

ARTICLE VII

As a prior condition to the obligation set forth in Article VI, the Government of the Republic of Nicaragua shall be promptly notified of any claim and kept abreast of any action arising thereunder. Moreover, the Government of the Republic of Nicaragua shall be subrogated in all the rights remedies, securities, set off, indemnification coverage from insurance and the likes that the Government of Canada, Canadian firms and Canadian personnel has with reference to the claim to the extent that the law so provides.

ARTICLE VIII

The Government of the Republic of Nicaragua shall exempt Canadian firms and Canadian personnel and their dependants from taxes imposed on income, provided such income arises from sources outside of Nicaragua or from Canadian aid funds as provided for in any subsidiary agreement. In addition, the Government of the Republic of Nicaragua shall exempt Canadian firms and Canadian personnel, including their dependants, from any obligations to present written declarations in relation to these exemptions.

ARTICLE IX

The Government of the Republic of Nicaragua shall exempt Canadian firms and Canadian personnel from customs and excise duties, sales taxes, charges, levies and fees, on all goods, materials, equipment, vehicles and services and on any other goods or services acquired in or imported into Nicaragua for, or related to, the execution of projects established under any subsidiary agreement.

For projects where the Government of the Republic of Nicaragua and the Government of Canada agree that a given ministry or agency of the Government of the Republic of Nicaragua or a third party shall be responsible for the payment of such duties, taxes, charges and fees, the subsidiary agreement in respect of that specific project shall provide for it specifically.

ARTICLE X

The Government of the Republic of Nicaragua shall exempt Canadian personnel from the payment of customs duties, excise duties and sales taxes in respect of bona fide personal effects and essential basic household equipment brought into Nicaragua for their own use or the use of their dependants. Canadian personnel may purchase duty free such locally manufactured/assembled items provided that such purchases shall be made from the manufacturers and delivery shall be made from bonded warehouses. In the event of theft, fire or other destruction, the exemptions under this Article may be re-exercised at any time during the assignment of the Canadian personnel.