

CHAPTER FOURTEEN

GOVERNMENT PROCUREMENT

Article 14.1: General Provisions

1. The Parties reaffirm their interest in further expanding bilateral trading opportunities in each Party's government procurement market.
2. The Parties recognize the importance in cooperating in the government procurement matters that will contribute to the promotion of the objective of this Chapter.

Article 14.2: Scope and Coverage

1. This Chapter applies to any measure of a Party regarding covered procurement whether or not it is conducted exclusively or partially by electronic means.
2. For the purposes of this Chapter, covered procurement means a government procurement of goods, services or any combination thereof for governmental purposes:
 - (a) not procured with a view to commercial sale or resale, or for use in the production or supply of goods or services for commercial sale or resale;
 - (b) by any contractual means, including purchase, lease, and rental or hire purchase, with or without an option to buy, build-operate-transfer contracts (hereinafter referred to as "BOT") and public works concessions;
 - (c) for which the value, as estimated in accordance with paragraphs 5, 6 and 7, equals or exceeds the relevant threshold specified in Annex 14-A at the time of publication of a notice in accordance with Article 14.6;
 - (d) by a procuring entity; and
 - (e) that is not otherwise excluded from coverage by this Chapter; and subject to the conditions specified in Annex 14-A.

3. This Chapter shall not apply to:
- (a) the acquisition or rental of land, existing buildings, or other immovable property or rights thereon;
 - (b) non-contractual agreements or any form of assistance¹ that a Party provides, including cooperative agreements, grants, loans, equity infusions, guarantees, fiscal incentives and subsidies;
 - (c) the procurement or acquisition of fiscal agency or depository services, liquidation and management services for regulated financial institutions, or services related to the public debt, including loans and government bonds, notes and other securities²;
 - (d) public employment contracts and related measures;
 - (e) procurement conducted:
 - (i) for the direct purpose of providing international assistance, including development aid;
 - (ii) under the particular procedure or condition of an agreement relating to:
 - (A) the stationing of troops; or
 - (B) the joint implementation of a project by the countries signatory to such agreement; or
 - (iii) under the particular procedure or condition of an international organization, or funded by international grants, loans, investments, or assistance, where the applicable procedure or condition would be inconsistent with this Chapter.

¹ For greater certainty, this Chapter shall not apply to a procurement in furtherance of human feeding programs.

² For greater certainty, this Chapter shall not apply to procurement of banking, financial, or specialized services related to the following activities:

- (i) the incurring of public indebtedness; or
- (ii) public debt management.

4. Where a procuring entity, in the context of covered procurement, requires persons not listed in Annex 14-A to procure in accordance with particular requirements, Article 14.4 shall apply *mutatis mutandis* to such requirements.

Valuation of Contracts

5. In estimating the value of a procurement for the purposes of ascertaining whether it is a covered procurement, a procuring entity shall:

- (a) neither divide a procurement into separate procurements nor select or use a particular valuation method for estimating the value of a procurement with the intention of totally or partially excluding it from the application of this Chapter; and
- (b) include the estimated maximum total value of the procurement over its entire duration, whether awarded to one or more suppliers, taking into account all forms of remuneration, including:
 - (i) premiums, fees, commissions, and interest; and
 - (ii) where the procurement provides for the possibility of option clauses, the estimated maximum total value of the procurement, inclusive of optional purchases.

6. Where an individual requirement for a procurement result in the award of more than one contract, or in the award of contracts in separate parts (hereinafter referred to as “recurring contracts”), the calculation of the estimated maximum total value shall be based on:

- (a) the value of recurring contracts of the same type of good or service awarded during the preceding 12 months or the procuring entity’s preceding fiscal year, adjusted where possible, to take into account anticipated changes in the quantity or value of the good or service being procured over the subsequent 12 months; or
- (b) the estimated value of recurring contracts of the same type of good or service to be awarded during the 12 months subsequent to the initial contract award or the procuring entity’s fiscal year.

7. In the case of procurement by lease, rental, or hire purchase of goods or services, or procurement for which a total price is not specified, the basis for valuation shall be:

- (a) in the case of a fixed-term contract:
 - (i) where the term of the contract is 12 months or less the total estimated maximum value for its duration; or
 - (ii) where the term of the contract exceeds 12 months, the total estimated maximum value, including any estimated residual value.
- (b) Where the estimated maximum total value of a procurement over its entire duration is not known, the procurement shall be covered by this Chapter.

8. Nothing in this Chapter shall prevent a Party from developing new procurement policies, procedures, or contractual means provided that they are not otherwise inconsistent with this Chapter.

Article 14.3: Exceptions

1. Subject to the requirement that such measures are not applied in a manner that would constitute a means of arbitrary or unjustifiable discrimination between the Parties where the same conditions prevail or a disguised restriction on trade between the Parties, nothing in this Chapter shall be construed to prevent a Party from adopting or maintaining measures:

- (a) necessary to protect public morals, order or safety;
- (b) necessary to protect human, animal, or plant life or health;
- (c) necessary to protect intellectual property; or
- (d) relating to goods or services of persons with disabilities, philanthropic institutions, or prison labour.

2. The Parties understand that paragraph 1(b) includes environmental measures necessary to protect human, animal, or plant life or health.

3. Nothing in this Chapter shall be construed to prevent a Party from taking any action or not disclosing any information that it considers necessary

for the protection of its essential security interests related to the procurement of arms, ammunition, or war materials, or to procurement indispensable for national security or for national defense purpose.

Article 14.4: General Principles

National Treatment and Non-Discrimination

1. With respect to any measure covered by this Chapter, each Party, including its procuring entities, shall accord immediately and unconditionally to the goods and services of the other Party and to the suppliers of the other Party offering such goods or services, treatment no less favourable than that accorded to domestic goods, services and suppliers subject to the limitations and reservations established in this Chapter and Annex 14-A.

2. With respect to any measure regarding covered procurement, a Party, including its procuring entities, shall not:

- (a) treat a locally established supplier less favourably than another locally established supplier on the basis of degree of foreign affiliation or ownership; or
- (b) discriminate against a locally established supplier on the basis that the goods or services offered by that supplier for a particular procurement are goods or services of the other Party.

Use of Electronic Means

3. When conducting covered procurement by electronic means, a procuring entity shall:

- (a) ensure that the procurement is conducted using information technology systems and software, including those related to authentication and encryption of information, that are generally available and interoperable with other generally available information technology systems and software; and
- (b) maintain mechanism that ensure the integrity of requests for participation and tenders; including establishment of the time of receipt and the prevention of inappropriate access.

Conduct of Procurement

4. A procuring entity shall conduct covered procurement in a transparent and impartial manner that:

- (a) is consistent with this Chapter, using methods such as open tendering, selective tendering and limited tendering, according to its domestic law;
- (b) avoids conflicts of interest; and
- (c) prevents corrupt practices.

Rules of Origin

5. For the purposes of covered procurement, each Party shall apply to covered procurements of goods or services imported from or supplied by the other Party the rules of origin that it applies in the normal course of trade to those goods or services.

Prohibition of Offsets

6. With regard to covered procurement, a Party, including its procuring entities, shall not seek, take account of, impose, or enforce offsets at any stage of a covered procurement.

Measures Not Specific to Procurement

7. Paragraphs 1 and 2 shall not apply to customs duties and charges of any kind imposed on, or in connection with, importation, the method of levying such duties and charges, other import regulations or formalities, and measures affecting trade in services other than measures governing covered procurement.

Article 14.5: Information on the Procurement System

1. Each Party shall promptly publish its procurement laws, regulations, procedures and policy guidelines relating to covered procurements, and any changes or additions to this information, in electronic or paper media that are widely disseminated and remain accessible to the public.

2. Each Party shall promptly reply to any request from the other Party for an explanation of any matter relating to its procurement laws, regulations, procedures and policy guidelines.

Article 14.6: Notices

Notice of Intended Procurement

1. For each covered procurement, except in the circumstances described in Article 14.11, a procuring entity shall publish a notice inviting interested suppliers to submit tenders or, where appropriate, applications for participation in the procurement. Any such notice shall be published in an electronic or paper medium that is widely disseminated and readily accessible to the public free of charge for the entire period established for tendering. Each Party shall encourage procuring entities to publish notices of intended procurement by electronic means in a single point of entry that is accessible through the Internet or a comparable network.

2. Except as otherwise provided in this Chapter, each notice of intended procurement shall include:

- (a) the name and address of the procuring entity and other information necessary to contact the procuring entity and obtain all relevant documents relating to the procurement, and their cost and terms of payment, if any;
- (b) a description of the procurement, including the nature and the quantity of the goods or services to be procured or, where the quantity is not known, the estimated quantity;
- (c) for recurring contracts, if available, an estimate of the timing of subsequent notices of intended procurement;
- (d) a description of any options;
- (e) the time-frame for delivery of goods or services or the duration of the contract;
- (f) the procurement method that will be used and whether it will involve negotiation or electronic auction;
- (g) where applicable, the address and any final date for the submission of requests for participation in the procurement;
- (h) the address and the final date for the submission of tenders;
- (i) a list and brief description of any conditions for participation of

suppliers, including any requirements for specific documents or certifications to be provided by suppliers in connection therewith, unless such requirements are included in tender documentation that is made available to all interested suppliers at the same time as the notice of intended procurement;

- (j) where, pursuant to Article 14.8, a procuring entity intends to select a limited number of qualified suppliers to be invited to tender, the criteria that will be used to select them and, where applicable, any limitation on the number of suppliers that will be permitted to tender;
- (k) an indication that the procurement is covered by this Chapter; and
- (l) the language or languages in which tenders or requests for participation may be submitted, if they may be submitted in a language other than an official language of the Party of the procuring entity.

3. For each case of intended procurement, a procuring entity shall endeavor to publish a summary notice that is readily accessible, at the same time as the publication of the notice of intended procurement. The summary notice shall contain at least the following information:

- (a) the subject-matter of the procurement;
- (b) the final date for the submission of tenders or, where applicable, any final date for the submission of requests for participation in the procurement or for inclusion on a multi-use list; and
- (c) the address or place from which documents relating to the procurement may be requested.

Notice of Planned Procurement

4. Each Party shall encourage its procuring entities to publish prior to or as early as possible in each fiscal year, a notice regarding their procurement plans for that fiscal year. The notice should, at a minimum, include the subject-matter of the procurement and the planned date of the publication of the notice of the intended procurement.

Article 14.7: Conditions for Participation

1. A procuring entity shall limit any conditions for participation in a procurement to those that are essential to ensure that a supplier has the legal, commercial, technical, and financial abilities to undertake the relevant procurement.

2. In assessing whether a supplier satisfies the conditions for participation, a procuring entity:

- (a) shall evaluate the financial, commercial and technical abilities of a supplier on the basis of that supplier's business activities both inside and outside the territory of the Party of the procuring entity;
- (b) shall base its evaluation solely on the conditions that a procuring entity has specified in advance in notices or tender documentation;
- (c) shall not impose the condition that, in order for a supplier to participate in a procurement or be awarded a contract, the supplier has previously been awarded one or more contracts by a procuring entity of that Party or that the supplier has prior work experience in the territory of that Party; and
- (d) may require prior experience where essential to meet the requirements of the procurement.

3. Where there is supporting evidence, a Party, including its procuring entities, may exclude a supplier on grounds such as:

- (a) bankruptcy;
- (b) false declarations;
- (c) significant or persistent deficiencies in performance of any substantive requirement or obligation under a prior contract or contracts;
- (d) final judgments in respect of serious crimes or other serious offences;
- (e) professional misconduct or acts or omissions that adversely reflect on the commercial integrity of the supplier; or
- (f) failure to pay taxes.

Article 14.8: Registration and Qualification of Suppliers

Registration Systems and Qualification Procedures

1. Where a Party, including its procuring entities, requires suppliers to register or pre-qualify before being permitted to participate in a covered procurement, that Party, including its procuring entities, shall ensure that a notice inviting suppliers to apply for registration or pre-qualification is published in adequate time to enable interested suppliers to initiate and, to the extent that it is compatible with the efficient operation of the procurement process, to complete the registration and/or qualification procedures.

Selective Tendering

2. Where a Party's domestic law allows the use of selective tendering procedures, a procuring entity shall, for each intended procurement:

- (a) publish a notice inviting suppliers to apply for participation in the procurement sufficiently in advance to provide interested suppliers time to prepare and submit applications and for the entity to evaluate and make its determinations based on such applications; and
- (b) allow all domestic suppliers and suppliers of the other Party that the entity has determined to satisfy the conditions for participation to submit a tender, unless the entity has stated in the notice of intended procurement or, where publicly available, the tender documentation a limitation on the number of suppliers that will be permitted to tender and the criteria for such a limitation.

3. Where the tender documentation is not made publicly available from the date of publication of the notice referred to in paragraph 2(a), a procuring entity shall ensure that those documents are made available at the same time to all the qualified suppliers selected in accordance with paragraph 2(b).

Multi-Use Lists

4. A procuring entity may establish a multi-use list, provided that the entity annually publishes or otherwise makes available continuously in electronic form a notice inviting interested suppliers to apply for inclusion on the list. The notice shall include:

- (a) a description of the goods and services, or categories thereof, for which the list may be used;
- (b) the conditions for participation to be satisfied by suppliers and the methods that the procuring entity will use to verify a supplier's satisfaction of the conditions;
- (c) the name and address of the procuring entity and other information necessary to contact the entity and obtain all relevant documents relating to the list;
- (d) the period of validity of the list and the means for its renewal or termination, or where the period of validity is not provided, an indication of the method by which notice will be given of the termination of use of the list; and
- (e) an indication that the list may be used for procurement covered by this Chapter.

5. A procuring entity shall allow suppliers to apply at any time for inclusion on a multi-use list and shall include on the list all qualified suppliers within a reasonably short time.

6. Where a supplier that is not included on a multi-use list for selective tendering submits a request for participation in a procurement based on the multi-use list and all required documents relating thereto, within the time-period provided for in Article 14.9.2, a procuring entity shall examine the request. The procuring entity shall not exclude the supplier from consideration in respect of the procurement on the grounds that the entity has insufficient time to examine the request, unless, in exceptional cases, due to the complexity of the procurement, the entity is not able to complete the examination of the request within the time-period allowed for the submission of tenders.

Article 14.9: Time Periods

1. A procuring entity shall in accordance with its own reasonable needs, provide suppliers sufficient time to submit applications to participate in a procurement, and to prepare and submit responsive tenders, taking into account the nature and complexity of the procurement.

2. A procuring entity that uses selective tendering shall establish that the final date for the submission of requests for participation shall not, in principle, be less than 25 days from the date of publication of the notice of intended

procurement. Where a state of urgency duly substantiated by the procuring entity renders this time-period impracticable, the time-period may be reduced to not less than 10 days.

3. Except as provided for in paragraphs 4 and 5, a procuring entity shall establish that the final date for the submission of tenders shall not be less than 40 days from the date on which:

- (a) in the case of open tendering, the notice of intended procurement is published; or
- (b) in the case of selective tendering, the entity notifies suppliers that they will be invited to submit tenders whether or not it uses a multi-use list.

4. A procuring entity may reduce the time-period for tendering set out in paragraph 3 to not less than 10 days:

- (a) where the procuring entity has published a notice in an electronic medium listed in Annex 14-A, containing the information specified in Article 14.6.4 at least 40 days and not more than 12 months in advance;
- (b) in the case of the second or subsequent publication of notices for procurement of a recurring nature; or
- (c) where a state of urgency duly substantiated by the procuring entity renders such time-period impracticable.

5. A procuring entity may reduce the time-period for tendering set out in paragraph 3 by 5 days for each one of the following circumstances:

- (a) the notice of intended procurement is published by electronic means;
- (b) all the tender documentation is made available by electronic means from the date of the publication of the notice of intended procurement; and
- (c) the entity accepts tenders by electronic means.

6. The use of paragraph 5, in conjunction with paragraph 4, shall in no case result in the reduction of the time-period for tendering set out in paragraph 3 to less than 10 days from the date on which the notice of intended procurement is published.

7. Notwithstanding any other time-period in this Article, where a procuring entity purchases commercial goods or services, it may reduce the time-period for tendering set out in paragraph 3 to not less than 13 days, provided that it publishes by electronic means, at the same time, both the notice of intended procurement and the tender documentation. Where the entity also accepts tenders for commercial goods and services by electronic means, it may reduce the time-period set out in paragraph 3 to not less than 10 days.

8. Where a procuring entity in Annex 14-A has selected all or a limited number of qualified suppliers, the time-period for tendering may be fixed by mutual agreement between the procuring entity and the selected suppliers. In the absence of agreement, the period shall not be less than 10 days.

Article 14.10: Information on Intended Procurements

Tender Documentation

1. A procuring entity shall promptly provide, upon request, to any supplier interested in participating in a procurement tender documentation that includes all information necessary to permit suppliers to prepare and submit responsive tenders.

2. Unless already provided in the notice of intended procurement, such documentation shall include a complete description of:

- (a) the procurement, including the nature and the quantity of the goods or services to be procured or, where the quantity is not known, the estimated quantity and any requirements to be fulfilled, including any technical specifications, conformity assessment certification, plans, drawings or instructional materials;
- (b) any conditions for participation of suppliers, including any financial guarantees, information, and documents that suppliers are required to submit;
- (c) all evaluation criteria to be considered in the awarding of the contract, and, except where price is the sole criterion, the relative importance of such criteria;
- (d) where the procuring entity will hold an electronic auction, the rules, including identification of the elements of the tender

related to the evaluation criteria, on which the auction will be conducted;

- (e) where there will be a public opening of tenders, the date, time, and place for the opening of tenders and, where appropriate, the persons authorized to be present;
- (f) any other terms or conditions, including terms of payment and any limitation on the means by which tenders may be submitted, e.g., paper or electronic means;
- (g) any dates for the delivery of goods or the supply of services; and
- (h) where the procuring entity will conduct the procurement by electronic means, any authentication and encryption requirements or other requirements related to the submission of information by electronic means.

3. A procuring entity shall promptly reply to any reasonable request for relevant information by any interested or participating supplier, provided that such information does not give that supplier an advantage over other suppliers.

4. If, in tendering procedures, an entity allows tenders to be submitted in foreign languages, one of those languages shall be English.

Technical Specifications

5. A procuring entity shall not prepare, adopt or apply any technical specification or prescribe any conformity assessment procedure with the purpose or the effect of creating unnecessary obstacles to international trade between the Parties.

6. In prescribing the technical specifications for the goods or services being procured, a procuring entity shall, where appropriate:

- (a) specify the technical specification in terms of performance and functional requirements, rather than design or descriptive characteristics; and
- (b) base the technical specification on international standards, where such exist; otherwise, on national technical regulations, recognized national standards or building codes.

7. Where design or descriptive characteristics are used in the technical

specifications, a procuring entity shall indicate, where appropriate, that it will consider tenders of equivalent goods or services that demonstrably fulfill the requirements of the procurement by including words such as "or equivalent" in the tender documentation.

8. A procuring entity shall not prescribe technical specifications that require or refer to a particular trademark or trade name, patent, copyright, design, type, specific origin, producer or supplier, unless there is no other sufficiently precise or intelligible way of describing the procurement requirements and provided that, in such cases, the entity includes words such as "or equivalent" in the tender documentation.

9. A procuring entity shall not seek or accept, in a manner that would have the effect of precluding competition, advice that may be used in the preparation or adoption of any technical specification for a specific procurement from a person that may have a commercial interest in the procurement.

10. For greater certainty, a procuring entity may, in accordance with this Article, prepare, adopt or apply technical specifications to promote the conservation of natural resources or protect the environment.

Modifications

11. Where, prior to the award of a contract, a procuring entity modifies the criteria or technical requirements set out in a notice of intended procurement or tender documentation provided to participating suppliers, or amends or reissues a notice or tender documentation, it shall transmit in writing all such modifications or amended or re-issued notice or tender documentation:

- (a) to all the suppliers that are participating at the time the information is modified, amended or re-issued if the identities of such suppliers are known, and, in all other cases, in the same manner that the original information was transmitted; and
- (b) in adequate time to allow such suppliers to modify and re-submit amended tenders, as appropriate.

Article 14.11: Limited Tendering

1. Provided that it does not use this provision for the purposes of avoiding competition among suppliers or in a manner that discriminates against suppliers of the other Party or protects domestic suppliers, a procuring entity may use limited tendering and may choose not to apply Articles 14.6, through

14.9, 14.10.1 through 14.10.4, 14.12, through 14.14 only under the following circumstances:

- (a) provided that the requirements of the tender documentation are not substantially modified where:
 - (i) no tenders were submitted or no suppliers requested participation;
 - (ii) no tenders that conform to the essential requirements of the tender documentation were submitted;
 - (iii) no suppliers satisfied the conditions for participation; or
 - (iv) the tenders submitted have been collusive.
- (b) where the goods or services can be supplied only by a particular supplier and no reasonable alternative or substitute goods or services exist for any of the following reasons:
 - (i) the requirement is for a work of art;
 - (ii) the protection of patents, copyrights or other exclusive rights; or
 - (iii) the absence of competition for technical reasons such as procurement of services “*intuitu personae*”;
- (c) for additional deliveries by the original supplier of goods or services that were not included in the initial procurement where:
 - (i) a change of supplier for such additional goods or services cannot be made for economic or technical reasons such as requirements of interchangeability or interoperability with existing equipment, software, services or installations procured under the initial procurement; and
 - (ii) such separation would cause significant inconvenience or substantial duplication of costs for the procuring entity;
- (d) in so far as is strictly necessary where, for reasons of extreme urgency brought about by events unforeseeable by the procuring entity, the goods or services could not be obtained in

time using open tendering or selective tendering;

- (e) for goods purchased on a commodity market;
- (f) where a procuring entity procures a prototype or a first good or service that is developed at its request in the course of, and for, a particular contract for research, experiment, study or original development. Original development of a first good or service may include limited production or supply in order to incorporate the results of field testing and to demonstrate that the good or service is suitable for production or supply in quantity to acceptable quality standards, but does not include quantity production or supply to establish commercial viability or to recover research and development costs;
- (g) for purchases made under exceptionally advantageous conditions that only arise in the very short term in the case of unusual disposals such as those arising from liquidation, receivership or bankruptcy, but not for routine purchases from regular suppliers;
- (h) where a contract is awarded to a winner of a design contest provided that:
 - (i) the contest has been organized in a manner that is consistent with the principles of this Chapter, in particular relating to the publication of a notice of intended procurement; and
 - (ii) the participants are judged by an independent jury with a view to a design contract being awarded to a winner; or
- (i) where additional construction services, which were not included in the initial contract but were within the objectives of the original tender documentation have, due to unforeseen circumstances, become necessary to complete the construction services described therein. In such cases, the total value of contracts awarded for additional construction services may not exceed 50 percent of the amount of the initial contract.

2. For each contract awarded under paragraph 1, a procuring entity shall prepare a written report that includes;

- (a) the name of the procuring entity;

- (b) the value and kind of goods or services procured, or the intended value, provided where the value cannot be determined at the time of report; and
- (c) a statement indicating the circumstances and conditions described in paragraph 1 that justify the use of limited tendering.

Article 14.12: Electronic Auctions

Where a procuring entity intends to conduct a covered procurement using an electronic auction, the entity shall provide each participant, before commencing the electronic auction, with:

- (a) the automatic evaluation method, including the mathematical formula, that is based on the evaluation criteria set out in the tender documentation and that will be used in the automatic ranking or re-ranking during the auction;
- (b) the results of any initial evaluation of the elements of its tender where the contract is to be awarded on the basis of the most advantageous tender; and
- (c) any other relevant information relating to the conduct of the auction.

Article 14.13: Negotiation

1. A Party may provide for its procuring entities to conduct negotiations:
 - (a) where the entity has indicated its intent to conduct negotiations in the notice of intended procurement required under Article 14.6; or
 - (b) where it appears from the evaluation that no tender is obviously the most advantageous in terms of the specific evaluation criteria set out in the notice of intended procurement or tender documentation.
2. A procuring entity shall:
 - (a) ensure that any elimination of suppliers participating in negotiations is carried out in accordance with the evaluation

criteria set out in the notice of intended procurement or tender documentation; and

- (b) where negotiations are concluded, if an additional deadline can be provided according to the domestic laws and regulations of the Parties, provide a common deadline for the remaining participating suppliers to submit any new or revised tenders.

Article 14.14: Treatment of Tenders and Awarding of Contracts

Receipt and Opening of Tenders

1. A procuring entity shall receive, open and treat all tenders under procedures that guarantee the fairness and impartiality of the procurement process.
2. A procuring entity shall treat all tenders in confidence until at least the opening of the tenders. In particular, the procuring entity shall not provide information to particular suppliers that might prejudice fair competition between suppliers.
3. A procuring entity shall not penalise any supplier whose tender is received after the time specified for receiving tenders if the delay is due solely to mishandling on the part of the procuring entity.
4. Where a procuring entity provides suppliers with opportunities to correct unintentional errors of form between the opening of tenders and the awarding of the contract, the procuring entity shall provide the same opportunities to all participating suppliers.

Awarding of Contracts

5. A procuring entity shall require that in order to be considered for an award, a tender shall be submitted in writing and shall, at the time of opening, comply with the essential requirements set out in the notices and tender documentation and be from a supplier that satisfies the conditions for participation.
6. Unless a procuring entity determines that it is not in the public interest to award a contract, the entity shall award the contract to the supplier that the entity has determined to be capable of fulfilling the term of the contract and, based solely on the evaluation criteria specified in the notices and tender

documentation, has submitted:

- (a) the most advantageous tender; or
- (b) where price is the sole criterion, the lowest price.

7. Where a procuring entity receives a tender with a price that is abnormally lower than the prices in other tenders submitted, it may verify with the supplier that it satisfies the conditions for participation and is capable of fulfilling the terms of the contract.

8. A procuring entity may not cancel a covered procurement, or terminate or modify awarded contracts in a manner that circumvents this Chapter.

Article 14.15: Post-Award Information

1. A procuring entity shall promptly inform suppliers that have submitted tenders of its contract award decision and, on the request of a supplier, shall do so in writing. A procuring entity shall, upon request, provide an unsuccessful supplier with the reasons that the entity did not select that supplier's tender and the relative advantages of the successful supplier's tender.

2. No later than 72 days after award of each contract covered by this Chapter, a procuring entity shall publish a notice in the appropriate paper or electronic medium listed in Schedule included in Annex 14-A. Where the entity publishes the notice only in an electronic medium, the information shall remain readily accessible for a reasonable period of time. The notice shall include at least the following information:

- (a) a description of the goods or services procured;
- (b) the name and address of the procuring entity;
- (c) the name and address of the successful supplier;
- (d) the value of the successful tender or the highest and lowest offers taken into account in the award of the contract;
- (e) the date of award or the contract date; and
- (f) the type of procurement method used, and in cases where limited tendering was used in accordance with Article 14.11, a description of the circumstances justifying the use of limited tendering.

3. Each procuring entity shall, for a period of at least three years from the date it awards a contract, maintain:

- (a) the documentation and reports of tendering procedures and contract awards relating to covered procurement, including the reports required under Article 14.11; and
- (b) data that ensure the appropriate traceability of the conduct of covered procurement by electronic means.

Article 14.16: Disclosure of Information

1. A Party, upon request of the other Party, shall provide promptly any information necessary to determine whether the procurement was conducted fairly, impartially and in accordance with this Chapter, including information on the characteristics and relative advantages of the successful tender. In cases where release of this information would prejudice competition in future tenders, the Party that receives that information shall not disclose it to any supplier, except after consultation with, and agreement of, the Party that provided the information.

2. Notwithstanding any other provision of this Chapter, a Party, including its procuring entities shall not provide to any supplier information that might prejudice fair competition between suppliers.

3. Nothing in this Article shall be construed to require a Party, including its procuring entities, authorities and review bodies, to disclose confidential information where disclosure would impede law enforcement, might prejudice fair competition between suppliers, would prejudice the legitimate commercial interest of particular persons, including the protection of intellectual property, or would otherwise be contrary to the public interest.

Article 14.17: Domestic Review Procedures

1. Each Party shall provide a timely, effective, transparent, and non-discriminatory administrative or judicial review procedure through which a supplier may challenge:

- (a) a breach of this Chapter; or
- (b) where the supplier does not have a right to challenge directly a

breach of the Chapter under the domestic law of a Party, a failure to comply with a Party's measures implementing this Chapter

arising in the context of a covered procurement, in which the supplier has, or has had, an interest. The procedural rules for all challenges shall be in writing and made generally available.

2. In the event of a complaint by a supplier, arising in the context of covered procurement in which the supplier has, or has had, an interest, that there has been a breach or a failure as referred to in paragraph 1, the Party of the procuring entity conducting the procurement shall encourage the entity and the supplier to seek resolution of the complaint through consultations. The entity shall accord impartial and timely consideration to any such complaint in a manner that is not prejudicial to the supplier's participation in ongoing or future procurement or its right to seek corrective measures under the administrative or judicial review procedure.

3. Each supplier shall be allowed a sufficient period of time to prepare and submit a challenge, which in no case shall be less than 10 days from the time when the basis of the challenge became known or reasonably should have become known to the supplier.

4. Each Party shall maintain at least one impartial administrative or judicial authority that is independent of its procuring entities to receive and review, in a non-discriminatory, timely, transparent and effective manner, complaints that a supplier of a Party submits, in accordance with the Party's domestic law, relating to a covered procurement.

5. Where a body other than an authority referred to in paragraph 4 initially reviews a challenge, the Party shall ensure that the supplier may appeal the initial decision to an impartial administrative or judicial authority that is independent of the procuring entity whose procurement is the subject of the challenge.

6. A review body that is not a court shall either be subject to judicial review or have procedures that provide that:

- (a) the procuring entity shall respond in writing to the challenge and disclose all relevant documents to the review body;
- (b) the participants to the proceedings (hereinafter referred to as "participants") shall have the right to be heard prior to a decision of the review body being made on the challenge;

- (c) the participants shall have the right to be represented and accompanied;
 - (d) the participants shall have access to all proceedings;
 - (e) the participants shall have the right to request that the proceedings take place in public and that witnesses may be presented; and
 - (f) decisions or recommendations relating to supplier challenges shall be provided, in a timely fashion, in writing, with an explanation of the basis for each decision or recommendation.
7. Each Party shall adopt or maintain procedures that provide for:
- (a) rapid interim measures to preserve the supplier's opportunity to participate in the procurement. Such interim measures may result in suspension of the procurement process. The procedures may provide that overriding adverse consequences for the interests concerned, including the public interest, may be taken into account when deciding whether such measures should be applied. Just cause for not acting shall be provided in writing; and
 - (b) where a review body has determined that there has been a breach of this Chapter or a failure, corrective action or compensation for the loss or damages suffered, which may be limited to either the costs for the preparation of the tender or the costs relating to the challenge, or both.

Article 14.18: Rectifications and Modifications to Coverage

1. Where a Party modifies its coverage of procurement under this Chapter, the Party shall:
- (a) notify the other Party in writing; and
 - (b) include in the notification a proposal of appropriate compensatory adjustments to the other Party to maintain a level of coverage comparable to that existing prior to the modification.
2. Notwithstanding subparagraph 1(b), a Party shall not be obliged to

provide compensatory adjustments where:

- (a) the modification in question is a minor amendment or a rectification of a purely formal nature; or
- (b) the proposed modification covers an entity over which the Party has effectively eliminated its control or influence.

3. If the other Party does not agree that:

- (a) an adjustment proposed under subparagraph 1(b) is adequate to maintain a comparable level of mutually agreed coverage;
- (b) the proposed modification is a minor amendment or a rectification under subparagraph 2(a); or
- (c) the proposed modification covers a procuring entity over which the Party has effectively eliminated its control or influence under subparagraph 2(b),

it shall object in writing within 30 days following the receipt of the notification referred to in paragraph 1 or be deemed to have agreed to the adjustment or proposed modification, including for purposes of Chapter Twenty (Dispute Settlement).

4. Where the Parties are in agreement on the proposed modification, rectification, or minor amendment, including where a Party has not objected within 30 days under paragraph 3, they shall give effect to the agreement by modifying forthwith Annex 14-A.

Article 14.19: Committee on Government Procurement

1. The Parties hereby establish a Committee on Government Procurement (hereinafter referred to as “Committee”) comprising representatives of each Party.

2. The Committee shall:

- (a) evaluate the implementation of this Chapter, including its application, and recommend to the Parties the appropriate activities;
- (b) coordinate the cooperation activities;

- (c) evaluate and follow up the activities related to cooperation that the Parties present; and
 - (d) consider further negotiations aimed at broadening the coverage of this Chapter.
- 3. The Committee shall meet upon request of a Party or as mutually agreed by the Parties.
- 4. The meetings may also be held, as necessary, via telephone, video conference, or other means as mutually agreed by the Parties.

Article 14.20: Further Negotiations

In case where a Party offers, after the entry into force of this Agreement, to a non-Party additional advantage with regard to its government procurement market access coverage agreed under this Chapter, it shall agree, upon request of the other Party, to enter into negotiations with a view to extending coverage under this Chapter on a reciprocal and mutually beneficial basis.

Article 14.21: Cooperation

- 1. The Parties recognize the importance of cooperation with a view to facilitating better understanding and strengthening capacities to promote better access to their respective markets in accordance with the objectives of this Chapter.
- 2. The parties shall endeavor to cooperate in matters such as:
 - (a) exchange of information and relevant experts in government procurement;
 - (b) facilitation and promotion of technological standardization with respect to the government procurement;
 - (c) development and use of electronic communications in government procurement systems;
 - (d) capacity building and technical assistance to suppliers with respect to access to the government procurement markets; and
 - (e) capacity building and facilitating multilingual access to procurement opportunities, including English for procurement

related notices.

Article 14.22: Micro, Small, And Medium Enterprises³ Participation

1. The Parties recognize the importance of the participation of micro, small, and medium-sized enterprises (hereinafter referred to as “MSMEs”) in government procurement.
2. The Parties also recognize the importance of business alliances between suppliers of each Party, and in particular of MSMEs, including the joint participation in tendering procedures.
3. The Parties shall endeavor to work jointly towards exchanging information and facilitating access of MSMEs to government procurement procedures, methods, and contracting requirements, focusing on their special needs.

Article 14.23: Definitions

For the purposes of this Chapter:

build-operate-transfer contract and public works concession contract mean any contractual arrangement the primary purpose of which is to provide for the construction or rehabilitation of physical infrastructure, plant, buildings, facilities, or other government-owned works and under which, as consideration for a supplier’s execution of a contractual arrangement, a procuring entity grants to the supplier, for a specified period of time, temporary ownership or a right to control and operate, and demand payment for the use of, such works for the duration of the contract;

commercial goods or services means goods or services of a type generally sold or offered for sale in the commercial marketplace to, and customarily purchased by, non-governmental buyers for non-governmental purposes;

conditions for participation means registration, qualification, and other pre-requisites for participation in a procurement;

construction service means a service that has as its objective the realization by whatever means, of civil or building works, based on Division 51 of the United Nations Provisional Central Product Classification (hereinafter referred to as "CPC");

³ For Ecuador, MSMEs includes Actors of the Popular and Solidary Economy.

electronic auction means an iterative process that involves the use of electronic means for the presentation by suppliers of either new prices, or new values for quantifiable non-price elements of the tender related to the evaluation criteria, or both, resulting in a ranking or re-ranking of tenders;

in writing or **written** means any worded or numbered expression that can be read, reproduced and later communicated. It may include electronically transmitted and stored information;

limited tendering means a procurement method whereby the procuring entity contacts a supplier or suppliers of its choice;

measure means any law, regulation, procedure, administrative guidance or practice, or any action of a procuring entity relating to a covered procurement;

multi-use list means a list of suppliers that a procuring entity has determined satisfy the conditions for participation in that list, and that the procuring entity intends to use more than once;

notice of intended procurement means a notice published by a procuring entity inviting interested suppliers to submit a request for participation, a tender, or both;

offset means any condition or undertaking that encourages local development or improves a Party's balance-of-payments accounts, such as the use of domestic content, the licensing of technology, investment, counter-trade and similar action or requirement;

open tendering means a procurement method whereby all interested suppliers may submit a tender;

person means a natural person or an enterprise;

procuring entity means an entity covered under a Party's Annex 14-A;

qualified supplier means a supplier that a procuring entity recognizes as having satisfied the conditions for participation;

selective tendering means a procurement method whereby only qualified suppliers are invited by the procuring entity to submit a tender;

services include construction services, unless otherwise specified;

standard means a document approved by a recognized body that provides for

common and repeated use, rules, guidelines or characteristics for goods or services, or related processes and production methods, with which compliance is not mandatory. It may also include or deal exclusively with terminology, symbols, packaging, marking or labelling requirements as they apply to a good, service, process or production method;

supplier means a person or group of persons that provides or could provide goods or services; and

technical specification means a tendering requirement that:

- (i) lays down the characteristics of goods or services to be procured, including quality, performance, safety and dimensions, or the processes and methods for their production or provision; or
- (ii) addresses terminology, symbols, packaging, marking or labelling requirements, as they apply to a good or service.

Annex 14-A

Coverage

Section A: Central Government Entities

A. Schedule of Korea

Chapter 14 shall apply to the entities of central level of government which procure in accordance with the provisions of such Chapter, where the value of the procurement equals or exceeds:

Goods:

Threshold: 130 000 Special Drawing Rights (hereinafter referred to as “SDR”).

Services:

Threshold: 130 000 SDR.

Construction Services:

Threshold: 5 000 000 SDR.

List of Entities:

1. Board of Audit and Inspection;
2. Office for Government Policy Coordination;
3. Prime Minister's Secretariat;
4. Ministry of Economy and Finance;
5. Ministry of Education;
6. Ministry of Science, and ICT;
7. Ministry of Foreign Affairs;
8. Ministry of Unification;
9. Ministry of Justice;
10. Ministry of National Defense;
11. Ministry of the Interior and Safety (except purchases for the purpose of maintaining public order, as provided in Article 14.3);
12. Ministry of Culture, Sports and Tourism;
13. Ministry of Agriculture, Food and Rural Affairs;
14. Ministry of Trade, Industry and Energy;

15. Ministry of Health and Welfare;
16. Ministry of Environment;
17. Ministry of Employment and Labor;
18. Ministry of Gender Equality and Family;
19. Ministry of Land, Infrastructure and Transport;
20. Ministry of Oceans and Fisheries;
21. Ministry of SMEs and Startups
22. Fair Trade Commission;
23. Financial Services Commission;
24. Anti-corruption and Civil Rights Commission;
25. Korea Communications Commission;
26. National Human Rights Commission;
27. Ministry of Personnel Management;
28. Ministry of Government Legislation;
29. Ministry of Patriots and Veterans Affairs;
30. Ministry of Food and Drug Safety;
31. National Tax Service;
32. Korea Customs Service;
33. Public Procurement Service (Note 3);
34. Statistics Korea;
35. Supreme Prosecutors' Office
36. Military Manpower Administration;
37. Defense Acquisition Program Administration;
38. National Police Agency (except purchases for the purpose of maintaining public order, as provided in Article 14.3);
39. Cultural Heritage Administration;
40. Rural Development Administration;
41. Korea Forest Service;
42. Korean Intellectual Property Office;
43. Korea Meteorological Administration;
44. National Agency for Administrative City Construction;
45. Korea Coast Guard (except purchases for the purpose of maintaining public order, as provided in Article 14.3);
46. National Fire Agency.

Notes to Section A:

1. The above central government entities cover their "subordinate linear organizations", "special local administrative agencies" and "attached organs", as prescribed in the relevant provisions of the Government Organization Act of the Republic of Korea. Any entity with a separate legal personality that is

not listed in this Annex is not covered.

2. Chapter 14 shall not apply to any set-asides for small- and medium-sized businesses according to the Act Relating to Contracts to Which the State is a Party and its Presidential Decree, and the procurement of agricultural, fishery and livestock products according to the Grain Management Act, the Act on Distribution and Price Stabilization of Agricultural and Fishery Products, and the Livestock Industry Act.

3. Where the Public Procurement Service conducts procurement on behalf of an entity listed in Section A and B (Schedule of Korea), the scope of coverage and threshold for such entity applies.

B. Schedule of Ecuador

Chapter 14 of this Agreement shall apply to the central government entities referred to in this Annex as regards the procurement of goods, services and construction services indicated below, when the value of the procurement has been estimated, in accordance with Section I, as equal to or higher than the corresponding thresholds below:

Goods:

Threshold: 260 000 SDR for the period of five years following the entry into force of this Agreement, and 130 000 SDR thereafter.

Services:

Threshold: 260 000 SDR for the period of five years following the entry into force of this Agreement, and 130 000 SDR thereafter.

Construction Services:

Threshold: 6 000 000 SDR for the period of five years following the entry into force of this Agreement, and 5 000 000 SDR thereafter.

Central Government.

1. Presidencia de la República;
2. Vicepresidente de la República.

National Secretariats.

1. Secretaría Nacional de Planificación;
2. Secretaría de Educación Superior, Ciencia, Tecnología e Innovación;
3. Secretaría Técnica Ecuador Crece Sin Desnutrición Infantil;
4. Secretaría de Derechos Humanos.

Ministries.⁴

1. Ministerio de Agricultura y Ganadería;
2. Ministerio de Producción, Comercio Exterior, Inversiones y Pesca;
3. Ministerio del Ambiente, Agua y Transición Ecológica;
4. Ministerio de Cultura y Patrimonio;
5. Ministerio de Defensa Nacional;
6. Ministerio del Deporte;
7. Ministerio de Desarrollo Urbano y Vivienda;
8. Ministerio de Economía y Finanzas;
9. Ministerio de Inclusión Económica y Social;
10. Ministerio del Interior;
11. Ministerio de Gobierno;
12. Ministerio de Relaciones Exteriores y Movilidad Humana;
13. Ministerio del Trabajo;
14. Ministerio de Salud Pública;
15. Ministerio de Telecomunicaciones y de la Sociedad de la Información;
16. Ministerio de Transporte y Obras Públicas;
17. Ministerio de Turismo;
18. Ministerio de Educación;
19. Ministerio de Energía y Recursos Naturales No Renovables.

Banking institutions.

1. Banco de Desarrollo del Ecuador B.P;
2. Banecuador B.P;
3. Corporación Financiera Nacional (CFN);
4. Corporación Nacional de Finanzas Populares y Solidarias (CONAFIPS);
5. Banco del Instituto Ecuatoriano de Seguridad Social (BIESS);
6. Banco Central del Ecuador.

Other Institutions.

4 All ministries, their dependent and attached agencies, institutions or administrative entities are covered, except for the entities listed in Section C.

1. Servicio Nacional de Gestión de Riesgos y Emergencias;
2. Centro de Inteligencia Estratégica;
3. Servicio Nacional de Contratación Pública (SERCOP);
4. Servicio de Rentas Internas (SRI);
5. Servicio Nacional de Aduana del Ecuador (SENAE);
6. Dirección General de Aviación Civil;
7. Dirección General del Registro Civil, Identificación y Cedulación;
8. Autoridad Portuaria.

Other Government Agencies.

1. Asamblea Nacional;
2. Consejo de la Judicatura;
3. Consejo Nacional Electoral;
4. Corte Constitucional;
5. Consejo de Participación Ciudadana y Control Social;
6. Tribunal Contencioso Electoral;
7. Fiscalía General del Estado;
8. Defensoría Pública;
9. Defensoría del Pueblo;
10. Contraloría General del Estado;
11. Procuraduría General del Estado;
12. Consejo de Aseguramiento de la Calidad de la Educación Superior (CACES);
13. Superintendencia de Compañías, Valores y Seguros;
14. Superintendencia de Economía Popular y Solidaria;
15. Superintendencia de Control del Poder del Mercado;
16. Superintendencia de Bancos;
17. Agencia de Regulación y Control de las Telecomunicaciones;
18. Instituto Ecuatoriano de Seguridad Social (IESS);
19. Agencia de Regulación y Control del Agua;
20. Cuerpo de Ingenieros del Ejército (only for peacetime civil construction procedures).

Education Entities.

1. Casa de la Cultura Ecuatoriana “Benjamín Carrión”;
2. Escuela Politécnica del Ejército;
3. Escuela Politécnica Nacional;
4. Escuela Superior Politécnica Agropecuaria de Manabí “Manuel Félix López”;
5. Escuela Superior Politécnica del Chimborazo;
6. Escuela Superior Politécnica del Litoral;
7. Universidad Agraria del Ecuador;
8. Universidad Central del Ecuador;

9. Universidad de Guayaquil;
10. Universidad Estatal Amazónica;
11. Universidad Estatal de Bolívar;
12. Universidad de Cuenca;
13. Universidad Estatal de Milagro;
14. Universidad Estatal del Sur de Manabí;
15. Universidad Estatal Península de Santa Elena;
16. Universidad Laica Eloy Alfaro de Manabí;
17. Universidad Nacional de Chimborazo;
18. Universidad Nacional de Loja;
19. Universidad Politécnica Estatal del Carchi;
20. Universidad Técnica de Ambato;
21. Universidad Técnica de Babahoyo;
22. Universidad Técnica de Cotopaxi;
23. Universidad Técnica de Machala;
24. Universidad Técnica de Manabí;
25. Universidad Técnica de Quevedo;
26. Universidad Técnica del Norte;
27. Universidad Técnica Luis Vargas Torres de Esmeraldas;
28. Instituto de Altos Estudios Nacionales (IAEN);
29. Universidad de Investigación de Tecnología Experimental Yachay.

Notes to Section A:

Chapter 14 of this Agreement shall not apply in the following cases:

1. Ministerio de Defensa Nacional, Ministerio de Gobierno, Ministerio del Interior and Centro de Inteligencia Estratégica: procurements of goods of a strategic nature necessary for national defense and public security, and procurements of goods classified under Section 2 (food products, beverages and tobacco; textiles, apparel and leather products) of the United Nations Central Product Classification (CPC) for the Comando Conjunto de las Fuerzas Armadas, Ejército Nacional, Armada Nacional, Fuerza Aérea Ecuatoriana and Policía Nacional.
2. Ministerio de Inclusión Económica y Social, Ministerio de Desarrollo Urbano y Vivienda, Ministerio de Educación and bodies, institutions or administrative entities subordinate to, attached to or coordinated by them: services for the construction of educational entities (pre-school, elementary school and high school), drafting, design, printing, editing and publication of educational materials, and purchase of school uniforms.
3. Ministerio de Inclusión Económica y Social and bodies, institutions or administrative entities subordinate to, attached to or coordinated by it: procurements of the products provided for in Section 2 (food products,

beverages and tobacco; textiles, apparel and leather products) of the CPC intended for social assistance programmes.

4. Ministerio de Agricultura y Ganadería, Ministerio de Producción, Comercio Exterior, Inversiones y Pesca, and bodies, institutions or administrative entities subordinate to, attached to or coordinated by them: procurements of food products, agricultural inputs and live animals related to agricultural support programs and food assistance

5. Consejo Nacional Electoral: procurements for the preparation and organization of elections and public consultations.

Section B: Sub-Central Government Entities

A. Schedule of Korea.

Chapter 14 shall apply to the entities of the sub-central level of government which procure in accordance with the provisions of such Chapter, where the value of the procurement equals or exceeds.

Goods:

Threshold: SDR 200 000 Group A.
SDR 400 000 Group B.

Services:

Threshold: SDR 200 000 Group A.
SDR 400 000 Group B.

Construction Services:

Threshold: SDR 15 000 000 SDR.

Sub-Central Government Entities.

1. Group A.

- 1.1. Seoul Metropolitan Government;
- 1.2. Busan Metropolitan City;
- 1.3. Daegu Metropolitan City;
- 1.4. Incheon Metropolitan City;
- 1.5. Gwangju Metropolitan City;
- 1.6. Daejeon Metropolitan City;
- 1.7. Ulsan Metropolitan City;
- 1.8. Gyeonggi-do;
- 1.9. Gangwon-do;
- 1.10. Chungcheongbuk-do;
- 1.11. Chungcheongnam-do;
- 1.12. Jeollabuk-do;
- 1.13. Jeollanam-do;
- 1.14. Gyeongsangbuk-do;
- 1.15. Gyeongsangnam-do;
- 1.16. Jeju Special Self-Governing Province.

2. Group B.

2.1. Local governments in Seoul Metropolitan Government:

- 2.1.1 Jongno-gu;
- 2.1.2. Jung-gu;
- 2.1.3. Yongsan-gu;
- 2.1.4. Seongdong-gu;
- 2.1.5. Gwangjin-gu;
- 2.1.6. Dongdaemun-gu;
- 2.1.7. Jungnang-gu;
- 2.1.8. Seongbuk-gu;
- 2.1.9. Gangbuk-gu;
- 2.1.10. Dobong-gu;
- 2.1.11. Nowon-gu;
- 2.1.12. Eunpyeong-gu;
- 2.1.13. Seodaemun-gu;
- 2.1.14. Mapo-gu;
- 2.1.15. Yangcheon-gu;
- 2.1.16. Gangseo-gu;
- 2.1.17. Guro-gu;
- 2.1.18. Geumcheon-gu;
- 2.1.19. Yeongdeungpo-gu;
- 2.1.20. Dongjak-gu;
- 2.1.21. Gwanak-gu;
- 2.1.22. Seocho-gu;
- 2.1.23. Gangnam-gu;
- 2.1.24. Songpa-gu;
- 2.1.25. Gangdong-gu.

2.2. Local governments in Busan Metropolitan City:

- 2.2.1. Jung-gu;
- 2.2.2. Seo-gu;
- 2.2.3. Dong-gu;
- 2.2.4. Yeongdo-gu;
- 2.2.5. Busanjin-gu;
- 2.2.6. Dongnae-gu;
- 2.2.7. Nam-gu;
- 2.2.8. Buk-gu;
- 2.2.9. Haeundae-gu;
- 2.2.10. Saha-gu;
- 2.2.11. Geumjeong-gu;
- 2.2.12. Gangseo-gu;
- 2.2.13. Yeonje-gu;
- 2.2.14. Suyeong-gu;
- 2.2.15. Sasang-gu;

2.2.16. Gijang-gun.

2.3. Local governments in Incheon Metropolitan City:

- 2.3.1. Jung-gu;
- 2.3.2. Dong-gu;
- 2.3.3. Michuhol-gu;
- 2.3.4. Yeonsu-gu;
- 2.3.5. Namdong-gu;
- 2.3.6. Bupyeong-gu;
- 2.3.7. Gyeyang-gu;
- 2.3.8. Seo-gu;
- 2.3.9. Ganghwa-gun;
- 2.3.10. Ongjin-gun.

Notes to Section B:

1. The above sub-central administrative government entities cover "subordinate organizations under direct control", "offices" and "branch offices", as prescribed in the relevant provisions of the Local Autonomy Act of the Republic of Korea. Any entity with a separate legal personality that is not listed in this Annex is not covered.

2. Chapter 14 shall not apply to any set-asides for small- and medium-sized businesses according the Act Relating to Contracts to Which the Local Government is a Party and its Presidential Decree.

B. Schedule of Ecuador.

Chapter 14 of this Agreement shall apply to the sub-central government entities referred to in this Annex as regards the procurement of goods, services and construction services indicated below, when the value of the procurement has been estimated, in accordance with Section I, as equal to or higher than the corresponding thresholds below:

Goods:

Threshold: 350 000 SDR for the period of five years following the entry into force of this Agreement, and 200 000 SDR thereafter.

Services:

Threshold: 350 000 SDR for the period of five years following the entry into force of this Agreement, and 200 000 SDR thereafter.

Construction Services:

Threshold: 6 000 000 SDR for the period of five years following the entry into force of this Agreement, and 5 000 000 SDR thereafter.

Sub-Central Government Entities.

All Gobiernos Autónomos Provinciales are included.

All Gobiernos Autónomos Municipales are included.

Notes to Section B.

Chapter 14 of this Agreement shall not apply to procurements by the Gobiernos Autónomos Parroquiales.

Section C: Other Entities

A. Schedule of Korea.

Chapter 14 shall apply to other government entities, which procure in accordance with the provisions of such Chapter, where the value of the procurement equals or exceeds:

Goods:

Threshold: 400 000 SDR.

Services:

Threshold: 400 000 SDR.

Construction Services:

Threshold: 15 000 000 SDR.

Other Entities.

1. Korea Development Bank;
2. Industrial Bank of Korea;
3. Korea Minting and Security Printing Corporation;
4. Korea Electric Power Corporation (except purchases of products in the categories of HS Nos. 8504, 8535, 8537 and 8544) (Note 3);
5. Korea Coal Corporation;
6. Korea Mine Rehabilitation and Mineral Resources Corporation;
7. Korea National Oil Corporation;
8. Korea Trade-Investment Promotion Agency;
9. Korea Expressway Corporation;
10. Korea Land and Housing Corporation;
11. Korea Water Resources Corporation;
12. Korea Rural Community Corporation;
13. Korea Agro-Fisheries and Food Trade Corporation;
14. Korea Tourism Organization;
15. Korea Labor Welfare Corporation;
16. Korea Gas Corporation (Note 3);
17. Korea Railroad Corporation;

Notes to Section C:

1. Chapter 14 shall not apply to any set-asides for small- and medium-

sized businesses according to the Act on the Management of Public Institutions, and the Rule on Contract Business of Public Institutions and Quasi-governmental Institutions.

2. Chapter 14 does not cover procurement of the transportation services that form a part of, or are incidental to, a procurement contract.

3. Chapter 14 does not cover procurement by the Korea Electric Power Corporation and the Korea Gas Corporation of the following services:

GNS/W/120	CPC code	Description
1.A.e.	8672	Engineering services
1.A.f.	8673	Integrated engineering services
1.B.	84	Computer and related services
1.F.e.	86761	Composition and purity testing and analysis services
1.F.e.	86764	Technical inspection services
1.F.m.	8675	Related scientific and technical consulting services
1.F.n.	633, 8861- 8866	Repair services incidental to metal products, machinery and equipment
1.F.c.	865	Management consulting service
1.F.d.	86601	Project management services
2.C.	7523	Telecommunication services (including code and protocol conversion)

B. Schedule of Ecuador.

Chapter 14 of this Agreement shall apply to entities listed in this Annex as regards the procurement of goods, services and construction services indicated below, when the value of the procurement has been estimated, in accordance with Section I, as equal to or higher than the corresponding thresholds below:

Goods:

Threshold: 400 000 SDR.

Services:

Threshold: 400 000 SDR.

Construction Services:

Threshold: 6 000 000 SDR for the period of five years following the entry into force of this Agreement, and 5 000 000 SDR thereafter.

Procuring Entities:

Unless otherwise specified, Chapter 14 of this Agreement applies to the public undertakings listed below:

A. Public Undertakings of the Executive Branch.

1. Astilleros Navales Ecuatorianos — ASTINAVE EP;
2. Corporación Eléctrica del Ecuador — CELEC EP;
3. Corporación Nacional de Telecomunicaciones — CNT EP;
4. Empresa Nacional Minera — ENAMI EP;
5. Empresa Pública de Hidrocarburos del Ecuador EP — PETROECUADOR;
6. Empresa Pública de Innovación y Comercialización INVENTIO-ESPOL EP;
7. Empresa Pública Flota Petrolera Ecuatoriana — EP FLOPEC;
8. Transportes Navieros Ecuatorianos;
9. Empresa Eléctrica Pública Estratégica Corporación Nacional de Electricidad — CNEL EP;
10. Empresa Eléctrica Ambato Regional Centro Norte S.A;
11. Empresa Eléctrica Riobamba;
12. Empresa Eléctrica Provincial Cotopaxi S.A. ELEPCOSA;
13. Empresa Eléctrica Regional Norte S.A;
14. Empresa Eléctrica Regional del Sur S.A;

15. Empresa Eléctrica Regional Centro Sur C.A;
16. Empresa Eléctrica Azogues C.A;
17. Hidromira Carchi EP;
18. Empresa Pública Metropolitana de Servicios Aeroportuarios y Gestión de Zonas Francas y Regímenes Especiales;
19. Autoridad Aeroportuaria de Guayaquil;
20. Empresa Pública Metropolitana de Aseo;
21. Empresa Pública Metropolitana de Movilidad y Obras Pública;
22. Empresa Pública Metropolitana de Agua Potable y Saneamiento;
23. Empresa Municipal de Agua Potable y Alcantarillado de Ambato
24. Empresa Pública Municipal de Agua Potable y Alcantarillado de Pujili;
25. Empresa Municipal de Agua Potable y Alcantarillado de Riobamba EP EMAPAR;
26. Empresa Pública Municipal de Agua Potable y Saneamiento Básico del Cantón Pedro Moncayo — EMASA-PM;
27. Empresa Municipal de Aseo de Cuenca;
28. Empresa Eléctrica Pública de Guayaquil EP;
29. Empresa Pública Servicios Postales del Ecuador SPE EP;
30. Hidroeléctrica Coca Codo Sinclair — COCASINCLAIR EP;
31. Hidroeléctrica del Litoral — HIDROLITORAL EP;
32. HIDROESPOL EP;
33. Servicio de Gestión Inmobiliaria del Sector Público – INMOBILIAR;
34. Empresa Pública de Comunicación del Ecuador - COMUNICA EP;
35. Hydroagoyán S.A.

Notes to Section C:

Regarding the entities listed below, if a successor entity is established, that entity is covered under Section C:

1. Empresa Pública Cementera del Ecuador EP1;
2. Empresa Pública de Desarrollo Estratégico Ecuador — ESTRATEGICO EP;
3. Empresa Pública TAME Línea Aérea del Ecuador — TAME EP;
4. Empresa Pública de Fármacos ENFARMA EP;
5. Ferrocarriles del Ecuador Empresa Pública — FEED;
6. Yachay EP;
7. Fabricamos Ecuador EP;
8. Unidad Nacional de Almacenamiento EP;
9. Empresa Pública Técnica Vehicular.

Section D: Goods

A. Schedule of Korea.

1. Chapter 14 covers procurement of all goods procured by the entities listed in Sections A, B, and C, unless otherwise specified in this Agreement.

2. Subject to the decision of the Korean Government under the provisions of Article 14.3.3, for procurement by the Ministry of National Defense and the Defense Acquisition Program Administration, Chapter 14 covers the following FSC categories only.

FSC	Reference No.	Description
1	2510	Vehicular cab, body, and frame structural components;
2	2520	Vehicular power transmission components;
3	2540	Vehicular furniture and accessories;
4	2590	Miscellaneous vehicular components;
5	2610	Tires and tubes, pneumatic, except aircraft;
6	2910	Engine fuel system components, non-aircraft;
7	2920	Engine electrical system components, non-aircraft;
8	2930	Engine cooling system components, non-aircraft;
9	2940	Engine air and oil filters, strainers and cleaners, non-aircraft;
10	2990	Miscellaneous engine accessories, non-aircraft;
11	3020	Gears, pulleys, sprockets and transmission chain;
12	3416	Lathes;
13	3417	Milling machines;
14	3510	Laundry and dry cleaning equipment;
15	4110	Refrigeration equipment;
16	4230	Decontaminating and impregnating equipment;
17	4520	Space and water heating equipment;
18	4940	Miscellaneous maintenance and repair shop specialize equipment;
19	5120	Hand tools, nonedged, non-powered;
20	5410	Prefabricated and portable buildings;
21	5530	Plywood and veneer;
22	5660	Fencing, fences, gates and components;
23	5945	Relays and solenoids;
24	5965	Headsets, handsets, microphones and speakers;
25	5985	Antennas, waveguide, and related equipment;
26	5995	Cable, cord, and wire assemblies: communication equipment;

27	6505	Drugs and biologicals;
28	6220	Electric vehicular lights and fixtures;
29	6840	Pest control agents disinfectants;
30	6850	Miscellaneous chemical specialties;
31	7310	Food cooking, baking, and serving equipment;
32	7320	Kitchen equipment and appliances;
33	7330	Kitchen hand tools and utensils;
34	7350	Tableware;
35	7360	Sets, kits, outfits, and modules, food preparation and serving;
36	7530	Stationery and record forms;
37	7920	Brooms, brushes, mops, and sponges;
38	7930	Cleaning and polishing compounds and Preparations;
39	8110	Drums and cans;
40	9150	Oils and greases: cutting, lubricating, and hydraulic;
41	9310	Paper and paperboard

B. Schedule of Ecuador.

Chapter 14 of this Agreement shall apply to all goods procured by the entities listed in Sections A, B, and C, subject to their respective Notes and the Additional Notes in Section G.

Notes to Section D:

Chapter 14 of this Agreement shall not apply to the procurement of goods necessary for the implementation of research and development services or to the procurement of goods within the following classifications of the CPC:

1. Division 12 (crude petroleum and natural gas);
2. Group 333 (petroleum oils);
3. Group 334 (petroleum gases and other gaseous hydrocarbons);
4. Group 341 (basic organic chemicals).

Section E: Services

A. Schedule of Korea.

Of the Universal List of Services, as contained in document MTN.GNS/W/120, the following services are covered:

GNS/W/120	CPC	Description
1.A.b.	862	Accounting, auditing and bookkeeping services
1.A.c.	863	Taxation services
1.A.d.	8671	Architectural services
1.A.e.	8672	Engineering services
1.A.f.	8673	Integrated engineering services
1.A.g.	8674	Urban planning and landscape architectural services
1.B.	84	Computer Services
1.B.a.	841	Consultancy services related to the installation of computer hardware
1.B.b.	842	Software implementation services
1.B.c.	843	Data processing services
1.B.d.	844	Data base services
1.B.e.	845	Maintenance and repair services of office machinery and equipment (including computers)
1.E.a.	83103	Rental/leasing services without operators relating to ships
1.E.b.	83104	Rental/leasing services without operators relating to aircraft
1.E.c.	83101, 83105*	Rental/leasing services without operators relating to other transport equipment (only passenger vehicles for less than fifteen passengers)
1.E.d.	83106, 83108, 83109	Rental/leasing services without operators relating to other machinery and equipment
	83107	Rental/leasing services without operator relating to

		construction machinery and equipment
1.F.a.	8711, 8719	Advertising agency services
1.F.b.	864	Market research and public opinion polling services
1.F.c.	865	Management consulting services
1.F.d.	86601	Project management services
1.F.e.	86761*	Composition and purity testing and analysis services (only inspection, testing and analysis services of air, water, noise level and vibration level)
	86764	Technical inspection services
1.F.f.	8811*, 8812*	Consulting services relating to agriculture and animal husbandry
	8814*	Services incidental to forestry (excluding aerial fire fighting and disinfection)
1.F.g.	882*	Consulting services relating to fishing
1.F.h.	883*	Consulting services relating to mining
1.F.m.	86751, 86752	Related scientific and technical consulting services
1.F.n.	633, 8861 8862, 8863 8864, 8865 8866	Maintenance and repair of equipment
1.F.p.	875	Photographic services
1.F.q.	876	Packaging services
1.F.r.	88442*	Printing (screen printing, gravure printing, and services relating to printing)
1.F.s.	87909*	Stenography services
		Convention agency services
1.F.t.	87905	Translation and interpretation services
2.C.j.	7523*	On-line information and data-base retrieval
2.C.k.	7523*	Electronic data interchange

2.C.l.	7523*	Enhanced/value-added facsimile services including store and forward, store and retrieve
2.C.m.	-	Code and protocol conversion
2.C.n.	843*	On-line information and/or data processing (including transaction processing)
2.D.a.	96112*, 96113*	Motion picture and video tape production and distribution services (excluding those services for cable TV broadcasting)
2.D.e.	-	Record production and distribution services (sound recording)
6.A.	9401*	Refuse water disposal services (only collection and treatment services of industrial waste water)
6.B.	9402*	Industrial refuse disposal services (only collection, transport, and disposal services of industrial refuse)
6.D.	9404*, 9405*	Cleaning services of exhaust gases and noise abatement services (services other than construction work services)
	9406*, 9409*	Environmental testing and assessment services (only environmental impact assessment services)
9.A	641	Hotel and other lodging services
9.A	642	Food serving services
9.A	6431	Beverage serving services without entertainment (Excluding rail and air transport related facilities in CPC 6431)
9.B	7471	Travel agency and tour operator services (except Government Transportation Request)
11.A.b.	7212*	International transport, excluding cabotage
11.A.d.	8868*	Maintenance and repair of vessels
11.F.b.	71233*	Transportation of containerized freight, excluding cabotage
11.H.c	748*	Freight transport agency services - Maritime agency services - Maritime freight forwarding

		services <ul style="list-style-type: none"> - Shipping brokerage services - Air cargo transport agency services - Customs clearance services
11.I.	-	Freight forwarding for rail transport

Notes to Section E:

Asterisks (*) designate "part of" as described in detail in the Revised Conditional Offer of the Republic of Korea Concerning Initial Commitments on Trade in Services.

B. Schedule of Ecuador.

Chapter 14 of this Agreement applies exclusively to the services, which are identified in accordance with the United Nations Provisional Central Product Classification (CPC) as contained in document MTN.GNS/W/120 which are indicated in this Annex, procured by the entities listed in Sections A, B, and C, subject to their respective notes and the Additional Notes in Section G.

Subject	CPC Reference No.
Road Transport Services	712,744, 87304
Maritime Transport Services	721, 745
Rail Transport Services	711, 743
Pipeline Transport	713
Internal Waterways Transport	722
Communication Services	752, 7512, 754
Maintenance and repair services	633, 6122, 886, 6112
Hotels	641, 643
Electricity distribution services and gas distribution services through mains	691
Air Transport Services	73, 746 Except subclasses: 7321 (Mail transportation by air); and 7462 (Air traffic control services)
Services auxiliary to all modes of transport	741,742,748
Travel agencies and tour operators services	7471
Services auxiliary to insurance and pension funding	814
Rental or Leasing Services relating to other machinery and equipment without operator only	83106, 83107, 83108, 83109
Rental or Leasing Services relating to personal and household goods	83202, 83203, 83204, 83209

Computer and Related Services	841, 843, 844, 845, 849
Book-keeping services	8622
Taxation Services	863
Market research services	86401
Services related to management consulting	866 Except subclass 86602 (Arbitration and conciliation services)
Integrated engineering services	8673 (after 15 years)
Advertising services	871 (after 10 years)
Building-cleaning services and real estate services on a fee or contract basis	874, 822
Services incidental to agriculture, hunting and forestry; services incidental to fishing; services incidental to mining; services incidental to manufacturing, except manufacturing of metallic products such as machinery and equipment	881, 882, 883, 884
Packaging services; printing and publishing services	876, 88442
Other business services	8790 (except 87901, 87902)
Veterinary services	932
Environmental services: cleaning services of exhaust gases; noise abatement services; nature and landscape protection services; other environmental protection services n.e.c	9404, 9405, 9406, 9409

Section F: Construction Services

A. Schedule for Korea.

Chapter 14 shall apply to all construction services under CPC 51 procured by the entities listed in Sections A, B, and C, subject to the Notes to the respective Sections and Section G.

Notes to Section F:

Chapter 14 shall not apply to any set-asides for small- and medium-sized businesses according to the Act on Private Participation in Infrastructure

B. Schedule for Ecuador.

Chapter 14 of this Agreement applies to all construction services included in Division 51 of the CPC which are indicated in this Annex, procured by the entities, listed in Sections A, B, and C, subject to the Notes to the respective Sections and Section G.

List from Division 51, CPC Prov.			
Group	Class	Subclass	Title
SECTION 5			CONSTRUCTION WORK AND CONSTRUCTIONS: LAND
DIVISION 51			CONSTRUCTION WORK
511			Pre-erection work at construction sites
	5111	51110	Site investigation Work
	5112	51120	Demolition Work
	5113	51130	Site formation and clearance work
	5114	51140	Excavating and earthmoving work
	5115	51150	Site preparation work for mining (except for extraction of oil and gas, which is classified under F042)
	5116	51160	Scaffolding Work
512			Construction work for buildings
	5121	51210	For one- and two-dwelling buildings
	5122	51220	For multi-dwelling buildings
	5123	51230	For warehouses and industrial buildings
	5124	51240	For commercial buildings
	5125	51250	For public entertainment buildings
	5126	51260	For hotel, restaurant and similar buildings
	5127	51270	For educational buildings
	5128	51280	For health buildings
	5129	51290	For other buildings
513			Construction work for civil engineering
	5131	51310	For highways (except elevated highways), street, roads, railways and airfield runways
	5132	51320	For bridges, elevated highways, tunnels and subways
	5133	51330	For waterways, harbours, dams and other water works
	5134	51340	For long distance pipelines, communication and power lines (cables)
	5135	51350	For local pipelines and cables, ancillary works
	5136	51360	For constructions for mining

List from Division 51, CPC Prov.			
Group	Class	Subclass	Title
	5137		For sport and recreation constructions
		51371	For stadia and sports grounds
		51372	For other sport and recreation installations (e.g. swimming pools, tennis courts, golf courses)
	5138	51380	Dredging services
	5139	51390	For engineering works n.e.c.
514	5140	51400	Assembly and erection of prefabricated constructions
515			Special trade construction work
	5151	51510	Foundation work including pile driving
	5152	51520	Water-well drilling
	5153	51530	Roofing and water proofing
	5154	51540	Concrete work
	5155	51550	Steel bending and erection, including welding
	5156	51560	Masonry work
	5159	51590	Other special trade construction work
516			Installation work
	5161	51610	Heating, ventilation and air conditioning work
	5162	51620	Water plumbing and drain laying work
	5163	51630	Gas fitting construction work
	5164		Electrical work
		51641	Electrical wiring work
		51642	Fire alarm construction work
		51643	Burglar alarm system construction work
		51644	Antenna construction work
		51649	Other electrical construction work
	5165	51650	Insulation work (electrical wiring, water, heat, sound)
	5166	51660	Fencing and railing construction work
	5169		Other installation work
		51691	Lift and escalator construction work
		51699	Other installation work
517			Building completion and finishing work
	5171	51710	Glazing work and window glass installation work
	5172	51720	Plastering work
	5173	51730	Painting work
	5174	51740	Floor and wall tiling work
	5175	51750	Other floor laying, wall covering and wall papering work

List from Division 51, CPC Prov.			
Group	Class	Subclass	Title
	5176	51760	Wood and metal joinery and carpentry work
	5177	51770	Interior fitting decoration work
	5178	51780	Ornamentation fitting work
	5179	51790	Other building completion and finishing work
518	5180	51800	Renting services related to equipment for construction or demolition of buildings or civil engineering works, with operator

Notes to Section F:

A procuring entity of Ecuador, in a procurement of construction services for the construction, maintenance or rehabilitation of roads and highways, may apply a condition relating to the hiring of local personnel in rural areas in order to promote employment and improve living conditions in such areas.

Section G: Additional Notes

A. Schedule of Korea.

1. Chapter 14 does not cover procurement in furtherance of human feeding programmes.
2. For greater clarity, procurement for airports is not covered under Chapter 14.

B. Schedule of Ecuador.

1. Chapter 14 of this Agreement shall not apply to:
 - (a) procurements of goods or services in the defense and public security sector by Fuerzas Armadas, the Policía Nacional or the Centro de Inteligencia Estratégica that are strategic for national defense and public security;
 - (b) public procurement programs or procedures reserved for micro, small and medium-sized enterprises MSMEs, or the Actores de la Economía Popular y Solidaria (“AEPYS”) (Popular and Solidarity Economy Stakeholders), provided that the AEPYS meet the same size criteria as required for MSMEs to be considered as such;
 - (c) the procurement of goods for food assistance programs;
 - (d) procurements by any public sector institutions located in the Galápagos or any procurements that affect that particular region;
 - (e) the procurement or acquisition of goods, services or construction services by the missions of the foreign service of the Republic of Ecuador for their operations; or
 - (f) procurements made by an Ecuadorian entity from another Ecuadorian entity.
2. For the period of five years following the entry into force of this Agreement, procuring entities listed in Sections A, B, and C may subject government procurement to mandatory requirements for the incorporation of domestic content pursuant to the study of technological unbundling⁵ carried out on the basis of the methodology defined by the Servicio Nacional de Contratación Pública (SERCOP) of Ecuador. These requirements shall take

⁵ For the purposes of this Annex, technological unbundling means, according to the definition contained in paragraph 10 of Article 6 of the *Ley Orgánica del Sistema Nacional de Contratación Pública* (Organic Law for the National Public Procurement System), a detailed study carried out by a contracting entity in the pre-contractual phase, based on the legislation and methodology established by a relevant national authority, regarding the technical characteristics of the procurement and its components, taking into account the Party's technological and productive capacity. This process shall aim to improve the leverage of the contracting entity, in an effort to promote the use of domestic supply of goods and construction services. Requirements of technological unbundling shall be included in the tender documentation.

the form of objective and clearly defined conditions for participation in the tendering procedures for the award of procurement contracts. Procurement entities shall indicate the existence of domestic content conditions in their notice of intended procurement and specify them in detail in the contract documents. Such conditions shall only cover the procurement procedures of goods and construction services and shall not exceed 40% of the full contract value.

3. Nothing in this Chapter shall be construed to prevent Ecuador from requesting suppliers to have, at the moment of signing the contract, domicile in Ecuador and legal representative, provided that such requirements follow from the Parties' domestic laws and regulations⁶. If Ecuador does not apply the same requirements to a non-party to this Agreement or a non-party supplier, such advantage shall be immediately and unconditionally extended to Korea.

⁶ For domicile, Ecuador shall apply this provision, only for the following three cases: execution of public works, rendering of public services or exploitation of natural resources, in accordance with Article 6 and Article. 415 of the Ecuadorian Law of Companies, published in the Official Registry 312 from November the 5th, 1999 and its successive modifications. Without prejudice to its laws and regulations, Ecuador shall endeavor to adopt any measure to improve the domiciliation process in order to make it simpler.

Section H: Means of Publication

Korea

Legislation and Jurisprudence: www.pps.go.kr.

Procuring opportunities: www.koneps.go.kr.

Ecuador

Legislation: Registro Oficial del Ecuador.

Notices of procurement: Procurement portal of Ecuador:

<http://www.compraspublicas.gob.ec> and/or official webpage of every covered entity.

Section I: Value of Thresholds and Valuation

Thresholds

1. Korea shall calculate and convert the value of the thresholds into its national currency using the conversion rates published by the IMF in its monthly “International Financial Statistics.” The conversion rate shall be based on the average of the daily values of the Korean Won in terms of SDR over the two-year period preceding October 1 or November 1 of the year before the thresholds in Korean Won are to take effect. The value of the thresholds expressed in national currencies shall be fixed for two years.
2. Ecuador shall calculate and convert the value of the thresholds into its national currency using the conversion rates of its national bank. The conversion rate shall be based on the average of the daily values of SDR to US Dollar exchange rate over a period of 24 months ending on the last day of August prior to the revision, with effect from 1 January. The threshold shall be adjusted at two-year intervals beginning in the even-number year immediately following the entry into force of this Agreement, with each adjustment taking effect on January 1.
3. The Parties shall make public the value of the newly calculated thresholds available in their respective currencies before the thresholds in paragraphs 1 and 2 take effect.
4. A Party may round down the value of the thresholds in its own national currency:
 - (a) for Korea, to the nearest 1 million Korean won for goods and services and the nearest 10 million Korean won for construction services; and
 - (b) for Ecuador, to the nearest thousand dollars.

Section J: BOT and Public Works Concessions

Rules applicable to BOT and public works concessions

1. BOT, when awarded by entities of Korea listed in Section A, provided their value equals or exceeds 5 000 000 SDR, and when awarded by entities listed in Section B, provided their value equals or exceeds 15 000 000 SDR, are covered by the national treatment principles established in Articles: 14.2.1 to 14.2.3, 14.3.1 to 14.3.3, 14.4.1, 14.4.2, 14.8.1 to 14.8.3, and 14.17.
2. Public works concessions contracts, when awarded by entities of Ecuador listed in Sections A and B, and provided their value equals or exceeds 6 000 000 SDR for the period of five years following the entry into force of this Agreement, and 5 000 000 SDR thereafter, are covered by the national treatment principles established Articles: 14.2.1 to 14.2.3, 14.3.1 to 14.3.3, 14.4.1, 14.4.2, 14.8.1 to 14.8.3, and 14.17.
3. Beyond the provisions mentioned in paragraph 1 and 2, the Parties' domestic law and regulations on concessions or BOT, accordingly, shall apply.