

- c) If the Parties do not reach agreement on the above-mentioned maximum limits and timetables within such period, those suggested by the Verification and Control Commission in its technical studies shall apply provisionally, with the prior consent of the Parties. The Parties shall set by mutual agreement a new time-limit for the negotiation and establishment of the above-mentioned limits.

In case the Parties fail to reach agreement on maximum limits, they shall suspend implementation of the commitments with regard to international military manoeuvres, foreign military bases and installations, and foreign military advisers for which time-limits have been set in the Act, except in those cases where the Parties agree otherwise.

The maximum limits referred to in subparagraphs a), b) and c) and the timetables shall be regarded as an integral part of this Act and shall have the same legally binding force from the day after the completion of the 30 days of the second stage, or on the day after they have been established by agreement among the Parties.

Unless the Parties agree otherwise, the maximum agreed limits set in subparagraph c) shall be reached in 180 days from the entry into force of the Act or in a period established by the Parties.

20. In order to satisfy the requirements of peace, stability, security and economic and social development of the countries of the region, and in order to establish the maximum limits for the military development of the Central American countries and to regulate and reduce their military establishments, the Parties will agree on a table of values that will consider the following basic criteria, and in which all armaments will be subject to regulation and reduction:

- 1) Security needs and defense capacity of every Central American State;
- 2) Extent of the territory and population;
- 3) Range and characteristics of its borders;
- 4) Military expenditure in relation to gross domestic product (GDP);
- 5) Military budget in relation to public expenditure and other social indicators;
- 6) Military technology, relative combat capability, troops, quality and quantity of installations and military assets;
- 7) Armament subject to control; armament subject to reduction;
- 8) The foreign military presence and foreign military advisers in each Central American State.