

[Place and date of signature]

Dear **[Minister]**,

In connection with the signing on this date of the Trans-Pacific Partnership Agreement (hereinafter referred to as "the Agreement"), I have the honour to confirm the following understanding reached by the Government of United Mexican States (hereinafter referred to as "Mexico") and the Government of the Socialist Republic of Vietnam (hereinafter referred to as "Vietnam"), during the course of the negotiations of the TPP:

Trade between Mexico and Vietnam on certain textiles and apparel goods under the Short Supply List and on babies' garments

I have the honour to propose that this letter and its Annex, and your letter of confirmation in reply and its Annex, both equally authentic in the Spanish and the English languages, shall constitute an Understanding between our Governments to enter into effect upon the entry into force of the Agreement between our countries.

Sincerely,

Ildefonso Guajardo Villarreal
Ministry of the Economy
Mexico

Trade between Mexico and Vietnam on certain textiles and apparel goods under the Short Supply List and on babies' synthetic garments.

Textile Chapter.

Article __.2: Rules of Origin and Related Matters

Treatment of Short Supply List Materials

6. Each Party shall provide that, for the purposes of determining whether a good is originating under Article DD.2(c) (Originating Goods), a material listed in [Annex/short supply list] is originating provided the material meets any requirement, including any end use requirement, specified in the [Annex/short supply list].

...

MX [7bis. With respect to trade between Mexico and Vietnam, paragraph x.6 of this article shall not apply to the goods identified in Annex yy. For purposes of determining whether a good is considered originating from Vietnam when it is manufactured with the materials identified in Annex CC.X [Short Supply List] and exported into Mexico, provisions in Annex yy shall apply solely to the goods identified there.]

Annex yy (to Article 2)

Trade between Mexico and Vietnam on certain textiles and apparel goods under the Short Supply List and on babies' synthetic garments.

1) Notwithstanding paragraph x.6 of article 2 of Textiles and Apparel Chapter and paragraph xx. of article xx. of Annex BB-X of the Market Access Chapter [Tariff Elimination Schedule], Mexico shall apply duty free treatment to the goods manufactured in Vietnam with the materials identified in Annex CC.X [Short Supply List], up to the amounts and time periods specified in the Tariff Preferential Limits (TPL's) defined in the following chart, and subject to the provisions of this Annex:¹

Description	TPL unit of measure	Initial annual TPL	Annual TPL increasing No.1	Annual TPL increasing No.2	Annual TPL increasing No. 3	Annual TPL increasing No. 4	Annual TPL increasing No. 5	Annual TPL to increase No. 6	Annual TPL increasing No. 7	Annual TPL increasing No. 8	Annual TPL increasing No. 9	Annual TPL increasing No. 10
Yarns classified in headings 5202 through 5207, 55.08, 55.09, 55.11 and fabrics classified in chapter 60; and products classified in	Kilograms	250,000	275,000	300,000	325,000	350,000	375,000	400,000	425,000	450,000	475,000	500,000

¹ For the purposes of this annex, Vietnam and Mexico understand that a “material listed in [Annex/short supply list]”, and referring in paragraph 1, is a material that does not qualify as an originating material in accordance with the Annex CC.X (Textile and Apparel PSR) of the Chapter of Textiles and Apparel Goods.

chapter 58 and headings, 5902 and 5910, that are manufactured in Vietnam with materials specified in number 54 and 56 of the Annex CC.X [Short Supply List]												
Knitted apparel classified in chapter 61 identified in the column "HTS code(s) of Short Supply requested item" in numbers 100, 102 and 189 of the Annex CC.X [Short Supply List] manufactured in Vietnam with materials specified in the description column of these numbers, as appropriate.	Units	2,500,000	2,750,000	3,000,000	3,250,000	3,500,000	3,750,000	4,000,000	4,250,000	4,500,000	4,750,000	5,000,000
Woven apparel classified in chapter 62 identified in the column "HTS code(s) of Short Supply requested item" in numbers 101 and 177 of the Annex CC.X [Short Supply List] that are manufactured in Vietnam with materials specified in the description column of these numbers, as appropriate.	Units	750,000	825,000	900,000	975,000	1,050,000	1,125,000	1,200,000	1,275,000	1,350,000	1,425,000	1,500,000

2) The initial annual TPL established in the column "Initial annual TPL" of the chart shall commence at the date of the entry into force of this Agreement for both Parties.

3) If Mexico imports at least 80% of the established TPL amount defined in the chart during an annual period, a TPL amount increase shall be applied to the respective goods for the next year, as indicated in the following Annual TPL increasing column in the chart. Otherwise, the annual TPL amount shall remain as the previous year.

4) No increases shall be granted to the TPL's after reaching the amount in the column "Annual TPL increasing No. 10" of the chart. The amount of TPL resulted from the tenth increase shall apply thereafter.

5) A good exported from Vietnam into Mexico above the corresponding TPL amount defined in the chart for an annual period shall comply with the specific rule of origin established for that good in Annex XXX [textile PSR] to be eligible for preferential tariff treatment established under the Annex BB-X of the Market Access Chapter [tariff elimination schedule].

6) Notwithstanding the Product Specific Rule of Origin established in Annex XXX [textile PSR] for subheadings 6111.30 (knitted babies garments of synthetic fibers) and 6209.30 (woven babies garments of synthetic fibers), for the purposes of trade between Mexico and Vietnam the following provisions shall apply:

a) Mexico shall grant to Vietnam the preferential tariff treatment applicable to originating goods as set out in the Annex BB-X of the Market Access Chapter [tariff elimination schedule] up to a TPL of 50,000 annual units to goods classified in subheading 6111.30 and 6209.30 that satisfies the applicable Product Specific Rule of Origin established in Annex XXX [textile PSR], and

b) Mexico shall grant to Vietnam the preferential tariff treatment applicable to originating goods as set out in the Annex BB-X of the Market Access Chapter [tariff elimination schedule] to goods classified in subheading 6111.30 and 6209.30 without any limit only if the following Product Specific Rule of Origin is satisfied:

i. A change to goods of subheading 6111.30 from any other chapter, except from heading 51.06 through 51.13, 52.04 through 52.12, 54.01 through 54.02, 5403.33 through 5403.39, 5403.42 through 54.08, 55.08 through 55.16, or 60.01 through 60.06, provided the good is cut or knit to shape, or both, and sewn or otherwise assembled in the territory of one or more of the Parties.

ii. A change to goods of subheading 6209.30 from any other chapter, except from heading 51.06 through 51.13, 52.04 through 52.12, 54.01 through 54.02, 5403.33 through 5403.39, 5403.42 through 54.08, 55.08 through 55.16, 58.01 through 58.02, or 60.01 through 60.06, provided the good is cut or knit to shape, or both, and sewn or otherwise assembled in the territory of one or more of the Parties.

7) Vietnam shall allocate the TPL's according to its legislation.

8) The competent authority of Vietnam shall issue a Certificate of Eligibility to its exporters for each shipment of goods referred to in paragraph 1 and paragraph 6 a) of this Annex, manufactured in Vietnam and exported into Mexico. The Certificate of Eligibility shall be issued in the English language and shall be valid only during the annual period in which it was issued. The Certificate of Eligibility can be issued after the date of the shipment.

9) Each Certificate of Eligibility shall include at least the following information:

- I. The description and correct HS tariff classification of the good, at the level of 6 digits. The description should be sufficient to relate it to the goods covered by the certification of origin.
- II. The name of the exporter in Vietnam.
- III. The name of the importer in Mexico.
- IV. The number or description of the material on the [Short Supply List] used in the manufacture of the good exported.
- V. The appropriate quantity of the shipment in the units of quantity provided for in the chart of paragraph 1 of this Annex.
- VI. The Certificate of Eligibility number: It shall be constructed in accordance with the procedures and regulations of the issuance authority of Vietnam.
- VII. The date of issuance: The date of issuance shall be the day, month and the year on which the Certificate of Eligibility was issued.
- VIII. The signature and printed name of the issuing official: The signature shall be that of an official authorized to issue certificates of eligibility by the Government of Vietnam.

10) The exporter shall deliver the Certificate of Eligibility to the Mexican importer to submit it to the competent authority of Mexico. The competent authority of Mexico shall validate and then swap the Certificate of Eligibility for a TPL certificate in no more than three days.

11) The importer shall present the TPL Certificate to the appropriate Mexican Customs authority at the time of the importation into Mexico and have the certification of origin according to the Chapter DD: Rules of Origin and Origin Procedures in order to obtain the duty free tariff established in paragraph 1, or the preferential tariff treatment according to paragraph 6 of this Annex, as appropriate.

12) On the date of the entry into force of the Agreement between Mexico and Vietnam, the competent authority of Vietnam shall have a secured webpage in the English language that allowed the competent authority of Mexico validate the authenticity of the Certification of Eligibility issued by the competent authority of Vietnam. The competent authority of Vietnam shall provide to the competent authority of Mexico the password or codes for access the secure website.

13) Before the entry into force of this Agreement between Mexico and Vietnam, both Parties shall cooperate to ensure that the secure webpage operate properly in order to avoid any failure of accession. In the case that the competent authority of Mexico faces technical difficulties or failure to accessing the secure website to validate a Certificate of Eligibility, it could request the competent authority of Vietnam to send via electronic means a copy of that Certificate of Eligibility promptly in order to conduct the validation.

14) The competent authority of Mexico shall not accept any Certificate of Eligibility that does not match the information provided in the secured webpage, or that is not included in the secure webpage provided by Vietnam.

15) The competent authority of Mexico shall not reject a Certificate of Eligibility due to minor errors or discrepancies on its fulfillment, when there are no doubts that the information included in one or more of the fields of the Certificate of Eligibility is accurate.

16) The competent authority of Mexico shall inform in written the competent authority of Vietnam three times a year about the amount used during that annual period on the TPL established in paragraph 1. The reports shall be presented: two months before the end of each annual period; before the end of the calendar year or a week before Mexico intends to publish the applicable TPL for the following year; and when México accounts the definitive use of the TPL for that annual period. The information shall include the goods that complied with the utilization requirements established in paragraph 3, accompanied with the Certificate of Eligibility number, as well as if the appropriate TPL increase defined in the chart of paragraph 1 shall apply. The report and the information shall be made in the English language.

17) Mexico shall also publish on line, for reference, the most up dated available information on the utilization of the TPL's, at least every month, and to the extent possible in English language, and provide to the competent authority of Vietnam the link or accession to that website.

18) At the request of one of the two Parties, the competent Authority of Vietnam or Mexico shall also exchange additional statistic information about to the issuance of Certificate of Eligibility, TPL's utilization, and any other related matter.

19) Mexico and Vietnam shall establish a secured system on information data transmission one year of the entry into force of the Agreement between Mexico and Vietnam with the objective of sharing information in real time related to: ii) the issuance of the Certificates of Eligibility by Vietnam; and iii) the TPL utilization in Mexico.

20) Notwithstanding the time limit establish above, Vietnam and Mexico may consult and agreed, if appropriate, any extension to establish the secured system referred in paragraph 19. Once the secure system is in place, the provisions of paragraphs 13 to 17 shall be terminated.

21) For greater certainty, the products exported under this Annex shall be subject to the cooperation and verification procedures established in this Chapter [,and the provisions of this Annex shall be subject to the Dispute Settlement procedures established in Chapter BB].

22) Any matter arising related to the implementation, the consultation between the Parties will be made through the Ministry of the Economy in Mexico, or its successor, and the Ministry of Industry and Trade in Vietnam, or its successor.

23) For the purposes of this Annex, "competent Authority" means:

- In case of Mexico, the Ministry of Economy, or its successor.
- In case of Vietnam, the Ministry of Industry and Trade, or its successor.