricidad (CFE) (Federal Electricity Commission).
8. Servicio Geológico Mexicano (Mexican Geological Service).
9. Distribuidora Impulsora Comercial de Conasupo S.A. de C.V. (Diconsa) (Commercial Distributor and Trade Promotion)
10. Leche Industrializada Conasupo S.A. de C.V. (Liconsa) (No incluye la compra de bienes agrícolas adquiridos para programas de apoyo a la agricultura o bienes para la alimentación humana) (Conasupo Industrialized Milk) (Not including procurements of agricultural goods made in furtherance of agricultural support programs or goods for human feeding programs).
11. Procuraduría Federal del Consumidor (Federal Office of The Attorney for Consumers).

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12. Instituto de Seguridad y Servicios Sociales de los Trabajadores del Estado (ISSSTE) (Institute for Social Security and Services for Government Employees).
13. Instituto Mexicano del Seguro Social (IMSS) (Mexican Social Security Institute).
14. Sistema Nacional para el Desarrollo Integral de la Familia (DIF) (No incluye las compras de bienes agrícolas adquiridos para programas de apoyo a la agricultura o bienes para la alimentación humana) (National System for Integral Family Development) (Not including procurements of agricultural goods made in furtherance of agricultural support programs or goods for human feeding programs).
15. Instituto de Seguridad Social para las Fuerzas Armadas Mexicanas (Social Security Institute for the Mexican Armed Forces).
16. Comisión Nacional para el Desarrollo de los Pueblos Indígenas (National Commission for the Development of Indigenous People).
17. Instituto Nacional para la Educación de los Adultos (National Institute for Adult Education).
18. Centro de Integración Juvenil, A.C (Youth Integration Centers).
19. Instituto Nacional de las Personas Adultas Mayores (National Institute on Old Age).
20. Instituto Nacional de la Infraestructura Física Educativa (National Institute of Physical Educational Infrastructure).
21. Comisión Nacional del Agua (National Water Commission).
22. Comisión para la Regularización de la Tenencia de la Tierra (Commission for the Regularization of Land Tenure).
23. Consejo Nacional de Ciencia y Tecnología (CONACYT) (National Science and Technology Council).
24. NOTIMEX S.A. de C.V.
25. Instituto Mexicano de Cinematografía (Mexican Institute of Cinematography).
26. Lotería Nacional para la Asistencia Pública (National Lottery for Public Assistance).
27. Pronósticos para la Asistencia Pública (Forecasting for Public Assistance).
28. Instituto Nacional de las Mujeres (Women National Institute).
29. Grupo Aeroportuario de la Ciudad de México S.A. de C.V. (Airport Group of México City)
30. Aeropuerto Internacional de la Ciudad de México, S.A. de C.V. (International Airport of México City).
31. Servicio Aeroportuario de la Ciudad de México, S.A. de C.V. (Airport Services of México City).
32. Instituto Mexicano de la Propiedad Industrial.(Mexican Institute of Industrial Property)
33. Comisión Nacional Forestal (National Forestry Commission).
34. Instituto Mexicano de la Juventud (Mexican Youth Institute).
35. Ferrocarril del Istmo de Tehuantepec, S.A. de C.V. (Railroad of the Istmo de Tehuantepec).

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36. Consejo de Promoción Turística de México, S.A. de C.V. (México Tourism Board)

Notes to Section C

1. English translation is only provided for purposes of reference; not an official translation.
2. For Brunei, Malaysia, New Zealand and Vietnam, this Chapter does not apply to procurement by entities listed in Section C.

SECTION D

Goods

Unless otherwise specified, this Chapter covers all goods that are procured by the entities listed in Sections A and C. However, for procurement by the Secretaría de la Defensa Nacional (Ministry of National Defense) and the Secretaría de Marina (Ministry of Navy) only the following goods are included in the coverage of this Chapter:

(Note: numbers refer to the Federal Supply Classification –FSC- codes)

22. Railway equipment
23. Ground effect vehicles, motor vehicles, trailers and cycles (except buses in 2310; and military trucks and trailers in 2320 and 2330 and tracked combat, assault and tactical vehicles in 2350)
24. Tractors
25. Vehicular equipment components
26. Tires and tubes
29. Engine accessories
30. Mechanical power transmission equipment
32. Woodworking machinery and equipment
34. Metal-working machinery
35. Service and trade equipment
36. Special industry machinery
37. Agricultural machinery and equipment
38. Construction, mining, excavating, and highway maintenance equipment
39. Materials handling equipment
40. Rope, cable, chain, and fittings
41. Refrigeration, air conditioning, and air circulating equipment
42. Firefighting, rescue, and safety equipment; and environmental protection equipment and materials
43. Pumps and compressors
44. Furnace, steam plant, and drying equipment; and nuclear reactors
45. Plumbing, heating, and waste disposal equipment
46. Water purification and sewage treatment equipment
47. Pipe, tubing, hose, and fittings
48. Valves
49. Maintenance and repair shop equipment
52. Measuring tools
53. Hardware and abrasives
54. Prefabricated structures and scaffolding
55. Lumber, millwork, plywood, and veneer
56. Construction and building materials
61. Electric wire, and power and distribution equipment
62. Lighting fixtures and lamps
63. Alarm, signal and security detection systems
65. Medical, dental, and veterinary equipment and supplies
66. Instruments and laboratory equipment
67. Photographic equipment

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- 68. Chemicals and chemical products
- 69. Training aids and devices
- 70. Automatic data processing equipment (including firmware), software, supplies and support equipment
- 71. Furniture
- 72. Household and commercial furnishings and appliances
- 73. Food preparation and serving equipment
- 74. Office machines, text processing systems and visible record equipment
- 75. Office supplies and devices
- 76. Books, maps, and other publications (except 7650: drawings and specifications)
- 77. Musical instruments, phonographs, and home-type radios
- 78. Recreational and athletic equipment
- 79. Cleaning equipment and supplies
- 80. Brushes, paints, sealers, and adhesives
- 81. Containers, packaging, and packing supplies
- 85. Toiletries
- 87. Agricultural supplies
- 88. Live animals
- 91. Fuels, lubricants, oils, and waxes
- 93. Nonmetallic fabricated materials
- 94. Nonmetallic crude materials
- 96. Ores, minerals, and their primary products (except 9620: minerals, natural and synthetic)
- 99. Miscellaneous

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SECTION E

Services

This Chapter shall not cover the procurement of the following services identified in accordance with the North American Free trade Agreement (NAFTA) Common Classification System, Appendix 1001.1b-2-B of NAFTA that are procured by entities listed in Sections A and C:

- A Research and Development
All classes
- C Architecture and Engineering Services
- C130 Restoration (only for preservation of historic sites and buildings)
- D Information Processing and Related Telecommunications Services
- D304 ADP Telecommunications and Transmissions Services except for those services that are classified as enhanced or value added, defined as telecommunications services using computerized processing systems, which: (a) act on the format, content, code, protocol or similar aspects of the information transmitted by the user, (b) provide the customer with additional, different or restructured information, or (c) involve user interaction with stored information. For purposes of this provision, the acquisition of ADP Telecommunications and Transmission Services do not include the ownership or furnishing of facilities for voice or data transmission services.
- D305 ADP Services for Teleprocessing and Timeshare.
- D309 Information and Data Broadcasting Services or Data Distribution Services.
- D316 Telecommunications Network Management Services.
- D317 Automated News Services, Data Services, or Other Information Services Buying Data (the electronic equivalent of books, periodicals, newspapers, etc.)
- D399 Other ADP Telecommunications Services (includes data storage on tape, CDs, etc.)
- F Natural Resources Services.
- F011 Pesticides/Insecticides Support Services
- G Health and Social Services.
All classes
- J Maintenance, Repair, Modification, Rebuilding and Installation of Goods / Equipment
- J010 Armament
- J011 War Nuclear Material
- J012 Fire Equipment and Control
- J013 Ammunition and Explosives
- J014 Guided Missiles
- J015 Aircrafts and Aircraft Structures Components
- J016 Aircrafts Components and Accessories
- J017 Takeoff, Landing, and Ground Handling Aircraft Equipment
- J018 Space Vehicles
- J019 Shipments, Small Structures, Barges and Floating Docks
- J020 Boats and Marine Equipment
- J022 Rail Equipment
- J023 Land Vehicles, Motored Vehicles, Trailers y Motorcycles
- J024 Tractors
- J025 Motor Vehicles Parts
- J998 Non-nuclear Ships Repair
- K Custodial Operations and Related Services (professional services only for protection, personal security and surveillance systems and armed guards made)
- K103 Fueling and Other Petroleum Services –Excluding Storage-
- K105 Guard services (professional services only for protection, personal security and surveillance installations carried out by armed guards)
- K109 Surveillance services (professional services only for protection, personal security and surveillance installations carried out by armed guards)

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| | | |
|---|------|--|
| L | K110 | Solid Fuel Handling Services |
| | | Financial and Related Services |
| | | All classes |
| R | | Professional, Administrative and Management Support Services |
| | R003 | Legal Services |
| | R004 | Certifications and Accreditations for products and institutions other than Educational Institutions |
| | R012 | Patent and Trade Mark Services |
| | R016 | Personal Services Contracts |
| | R101 | Expert Witness (Only for legal services) |
| | R103 | Courier and Messenger Services |
| | R105 | Mail and Distribution Services (Post Office Services excluded) |
| | R106 | Post Office Services |
| | R116 | Court Reporting Services |
| | R200 | Military Recruitment |
| S | | Utilities |
| | | All classes |
| T | | Communications, Photographic, Mapping, Printing and Publication Services |
| | T000 | Communications Studies |
| | T001 | Market Research and Public Opinion Services (Formerly Telephone and Field Interviews services, including Focus testing, Syndicated and attitude surveys) Except for CPC 86503 Management Consulting Marketing Services. |
| | T002 | Communication Services (including Exhibit Services) |
| | T003 | Advertising Services |
| | T004 | Public Relations Services (Including Writing Services, Even Planning and Management, Media Relations, Radio and TV Analysis, Press Services) |
| | T005 | Arts / Graphics Services |
| | T008 | Film Processing Services |
| | T009 | Film / Video Production Services |
| | T010 | Microfiche Services |
| | T013 | General Photography Services - Still |
| | T014 | Print / Binding Services |
| | T015 | Reproduction Services |
| | T017 | General Photography Services - Motion |
| | T018 | Audio / Visual Services |
| | T099 | Other Communication, Photography, Mapping, Printing and Publication Services |
| U | | Educational and Training Services |
| | U003 | Reserves Training (Military) |
| | U010 | Certifications and Accreditations for Educational Institutions |
| V | | Transportation, Travel and Relocation Services |
| | | All classes (except V503 Travel Agent Services) |
| W | | Lease and Rental of equipment which require patent protection, copyright or other proprietary rights. |
| | W058 | Communication, Detection and Coherent Radiation Equipment |

General Notes:

1. - The provisions of this Chapter do not apply to the operation of government facilities under concessions.
2. - All services related to goods acquired by the Secretaría de la Defensa Nacional (Ministry of National Defense) and the Secretaría de Marina (Ministry of Navy) that are not covered by this Chapter, are excluded.
3. - All services that are not excluded from the coverage of this Chapter shall be subject to the provisions and annexes on trade in services of this Agreement.
4. - The management and operating services contracts awarded to research and development centers operating with federal funds, or related to the implementation of research programs sponsored by the government are excluded from the disciplines of this Chapter.
5. - This Chapter does not apply to the procurement of transportation services that are part of, or are incidental to a purchase contract.

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SECTION F

Construction Services

This Chapter applies to all construction services procured by the entities listed in Sections A and C, identified in Division 51 of the United Nations Provisional Central Product Classification (CPCProv) which can be found at: <http://unstats.un.org/unsd/cr/registry/regcs.asp?Cl=9&Lg=1&Co=51>, unless otherwise specified in this Chapter including this Annex.

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Section G

General Notes of Mexico

The following General Notes apply to this Chapter, including to Sections A through F:

Transitional Provisions¹

PEMEX, CFE and Non-Energy Construction

1. Mexico may set aside from the obligations of this Chapter for each calendar year following the date of entry into force of this Agreement for Mexico the respective percentage specified in paragraph 2 below of:
 - (a) the total value of procurement contracts for goods and services and any combination thereof and construction services procured by PEMEX in the year that are above the thresholds set out in Section C;
 - (b) the total value of procurement contracts for goods and services and any combination thereof and construction services procured by CFE in the year that are above the thresholds set out in Annex Section C; and
 - (c) the total value of procurement contracts for construction services procured in the year that are above the thresholds set out in Section A, excluding procurement contracts for construction services procured by PEMEX and CFE.
2. The percentages referred to in paragraph 1 above are as follows:

| | | | | |
|--------|--------|--------|--------|------------------------|
| Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
| 50% | 45% | 45% | 40% | 40% |
| Year 6 | Year 7 | Year 8 | Year 9 | Year 10 and thereafter |
| 35% | 35% | 30% | 30% | 0% |

3. The value of procurement contracts that are financed by loans from regional and multilateral financial institutions shall not be included in the calculation of the total value of procurement contracts under paragraphs 1 and 2 above.
4. Mexico shall ensure that the total value of the procurement contracts under any single FSC class (or other classification system agreed by the Parties) that are set aside by PEMEX or CFE under paragraphs 1 and 2 above for any calendar year does not exceed 15 per cent of the total value of the procurement contracts that may be set aside by PEMEX or CFE for that year.

Pharmaceuticals

5. Until January 1 of the ninth calendar year following its entry into force of this Agreement for Mexico, this Chapter shall not apply to the procurement by the Secretaría de Salud (Ministry of Health), IMSS, ISSSTE, Secretaría de la Defensa Nacional (Ministry of National Defense) and the Secretaría de Marina (Ministry of Navy) of drugs that are not currently patented in Mexico or whose Mexican patents have expired. Nothing in this paragraph shall prejudice protection of intellectual property rights under Chapter 18 (Intellectual Property).

¹ Transitional provisions in this section shall not apply to Canada, Japan and the United States. With respect to Chile and Peru, Mexico shall apply the equivalent provisions set forth in Annex 8.2, Section G “General Note and Derogations” (Chapter 8) of the Additional Protocol to the Pacific Alliance Agreement.

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Permanent Provisions

6. This Chapter does not apply to procurements made:
 - (a) with a view to commercial resale by government owned retail stores;
 - (b) by one entity from another entity of Mexico; or
 - (c) for the purchase of water and for the supply of energy or of fuels for the production of energy.
7. This Chapter does not apply to public utility services (including telecommunication, transmission, water and energy services).
8. This Chapter does not apply to any transportation services including: land transportation (CPC 71); water transport (CPC 72); air transport (CPC 73); supporting and auxiliary transport (CPC 74); post and telecommunication (CPC 75); repair services of other transport equipment, on a fee or contractual basis (CPC 8868).
9. This Chapter does not apply to build-operate-transfer contracts and public works concessions contracts.
10. Notwithstanding any provision in this Chapter, Mexico may set aside procurement contracts from the obligations of this Chapter, subject to the following:²
 - a. the total value of the contracts set aside may not exceed the Mexican peso equivalent of:
 - i. 1.34 billion United States dollars, in each year until 31 December of the ninth calendar year following the date of entry into force of this Agreement for Mexico, which may be allocated by all entities except PEMEX and CFE;
 - ii. 2.23 billion United States dollars, in each year beginning 1 January of the tenth calendar year following the date of entry into force of this Agreement for Mexico, which may be allocated by all entities;
 - b. the total value of contracts under any single FSC class (or other classification system agreed by the Parties) that may be set aside under this paragraph in any year shall not exceed 10 percent of the total value of contracts that may be set aside under this paragraph for that year; and
 - c. no entity subject to subparagraph (a) may set aside contracts in any calendar year of a value of more than 20 per cent of the total value of contracts that may be set aside for that year.
 - d. the total value of the contracts set aside by PEMEX or CFE may not exceed the Mexican peso equivalent of 892 million United States dollars in each calendar year, beginning 1 January of the tenth year following the date of entry into force of this Agreement for Mexico.
11. Beginning in January of the next calendar year after the date of entry into force of this Agreement for Mexico, the dollar values referred to in paragraph 10 above shall be adjusted annually for cumulative inflation from the date of entry into force of this Agreement for Mexico, based on the implicit price deflator for the United States Gross Domestic Product (USGDP) or any successor index published by the Council of Economic Advisors in "Economic Indicators".

The dollar values adjusted for cumulative inflation up to January of each calendar year following 2015 shall be equal to the original dollar values multiplied by the ratio of:

- a. the implicit USGDP price deflator or any successor index published by the Council of Economic Advisors in "Economic Indicators", current as of January of that year, to

² For purposes of this paragraph, Mexico shall apply to: (i) Canada and the United States the equivalent provisions set forth in Annex 1001.2b (Schedule of Mexico) of the NAFTA; (ii) Japan the equivalent provisions set forth in Annex 16 referred to in Chapter 11 (General Notes of Mexico, Section 2, Permanent Provisions) of Japan-Mexico Economic Partnership Agreement (EPA); and (iii) Chile and Peru the equivalent provisions set forth in Annex 8.2, Section G "General Note and Derogations" (Chapter 8) of the Additional Protocol to the Pacific Alliance Agreement.

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- b. the implicit USGDP price deflator or any successor index published by the Council of Economic Advisors in “Economic Indicators”, current as of the date of entry into force of this Agreement for Mexico,

provided that the price deflators under subparagraphs (a) and (b) above have the same base year.

The resulting adjusted dollar values shall be rounded to the nearest million dollars.

- 12. The national security exception provided for in Article 29.2 (Security Exceptions) covers procurements made in support of safeguarding nuclear materials or technology.
- 13. Notwithstanding any provision of this Chapter, an entity may impose a local content requirement of no more than:
 - a. 40 per cent, for labour-intensive turnkey or major integrated projects; or
 - b. 25 per cent, for capital-intensive turnkey or major integrated projects.

For the purpose of this paragraph, a “turnkey or major integrated project” means, in general, a construction, supply or installation project undertaken by a person pursuant to a right granted by an entity with respect to which:

- i. the prime contractor is vested with the authority to select the general contractors or subcontractors;
- ii. neither the Government of Mexico nor its entities fund the project;
- iii. the person bears the risks associated with nonperformance; and
- iv. the facility will be operated by an entity or through a procurement contract of that entity.

- 14. In the event that Mexico exceeds in any given year the total value of contracts it may set aside for that year in accordance with paragraph 10 of its Permanent Provisions or paragraphs 1, 2 and 4 of its Transitional Provisions, Mexico shall consult with the other Parties with a view to agreement on compensation in the form of additional procurement opportunities during the following year. The consultations shall be without prejudice to the rights of any Party under the Chapter 28 (Dispute Settlement).
- 15. Nothing in this Chapter shall be construed to require PEMEX to enter into risk-sharing contracts.
- 16. This Chapter does not apply to contracts to be awarded to cooperatives and rural or urban unprivileged groups that the government branch or entity agreed directly with them in accordance with laws and regulations existing at the time of the entry into force of this Agreement for Mexico.
- 17. For greater certainty, this Chapter shall be interpreted in accordance with the following:
 - (a) Where a contract to be awarded by a procuring entity is not covered by this Chapter, this Chapter shall not be construed to cover any good or service component of that contract;
 - (b) Any exclusion that is related either specifically or generally to a procuring entity will also apply to any successor entity in such a manner as to maintain the value of this offer; and
 - (c) This Chapter does not cover procurement by a procuring entity on behalf of another entity where the procurement would not be covered by this Chapter if it were conducted by the other entity itself.

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Section H

Thresholds applicable to Mexico

1. Notwithstanding the threshold values set out in Section A and C, in order to provide equivalence to the current value of the thresholds applied in the context of the NAFTA, Mexico shall, from the date of entry into force of this Agreement for Mexico, apply the NAFTA thresholds, as may be amended, instead of those mentioned in Sections A and C.
2. Mexico shall calculate and convert the value of the thresholds into Mexican pesos using the conversion rate of the Banco de México. Its conversion rate shall be the existing value of the Mexican peso in terms of the US dollar as of 1 December and 1 June of each year, or the first working day thereafter. The conversion rate as of 1 December shall apply from 1 January to 30 June of the following year, and the conversion rate as of 1 June shall apply from 1 July to 31 December of that year.
3. Information related with thresholds will be published in www.compranet.gob.mx

Section I

Procurement Information

Information on government procurements is published on the following websites:

www.dof.gob.mx

www.compranet.gob.mx

www.pemex.com

www.cfe.gob.mx