

Annex 9.1

Section A: Central Level of Government Entities

1. This Chapter applies to the entities of the central level of government listed in each Party's Schedule to this Section where the value of the procurement is estimated, in accordance with paragraphs 9 and 10 of Article 9.1, to equal or exceed:

- (a) for procurement of goods and services: US\$193,000; and
- (b) for procurement of construction services: US\$7,407,000.

The monetary thresholds set out in this paragraph shall be adjusted in accordance with Section H of this Annex.

2. Unless otherwise specified herein, this Chapter applies to all agencies subordinate to the entities listed in each Party's Schedule in this Section.

Schedule of Peru

1. *Asamblea Nacional de Rectores*
2. *Banco Central de Reserva del Perú*
3. *Congreso de la República*
4. *Consejo Nacional de la Magistratura*
5. *Contraloría General de la República*
6. *Defensoría del Pueblo*
7. *Jurado Nacional de Elecciones*
8. *Ministerio de Agricultura*
9. *Ministerio de Comercio Exterior y Turismo*
10. *Ministerio de Defensa (Note 1)*
11. *Ministerio de Economía y Finanzas (Note 2)*
12. *Ministerio de Educación*
13. *Ministerio de Energía y Minas*
14. *Ministerio de Justicia (Note 3)*
15. *Ministerio de la Mujer y Desarrollo Social*
16. *Ministerio de la Producción*
17. *Ministerio de Relaciones Exteriores*
18. *Ministerio de Salud*
19. *Ministerio de Trabajo y Promoción del Empleo*
20. *Ministerio de Transportes y Comunicaciones*
21. *Ministerio de Vivienda, Construcción y Saneamiento*
22. *Ministerio del Interior (Note 1)*

23. *Ministerio Público*
24. *Oficina Nacional de Procesos Electorales*
25. *Poder Judicial*
26. *Presidencia del Consejo de Ministros*
27. *Registro Nacional de Identificación y Estado Civil*
28. *Seguro Social de Salud (ESSALUD) (Note 4)*
29. *Superintendencia de Banca y Seguros*
30. *Tribunal Constitucional*
31. *Universidad Nacional del Altiplano*
32. *Universidad del Centro del Perú*
33. *Universidad Mayor de San Marcos*
34. *Universidad Nacional Agraria de la Molina*
35. *Universidad Nacional Agraria de la Selva*
36. *Universidad Nacional Amazónica de Madre de Dios*
37. *Universidad Nacional Daniel Alcides Carrión*
38. *Universidad Nacional de Cajamarca*
39. *Universidad Nacional de Educación Enrique Guzman Valle*
40. *Universidad Nacional de Huancavelica*
41. *Universidad Nacional de Ingeniería*
42. *Universidad Nacional de la Amazonía Peruana*
43. *Universidad Nacional de Piura*
44. *Universidad Nacional de San Agustín*
45. *Universidad Nacional de Trujillo*
46. *Universidad Nacional de Tumbes*
47. *Universidad Nacional de Ucayali*
48. *Universidad Nacional del Callao*
49. *Universidad Nacional del Santa*
50. *Universidad Nacional Federico Villareal*
51. *Universidad Nacional Hermilio Valdizán*
52. *Universidad Nacional Jorge Basadre Grohmann*
53. *Universidad Nacional José F. Sanchez Carrión*
54. *Universidad Nacional Micaela Bastidas de Apurímac*
55. *Universidad Nacional San Antonio de Abad del Cusco*
56. *Universidad Nacional San Cristobal de Huamanga*
57. *Universidad Nacional San Martín*
58. *Universidad Nacional San Luis Gonzaga de Ica*
59. *Universidad Nacional Santiago Antunez de Mayolo*
60. *Universidad Nacional Toribio Rodríguez de Mendoza*
61. *Universidad Pedro Ruiz Gallo*

Notes to Schedule of Peru

1. *Ministerio de Defensa and Ministerio del Interior*: This Chapter does not cover the

procurement of clothing/apparel (HS 6205) and footwear (HS 64011000) by the Army, Navy, Air Force, or National Police of Peru.

2. Ministerio de Economía y Finanzas: This Chapter does not cover procurement by the Agency for the Promotion of Private Investment (PROINVERSION) of any technical, legal, financial, economic, or similar consulting service, which is necessary to promote private investment through the granting of concessions or other means such as capital increase, joint ventures, service, leasing and management contracts.

3. Ministerio de Justicia: This Chapter does not cover procurement by the *Comisión de Formalización de la Propiedad Informal* (COFOPRI).

4. Seguro Social de Salud (ESSALUD): This Chapter does not cover the procurement of sheets (HS 6301) and blankets (HS 6302).

Schedule of the United States

1. Advisory Commission on Intergovernmental Relations
2. Africa Development Foundation
3. Alaska Natural Gas Transportation System
4. American Battle Monuments Commission
5. Appalachian Regional Commission
6. Broadcasting Board of Governors
7. Commission of Fine Arts
8. Commission on Civil Rights
9. Commodity Futures Trading Commission
10. Consumer Product Safety Commission
11. Corporation for National and Community Service
12. Delaware River Basin Commission
13. Department of Agriculture (Note 1)
14. Department of Commerce (Note 2)
15. Department of Defense (Note 3)
16. Department of Education
17. Department of Energy (Note 4)
18. Department of Health and Human Services
19. Department of Homeland Security (Note 5)
20. Department of Housing and Urban Development
21. Department of the Interior, including the Bureau of Reclamation
22. Department of Justice
23. Department of Labor
24. Department of State
25. Department of Transportation (Note 6)
26. Department of the Treasury

27. Department of Veterans Affairs
28. Environmental Protection Agency
29. Equal Employment Opportunity Commission
30. Executive Office of the President
31. Export-Import Bank of the United States
32. Farm Credit Administration
33. Federal Communications Commission
34. Federal Crop Insurance Corporation
35. Federal Deposit Insurance Corporation
36. Federal Election Commission
37. Federal Home Loan Mortgage Corporation
38. Federal Housing Finance Board
39. Federal Maritime Commission
40. Federal Mediation and Conciliation Service
41. Federal Mine Safety and Health Review Commission
42. Federal Prison Industries, Inc.
43. Federal Reserve System
44. Federal Retirement Thrift Investment Board
45. Federal Trade Commission
46. General Services Administration (Note 7)
47. Government National Mortgage Association
48. Holocaust Memorial Council
49. Inter-American Foundation
50. Merit Systems Protection Board
51. National Aeronautics and Space Administration (NASA)
52. National Archives and Records Administration
53. National Capital Planning Commission
54. National Commission on Libraries and Information Science
55. National Council on Disability
56. National Credit Union Administration
57. National Foundation on the Arts and the Humanities
58. National Labor Relations Board
59. National Mediation Board
60. National Science Foundation
61. National Transportation Safety Board
62. Nuclear Regulatory Commission
63. Occupational Safety and Health Review Commission
64. Office of Government Ethics
65. Office of the Nuclear Waste Negotiator
66. Office of Personnel Management
67. Office of Special Counsel
68. Office of Thrift Supervision
69. Overseas Private Investment Corporation

- 70. Peace Corps
- 71. Railroad Retirement Board
- 72. Securities and Exchange Commission
- 73. Selective Service System
- 74. Small Business Administration
- 75. Smithsonian Institution
- 76. Susquehanna River Basin Commission
- 77. United States Agency for International Development
- 78. United States International Trade Commission

Notes to United States Schedule

1. Department of Agriculture: This Chapter does not cover the procurement of agricultural goods made in furtherance of agricultural support programs or human feeding programs.

2. Department of Commerce: This Chapter does not cover shipbuilding activities of the U.S. National Oceanic and Atmospheric Administration (NOAA).

3. Department of Defense:

(a) This Chapter does not cover the procurement of the goods listed below (for complete listing of U.S. Federal Supply Classification, see www.scrantonrtg.com/secrc/fsc-codes/fsc.html):

- (i) FSC 11 Nuclear Ordnance
- FSC 18 Space Vehicles
- FSC 19 Ships, Small Craft, Pontoons, and Floating Docks (the part of this classification defined as naval vessels or major components of the hull or superstructure thereof)
- FSC 20 Ship and Marine Equipment (the part of this classification defined as naval vessels or major components of the hull or superstructure thereof)
- FSC 2310 Passenger Motor Vehicles (only buses)
- FSC 2350 Combat, Assault & Tactical Vehicles, Tracked
- FSC 51 Hand Tools
- FSC 52 Measuring Tools
- FSC 60 Fiber Optics Materials, Components, Assemblies, and Accessories
- FSC 8140 Ammunition & Nuclear Ordnance Boxes, Packages & Special Containers
- FSC 83 Textiles, Leather, Furs, Apparel, Shoes, Tents, and Flags (all elements other than pins, needles, sewing kits, flagstaffs, flagpoles, and flagstaff trucks)

- FSC 84 Clothing, Individual Equipment, and Insignia (all elements other than sub-class 8460 - luggage)
- FSC 89 Subsistence (all elements other than sub-class 8975 - tobacco products)

(ii) “Specialty metals,” defined as steels melted in steel manufacturing facilities located in the United States or its possessions, where the maximum alloy content exceeds one or more of the following limits, must be used in products purchased by the Department of Defense: (1) manganese, 1.65 percent; silicon, 0.60 percent; or copper, 0.60 percent; or which contains more than 0.25 percent of any of the following elements: aluminum, chromium, cobalt, columbium, molybdenum, nickel, titanium, tungsten, or vanadium; (2) metal alloys consisting of nickel, iron-nickel and cobalt base alloys containing a total of other alloying metals (except iron) in excess of 10 percent; (3) titanium and titanium alloys; or (4) zirconium base alloys; and

(b) The goods in the following FSC categories are not generally covered by this Chapter due to application of Article 22.2 (Essential Security):

- FSC 10 Weapons
- FSC 12 Fire Control Equipment
- FSC 13 Ammunitions and Explosives
- FSC 14 Guided Missiles
- FSC 15 Aircraft and Airframe Structural Components
- FSC 16 Aircraft Components and Accessories
- FSC 17 Aircraft Launching, Landing, and Ground Handling Equipment
- FSC 19 Ships, Small Craft, Pontoons, and Floating Docks
- FSC 20 Ship and Marine Equipment
- FSC 28 Engines, Turbines, and Components
- FSC 31 Bearings
- FSC 58 Communications, Detection, and Coherent Radiation
- FSC 59 Electrical and Electronic Equipment Components
- FSC 95 Metal Bars, Sheets, and Shapes

4. Department of Energy: This Chapter does not cover national security procurements made in support of safeguarding nuclear materials or technology and entered into under the authority of the Atomic Energy Act or oil purchases related to the Strategic Petroleum Reserve.

5. Department of Homeland Security:

(a) This Chapter does not cover procurement by the Transportation Security

Administration.

- (b) The national security considerations applicable to the Department of Defense are equally applicable to the U.S. Coast Guard.
6. Department of Transportation: This Chapter does not cover procurement by the Federal Aviation Administration.
7. General Services Administration: This Chapter does not cover procurement of the goods in the following FSC categories:
- | | |
|----------|----------------------|
| FSC 51 | Hand Tools |
| FSC 52 | Measuring Tools |
| FSC 7340 | Cutlery and Flatware |

Section B: Sub-Central Level of Government Entities

1. This Chapter applies to the entities of the sub-central level of government listed in each Party's Schedule to this Section where the value of the procurement is estimated, in accordance with paragraphs 9 and 10 of Article 9.1, to equal or exceed:

- (a) for procurement of goods and services, US\$526,000; and
- (b) for procurement of construction services: US\$7,407,000.

The monetary thresholds set out in this paragraph shall be adjusted in accordance with Section H of this Annex.

2. Within two years after the entry into force of this Agreement, the Parties shall consider and, if appropriate, address any issues that have arisen with regard to the implementation of the denial of benefits provisions in each Party's Schedule to this Section (paragraphs 1 and 2 of the Schedule of Peru and paragraphs 7 and 8 of the Schedule of the United States).

3. For purposes of this Section:

- (a) "participating state" means a state listed in the Schedule of the United States;
- (b) "participating *Gobierno Regional*" means a *Gobierno Regional* listed in the Schedule of Peru; and
- (c) "principal place of business" means the headquarters or main office of an enterprise, or any other place where the enterprise's business is managed, conducted, or operated.

4. This Chapter covers procurement only by those entities listed in this Schedule.

Schedule of Peru

1. *Gobierno Regional de Amazonas*
2. *Gobierno Regional de Ancash*
3. *Gobierno Regional de Arequipa*
4. *Gobierno Regional de Ayacucho*
5. *Gobierno Regional de Apurimac*
6. *Gobierno Regional de Cajamarca*
7. *Gobierno Regional del Callao*
8. *Gobierno Regional de Cusco*
9. *Gobierno Regional de Ica*
10. *Gobierno Regional de Huancavelica*
11. *Gobierno Regional de Huánuco*
12. *Gobierno Regional de Junín*
13. *Gobierno Regional de la Libertad*
14. *Gobierno Regional de Lambayeque*
15. *Gobierno Regional de Lima*
16. *Gobierno Regional de Loreto*
17. *Gobierno Regional de Madre de Dios*
18. *Gobierno Regional de Moquegua*
19. *Gobierno Regional de Pasco*
20. *Gobierno Regional de Piura*
21. *Gobierno Regional de Puno*
22. *Gobierno Regional de San Martín*
23. *Gobierno Regional de Tacna*
24. *Gobierno Regional de Tumbes*
25. *Gobierno Regional de Ucayali*

Notes to the Schedule of Peru

1. A participating *Gobierno Regional* may deny the benefits of this Section to a supplier of the United States unless the supplier meets one or more of the conditions set out in subparagraphs (a) through (c).

(a) Procurement of Goods:

- (i) The supplier is offering to supply a good of the United States, as determined under Article 9.2.4 of this Chapter, and has a principal place of business in a participating state or is directly or indirectly owned or controlled by an enterprise with a principal place of business in a

participating state; or

- (ii) The supplier is offering to supply a good that is substantially produced or assembled in one or more participating states. A good shall be considered to be substantially produced or assembled in a participating state(s) if the production or assembly in the participating state(s) accounts for 51 percent or more of the value of the good.

(b) Procurement of Services Other Than Construction Services:

- (i) The supplier is offering to supply a service, other than a construction service, and the supplier has a principal place of business in a participating state or is directly or indirectly owned or controlled by an enterprise with a principal place of business in a participating state; or
- (ii) The supplier is offering to supply a service, other than a construction service, that is substantially performed within a participating state(s). A service, other than a construction service, shall be considered to be substantially performed in a participating state(s) if the performance of the service in the participating state(s) accounts for 51 percent or more of the value of the service.

(c) Procurement of Construction Services: The supplier is offering to supply construction services, and the supplier has a principal place of business in a participating state or is directly or indirectly owned or controlled by an enterprise with a principal place of business in a participating state.

2. A participating *Gobierno Regional* shall allow a supplier to self-certify that it meets one or more of the conditions set out in paragraph 1. If the participating *Gobierno Regional* considers the certification to be erroneous or unsubstantiated, it shall, after consultations with the supplier, permit the supplier to challenge that determination in accordance with Article 9.11 of this Chapter.

Schedule of the United States

Arkansas

Executive branch agencies, including universities

For the entities listed for Arkansas, this Chapter does not cover procurement by the Office of Fish and Game or of construction services.

Colorado

Executive branch agencies

Delaware*

Administrative Services (Central Procurement Agency)

State Universities

State Colleges

Florida*

Executive branch agencies

Illinois*

Department of Central Management Services

Mississippi

Department of Finance and Administration

For the entity listed for Mississippi, this Chapter does not cover the procurement of services.

New York*

State agencies

State university system

Public authorities and public benefit corporations

1. For the entities listed for New York, this Chapter does not cover procurement by public authorities and public benefit corporations with multi-state mandates.

2. For the entities listed for New York, this Chapter does not cover the procurement of transit cars, buses, or related equipment.

Oklahoma*

Department of Central Services and all state agencies and departments subject to the Oklahoma Central Purchasing Act

For the entities listed for Oklahoma, this Chapter does not cover the procurement of construction services.

Puerto Rico

Department of State

Department of Justice

Department of the Treasury

Department of Economic Development and Commerce

Department of Labor and Human Resources

Department of Natural and Environmental Resources

Department of Consumer Affairs

Department of Sports and Recreation

For the entities listed for Puerto Rico, this Chapter does not cover the procurement of construction services.

Texas

Texas Building and Procurement Commission

For the entity listed for Texas, this Chapter does not apply to preferences for: (1) motor vehicles; (2) travel agents located in Texas; or (3) rubberized asphalt paving made from scrap tires by a Texas facility.

Utah

Executive branch agencies

Notes to the Schedule of the United States

1. For the states marked by an asterisk (*), indicating pre-existing restrictions, this Chapter does not cover the procurement of construction-grade steel (including requirements on subcontracts), motor vehicles, or coal.
2. This Chapter does not apply to preferences or restrictions associated with programs promoting the development of distressed areas, or businesses owned by minorities, disabled veterans, or women.
3. Nothing in this Annex shall be construed to prevent any state entity from applying restrictions that promote the general environmental quality in that state, as long as such restrictions are not disguised barriers to international trade.
4. This Chapter does not cover any procurement made by a covered entity on behalf of a non-covered entity at a different level of government.
5. This Chapter does not apply to restrictions attached to Federal funds for mass transit and highway projects.
6. This Chapter does not apply to the procurement of printing services.
7. A procuring entity of a participating state may deny the benefits of this Section to a supplier of Peru unless the supplier meets one or more of the conditions set out in subparagraphs (a) through (c).
 - (a) Procurement of Goods:
 - (i) The supplier is offering to supply a good of Peru, as determined under Article 9.2.4 of this Chapter, and has a principal place of business in a participating *Gobierno Regional* or is directly or indirectly owned or

controlled by an enterprise with a principal place of business in a participating *Gobierno Regional*; or

- (ii) The supplier is offering to supply a good that is substantially produced or assembled in one or more participating *Gobierno Regional*. A good shall be considered to be substantially produced or assembled in a participating *Gobierno Regional(s)* if the production or assembly in the participating *Gobierno Regional(s)* accounts for 51 percent or more of the value of the good.

(b) Procurement of Services Other Than Construction Services:

- (i) The supplier is offering to supply a service, other than a construction service, and the supplier has a principal place of business in a participating *Gobierno Regional* or is directly or indirectly owned or controlled by an enterprise with a principal place of business in a participating *Gobierno Regional*; or
- (ii) The supplier is offering to supply a service, other than a construction service, that is substantially performed within a participating *Gobierno Regional(s)*. A service, other than a construction service, shall be considered to be substantially performed in a participating *Gobierno Regional(s)* if the performance of the service in the participating *Gobierno Regional(s)* accounts for 51 percent or more of the value of the service.

- (c) Procurement of Construction Services: The supplier is offering to supply construction services, and the supplier has a principal place of business in a participating *Gobierno Regional* or is directly or indirectly owned or controlled by an enterprise with a principal place of business in a participating *Gobierno Regional*.

8. A procuring entity of a participating state shall allow a supplier to self-certify that it meets the conditions set out in paragraph 7. If the procuring entity of a participating state considers the certification to be erroneous or unsubstantiated, the state shall, after consultations with the supplier, permit the supplier to challenge that determination in accordance with Article 9.11 of this Chapter.

Section C: Other Covered Entities

1. This Chapter applies to the other covered entities listed in each Party's Schedule to this Section where the value of the procurement is estimated, in accordance with paragraphs 9 and 10 of Article 9.1, to equal or exceed:

- (a) for procurement of goods and services:
 - (i) by List A entities: US\$250,000, or
 - (ii) by List B entities: US\$593,000; and
- (b) for procurement of construction services by List A and List B entities: US\$7,407,000.

The monetary thresholds set out in subparagraphs (a)(ii) and (b) shall be adjusted in accordance with Section H of this Annex.

2. Unless otherwise specified herein, this Chapter covers only the entities listed in this Section.

Schedule of Peru

List A

1. *Agro Banco*
2. *Banco de la Nación*
3. *Banco de Materiales*
4. *Compañía de Negociaciones Mobiliarias e Inmobiliarias S.A.*
5. *Corporación Financiera de Desarrollo S.A.*
6. *Corporación Peruana de Aeropuertos y Aviación Civil S.A. (CORPAC)*
7. *Electricidad del Perú S.A. (ELECTROPERU)*
8. *Empresa Eléctrica del Sur S.A.*
9. *Empresa de Administración de Infraestructura Eléctrica S.A.*
10. *Empresa de Generación Eléctrica de Machupicchu*
11. *Empresa Nacional de la Coca S.A. (ENACO)*
12. *Empresa Nacional de Puertos S.A. (ENAPU)*
13. *Empresa Peruana de Servicios Editoriales*
14. *Empresa Regional de Servicios Públicos de Electricidad del Oriente*
15. *Empresa Regional de Servicios Públicos de Electricidad del Sur Este S.A.*
16. *Inmobiliaria Milenia S.A. (INMISA)*
17. *PERUPETRO*
18. *Petróleos del Perú (PETROPERU) (Note 1)*
19. *Servicio de Agua Potable y Alcantarillado de Lima (SEDAPAL)*
20. *Servicio Industrial de la Marina (SIMA)*
21. *Servicios Postales del Perú S.A*
22. *Sociedad Eléctrica del Sur Oeste*
23. *Transportes Aéreos Nacionales Selva (TANS)*

Notes to Schedule of Peru

1. *Petróleos del Perú (PETROPERU)*: This Chapter does not cover the procurement of the following goods:
 - (a) Crude Petroleum (*Petróleo crudo*)
 - (b) Gasoline (*Gasolina*)
 - (c) Propane (*Propanos*)
 - (d) Diesel oil (*Gasóleos*)
 - (e) Butane (*Butanos*)
 - (f) Low sulfur medium distillation or Gasoil (*Destilado medio de bajo azufre*)
 - (g) Natural gas (*Gas natural*)
 - (h) Biodiesel (*Biodiesel*)
 - (i) Saturated acyclic hydrocarbons (*Hidrocarburos acíclicos saturados*)
 - (j) Catalyzers (*Catalizadores*)
 - (k) Ethanol (*Etanol*)
 - (l) Additives (*Aditivos*)

Schedule of the United States

List A:

1. Tennessee Valley Authority
2. Bonneville Power Administration
3. Western Area Power Administration
4. Southeastern Power Administration
5. Southwestern Power Administration
6. St. Lawrence Seaway Development Corporation

List B:

Rural Utilities Service (Note 1)

Notes to Schedule of the United States

1. The Rural Utilities Service shall:
 - (a) waive federal buy national requirements imposed as conditions of funding for all power generation projects; and
 - (b) apply procurement procedures equivalent to the procedures in the WTO Agreement on Government Procurement and national treatment to funded projects exceeding the thresholds specified above.

For greater certainty, this Chapter does not apply to any other aspect of procurement by the Rural Utilities Service, including any restrictions the Rural Utilities Service places on financing for telecommunications projects.

2. With respect to procurement by entities listed in this Section, this Chapter does not apply to restrictions attached to Federal funds for airport projects.

Section D: Goods

This Chapter applies to all goods procured by the entities listed in Sections A through C, subject to the Notes to the respective Sections and the General Notes.

Section E: Services

This Chapter applies to all services procured by the entities listed in Sections A through C, subject to the Notes to the respective Sections, the General Notes, and the Notes to this Section, except for the services excluded in the Schedules of each Party. All services covered by this Section are subject to the existing measures listed in each Party's Schedule to Annex I and II.

Schedule of Peru

This Chapter does not cover the procurement of the following services, as elaborated in the Central Product Classification Version 1.1. (For complete listing of Central Product Classification Version 1.1, see <http://unstats.un.org/unsd/cr/registry/regcst.asp?Cl=3>):

CPC 8221	Accounting and auditing services
CPC 8321	Architectural services
CPC 8334	Engineering and design services
CPC 8335	Engineering services during construction and installation phase
CPC 82191	Arbitration and Conciliation Services

Schedule of the United States

This Chapter does not cover the procurement of the following services, as elaborated in the Common Classification System (For complete listing of Common Classification System, see <http://www.sice.oas.org/trade/nafta/chap-105.asp>):

- A. **Research and Development:**
All classes

D. Information Processing and Related Telecommunications Services:

D304 ADP Telecommunications and Transmission Services, except for those services classified as “enhanced or value-added services.” For the purposes of this provision, the procurement of “ADP Telecommunications and Transmission Services” does not include the ownership or furnishing of facilities for the transmission of voice or data services.

D305 ADP Teleprocessing and Timesharing Services

D316 Telecommunications Network Management Services

D317 Automated News Services, Data Services or Other Information Services

D399 Other ADP and Telecommunications Services

J. Maintenance, Repair, Modification, Rebuilding and Installation of Goods/Equipment:

J019 Maintenance, Repair, Modification, Rebuilding and Installation of Equipment Related to Ships

J998 Non-nuclear Ship Repair

M. Operation of Government-Owned Facilities:

All facilities operated by the Department of Defense, Department of Energy, and the National Aeronautics and Space Administration; and for all entities:

M180 Research and Development facilities

S. Utilities:

All Classes

V. Transportation, Travel and Relocation Services:

All Classes except V503 Travel Agent Services

Notes to the Schedule of the United States

1. This Chapter does not cover the procurement of any service purchased in support of military forces overseas.

Section F: Construction Services

This Chapter applies to all construction services procured by the entities listed in Sections A through C, subject to the Notes to the respective Sections, the General Notes, and the Notes to this Section. All construction services covered by this Section are subject to the existing measures listed in each Party’s Schedule to Annex I and II.

Schedule of the United States

This Chapter does not cover the procurement of dredging services.

Section G: General Notes

Unless otherwise specified herein, the following General Notes in each Party's Schedule apply without exception to this Chapter, including to all sections of this Annex.

Schedule of Peru

1. This Chapter does not apply to procurement programs on behalf of small and micro-sized companies.
2. This Chapter does not apply to the procurement of goods for food assistance programs.
3. This Chapter does not apply to procurement by one Peruvian entity of a good or service from another Peruvian entity.
4. This Chapter does not apply to the acquisition of weavings and clothing made with alpaca and llama fibers.
5. This Chapter does not apply to procurement by the Embassies, Consulates and other missions of the foreign service of Peru exclusively for their operation and management.

Schedule of the United States

1. This Chapter does not apply to set asides on behalf of small or minority businesses. Set-asides include any form of preference, such as the exclusive right to provide a good or service and price preferences.
2. Where a contract is to be awarded by an entity that is not listed in Section A, B or C, this Chapter shall not be construed to cover any good or service component of that contract.
3. This Chapter does not apply to the procurement of transportation services that form a part of, or are incidental to, a procurement contract.

Section H: Threshold Adjustment Formula

1. The thresholds shall be adjusted at two-year intervals with each adjustment taking effect on January 1, beginning on January 1, 2008.
2. The thresholds for procurement of goods and services by entities in Sections A and B and List B entities in Section C and for procurement of construction services in Sections A through C are conversions into U.S. dollars of the thresholds listed in the U.S. Appendix 1 to the World Trade Organization Agreement on Government Procurement, which are set out in Special Drawing Rights (SDRs) and listed below. Every two years, the United States shall calculate adjustments of these thresholds for purposes of paragraph 1 based on an average of the daily conversion rates of the U.S. dollar in terms of SDRs, published by the IMF in its monthly "International Financial Statistics", for the two-year period preceding October 1 or November 1 of the year before the adjusted thresholds are to take effect:

- (a) 130,000 SDRs for goods and services for Section A, paragraph 1(a) entities;
 - (b) 355,000 SDRs for goods and services for Section B entities; and
 - (c) 400,000 SDRs for goods and services for Section C, List B entities, paragraph 1(a)(ii);
 - (d) 5 million SDRs for construction services for Section A, B, and C entities.
3. The United States shall notify Peru of the adjusted threshold values in December of the year before the adjusted thresholds take effect.
4. Peru shall:
- (a) convert the adjusted threshold values notified by the United States under paragraph 3 into Nuevo Soles based on the official conversion rate of the *Banco Central de Reserva of Peru* (BCR), using the average of the daily values of its currency in terms of the U.S. dollar over the two-year period ending September 30 of the year in which the United States notifies the adjusted threshold; and
 - (b) promptly notify the United States of the value in its currency of the adjusted thresholds.
5. The Parties shall consult if any major change in a national currency vis-à-vis the other currency creates a significant problem with regard to the application of this Chapter.