ANNEX 2

Sub-Central Entities

Supplies
Threshold: SDR 200,000

Services (specified in Annex 5)
Threshold: SDR 200,000

Construction Services (specified in Annex 6)
Threshold: SDR 5,000,000

List of Entities:

1. All contracting authorities of the regional or local public authorities (including all municipalities).

2. All other entities whose procurement policies are substantially controlled by, dependent on, or influenced by central, regional or local government and which are engaged in non-commercial or non-industrial activities.

Notes to Annex 2

1. The following shall not be considered as covered procurement:

   - procurement by procuring entities covered under this Annex in regard of suppliers, services and service providers from the United States;

   - procurement by procuring entities covered under this Annex in regard of procurement of FSC 58 (communications, protection and coherent radiation equipment) from Canada;

   - procurement by procuring entities covered under this Annex of air traffic control equipment in regard of suppliers and service providers from the United States;

   - procurement by procuring entities covered under this Annex of good or service components of procurement which are not themselves covered by this agreement in regard of suppliers and service providers from the United States and Canada;

until such time as Iceland has accepted that the Parties concerned provide satisfactory reciprocal access for Icelandic goods, suppliers, services and service providers to their own procurement market.

2. Iceland will not extend the benefits of this Agreement:

   - as regards the award of contracts by entities listed in Annex 2 to the suppliers and service providers of Canada;

until such time as Iceland has accepted that the Parties concerned give comparable and effective access for Icelandic undertakings to the relevant markets.

3. The provisions of Article XVIII shall not apply to suppliers and service providers of Japan, Korea and the United States in contesting the award of contracts to a supplier or service provider of Parties other than those mentioned, which are small- or medium-sized enterprises under the relevant provisions of Icelandic law, until such time as Iceland accepts that they no longer operate discriminatory measures in favour of certain domestic small and minority businesses.

4. The provisions of Article XVIII shall not apply to Japan and Korea in contesting the award of contracts by entities listed under Annex 2 paragraph 2, until such time as Iceland accepts that they have completed coverage of sub-central entities.

5. The provisions of Article XVIII shall not apply to Japan and Korea in contesting that award of contracts by Icelandic entities, whose value is less than the threshold applied for the same category of contracts awarded by these Parties.