Annex I
Reservations for Measures referred to in paragraph 1 of Article 6

1. The Schedule of a Contracting Party sets out, pursuant to paragraph 1 of Article 6, the reservations taken by that Contracting Party with respect to existing measures that do not conform with obligations imposed by:

(a) Article 2 (National Treatment);

(b) Article 3 (Most Favored Nation Treatment);

(c) Article 5 (Performance Requirements); or

(d) Article 10 (Senior Management and Boards of Directors).

2. Each reservation sets out the following elements:

(a) "Sector" refers to the general sector in which the reservation is taken;

(b) "Sub-Sector" refers to the specific sector in which the reservation is taken;

(c) "Industry Classification" refers, where applicable, and only for transparency purposes, to the activity covered by the reservation according to domestic or international industry classification codes;

(d) "Type of Reservation" specifies the obligations referred to in paragraph 1 for which the reservation is taken;

(e) "Measures" identifies the existing laws, regulations or other measures for which the reservation is taken. A measure cited in the "Measures" element:

(i) means the measure as amended, continued, or renewed as of the date of entry into force of this Agreement; and

(ii) includes any subordinate measure adopted or maintained under the authority of and consistent with the measure; and

(f) "Description" sets out, with regard to the obligations referred to in paragraph 1, the non-conforming aspects of the existing measures for which the reservation is taken.
3. In the interpretation of a reservation, all elements of the reservation shall be considered. A reservation shall be interpreted in the light of the relevant provisions of this Agreement against which the reservation is taken. The "Measures" element shall prevail over all other elements.

4. For the purposes of this Annex,

(a) the term "JSIC" means Japan Standard Industrial Classification set out by the Ministry of Internal Affairs and Communications, and revised on November 6, 2007;

(b) the term "CPC" means the Provisional Central Product Classification (Statistical paper Series M, No. 77, Department of International Economic and Social Affairs, Statistical Office of the United Nations, New York, 1991); and

(c) the term "ISIC" means the International Standard Industrial Classification of All Economic Activities adopted, at its seventh session on August 27, 1948 and revised on May 22, 1989, by the Economic and Social Council of the United Nations.
| 1 | Sector:        | Finance            |
|   | Sub-Sector:    | Banking            |
|   | Industry      | JSIC 622 Banks, except central bank |
|   | Classification:| JSIC 631 Financial institutions for small-businesses |
|   | Type of Reservation: | National Treatment (Article 2) |
|   | Measures:     | Deposit Insurance Law (Law No. 34 of 1971), Article 2 |
|   | Description:  | The deposit insurance system only covers financial institutions which have their head offices within the jurisdiction of Japan. The deposit insurance system does not cover deposits taken by branches of foreign banks. |
Sector: Heat Supply

Sub-Sector:

Industry Classification: JSIC 3511 Heat Supply

Type of Reservation: National Treatment (Article 2)

Measures: Foreign Exchange and Foreign Trade Law (Law No. 228 of 1949), Article 27

Cabinet Order on Foreign Direct Investment (Cabinet Order No. 261 of 1980), Article 3

Description: The prior notification requirement under the Foreign Exchange and Foreign Trade Law applies to foreign investors who intend to make investments in heat supply industry in Japan.
3 Sector: Information and Communications
Sub-Sector: Telecommunications
Industry Classification:

| JSIC 3700 | Head offices primarily engaged in managerial operations |
| JSIC 3711 | Regional telecommunications, except wire broadcast telephones |
| JSIC 3731 | Services incidental to telecommunications |

Type of National Treatment (Article 2)
Reservation: Senior Management and Boards of Directors (Article 10)
Measures: Law Concerning Nippon Telegraph and Telephone Corporation (Law No. 85 of 1984), Articles 6 and 10

Description: 1. Nippon Telegraph and Telephone Corporation may not enter the name and address in its register of shareholders if the aggregate of the ratio of the voting rights directly and/or indirectly held by the persons set forth in subparagraphs (a) through (c) reaches or exceeds one third:

(a) a natural person who does not have Japanese nationality;

(b) a foreign government or its representative; and

(c) a foreign legal person or a foreign entity.

2. Any natural person who does not have Japanese nationality may not assume the office of director or auditor of Nippon Telegraph and Telephone Corporation, Nippon Telegraph and Telephone East Corporation and Nippon Telegraph and Telephone West Corporation.
Sector: Information and Communications

Sub-Sector: Telecommunications and Internet Based Services

Industry Classification:

- JSIC 3711 Regional telecommunications, except wire broadcast telephones
- JSIC 3712 Long-distance telecommunications
- JSIC 3719 Miscellaneous fixed telecommunications
- JSIC 3721 Mobile telecommunications
- JSIC 401 Internet based services

Note: The activities covered by the reservation under JSIC 3711, 3712, 3719, 3721 or 401 are limited to the activities which are subject to the registration obligation under Article 9 of the Telecommunications Business Law (Law No. 86 of 1984).

Type of National Treatment (Article 2)

Reservation:

Measures: Foreign Exchange and Foreign Trade Law (Law No. 228 of 1949), Article 27

Cabinet Order on Foreign Direct Investment (Cabinet Order No. 261 of 1980), Article 3

Description: The prior notification requirement under the Foreign Exchange and Foreign Trade Law applies to foreign investors who intend to make investments in telecommunications business and internet based services in Japan.
Sector: Manufacturing
Sub-Sector: Drugs and Medicines Manufacturing
Industry Classification: JSIC 1653 Biological preparations
Type of Reservation: National Treatment (Article 2)
Measures: Foreign Exchange and Foreign Trade Law (Law No. 228 of 1949), Article 27
          Cabinet Order on Foreign Direct Investment (Cabinet Order No. 261 of 1980), Article 3
Description: The prior notification requirement under the Foreign Exchange and Foreign Trade Law applies to foreign investors who intend to make investments in biological preparations manufacturing industry in Japan. For greater certainty, "biological preparations manufacturing industry" deals with economic activities in an establishment which mainly produces vaccine, serum, toxoid, antitoxin and some preparations similar to the aforementioned products, or blood products.
<table>
<thead>
<tr>
<th>Sector: Manufacturing</th>
<th>Sub-Sector: Leather and Leather Products Manufacturing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industry Classification:</td>
<td>JSIC 1189 Textile apparel and accessories, n.e.c.</td>
</tr>
<tr>
<td></td>
<td>JSIC 1694 Gelatine and adhesives</td>
</tr>
<tr>
<td></td>
<td>JSIC 192 Rubber and plastic footwear and its findings</td>
</tr>
<tr>
<td></td>
<td>JSIC 2011 Leather tanning and finishing</td>
</tr>
<tr>
<td></td>
<td>JSIC 2021 Mechanical leather products, except gloves and mittens</td>
</tr>
<tr>
<td></td>
<td>JSIC 2031 Cut stock and findings for boots and shoes</td>
</tr>
<tr>
<td></td>
<td>JSIC 2041 Leather footwear</td>
</tr>
<tr>
<td></td>
<td>JSIC 2051 Leather gloves and mittens</td>
</tr>
<tr>
<td></td>
<td>JSIC 2061 Baggage</td>
</tr>
<tr>
<td></td>
<td>JSIC 207 Handbags and small leather cases</td>
</tr>
<tr>
<td></td>
<td>JSIC 2081 Fur skins</td>
</tr>
<tr>
<td></td>
<td>JSIC 2099 Miscellaneous leather products</td>
</tr>
<tr>
<td></td>
<td>JSIC 3253 Sporting and athletic goods</td>
</tr>
</tbody>
</table>

**Note 1:** The activities covered by the reservation under JSIC 1189 or 3253 are limited to the activities related to leather and leather products manufacturing.
Note 2: The activities covered by the reservation under JSIC 1694 are limited to the activities related to animal glue (nikawa) and gelatine manufacturing.

<table>
<thead>
<tr>
<th>Type of Reservation:</th>
<th>National Treatment (Article 2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measures:</td>
<td>Foreign Exchange and Foreign Trade Law (Law No. 228 of 1949), Article 27 Cabinet Order on Foreign Direct Investment (Cabinet Order No. 261 of 1980), Article 3</td>
</tr>
<tr>
<td>Description:</td>
<td>The prior notification requirement under the Foreign Exchange and Foreign Trade Law applies to foreign investors who intend to make investments in leather and leather products manufacturing industry in Japan.</td>
</tr>
</tbody>
</table>
Sector: Matters Related to the Nationality of a Ship

Sub-Sector:

Industry Classification:

Type of Reservation: National Treatment (Article 2)

Reservation: Senior Management and Boards of Directors (Article 10)

Measures: Ship Law (Law No. 46 of 1899), Article 1

Description: The Japanese nationality shall be given to a ship whose owner is a Japanese national, or a company established under Japanese law, of which all the representatives and not less than two-thirds of the executives administering the affairs are Japanese nationals.
<table>
<thead>
<tr>
<th>Sector:</th>
<th>Mining</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sub-Sector:</td>
<td></td>
</tr>
<tr>
<td>Industry Classification:</td>
<td>JSIC 05 Mining and quarrying of stone and gravel</td>
</tr>
<tr>
<td>Type of Reservation:</td>
<td>National Treatment (Article 2)</td>
</tr>
<tr>
<td>Measures:</td>
<td>Mining Law (Law No. 289 of 1950), Chapters 2 and 3</td>
</tr>
<tr>
<td>Description:</td>
<td>Only a Japanese national or a Japanese legal person may have mining rights or mining lease rights.</td>
</tr>
</tbody>
</table>
Sector: Oil Industry

Sub-Sector:

Industry Classification:

<table>
<thead>
<tr>
<th>JSIC</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>053</td>
<td>Crude petroleum and natural gas production</td>
</tr>
<tr>
<td>1711</td>
<td>Petroleum refining</td>
</tr>
<tr>
<td>1721</td>
<td>Lubricating oils and greases (not made in petroleum refineries)</td>
</tr>
<tr>
<td>1741</td>
<td>Paving materials</td>
</tr>
<tr>
<td>1799</td>
<td>Miscellaneous petroleum and coal products</td>
</tr>
<tr>
<td>4711</td>
<td>Ordinary warehousing</td>
</tr>
<tr>
<td>4721</td>
<td>Refrigerated warehousing</td>
</tr>
<tr>
<td>5331</td>
<td>Petroleum</td>
</tr>
<tr>
<td>6051</td>
<td>Petrol stations (gasoline service stations)</td>
</tr>
<tr>
<td>6052</td>
<td>Fuel stores, except gasoline service stations</td>
</tr>
<tr>
<td>9299</td>
<td>Miscellaneous business services, n.e.c.</td>
</tr>
</tbody>
</table>

Note 1: The activities covered by the reservation under JSIC 1741, 1799, 4711, 4721 or 6052 are limited to the activities related to oil industry.

Note 2: The activities covered by the reservation under JSIC 9299 are limited to the activities related to liquefied petroleum gas industry.

Type of National Treatment (Article 2) Reservation:
Measures: Foreign Exchange and Foreign Trade Law (Law No. 228 of 1949), Article 27
Cabinet Order on Foreign Direct Investment (Cabinet Order No. 261 of 1980), Article 3

Description: The prior notification requirement under the Foreign Exchange and Foreign Trade Law applies to foreign investors who intend to make investments in oil industry in Japan. All organic chemicals such as ethylene, ethylene glycol and polycarbonates are outside the scope of the oil industry. Therefore, prior notification under the Foreign Exchange and Foreign Trade Law is not required for the investment in the manufacture of these products.
10 Sector: Agriculture, Forestry and Fisheries, and Related Services (except Fisheries within the Territorial Sea, Internal Waters, Exclusive Economic Zone and Continental Shelf provided for in the reservation No. 8 in the Schedule of Japan in Annex II)

Sub-Sector:

Industry Classification:
- JSIC 01 Agriculture
- JSIC 02 Forestry
- JSIC 03 Fisheries, except aquaculture
- JSIC 04 Aquaculture
- JSIC 6324 Agricultural cooperatives
- JSIC 6325 Fishery and fishery processing cooperatives
- JSIC 871 Agriculture, forestry and fisheries cooperative associations, n.e.c.

Type of Reservation: National Treatment (Article 2)

Measures:
- Foreign Exchange and Foreign Trade Law (Law No. 228 of 1949), Article 27
- Cabinet Order on Foreign Direct Investment (Cabinet Order No. 261 of 1980), Article 3

Description: The prior notification requirement under the Foreign Exchange and Foreign Trade Law applies to foreign investors who intend to make investments in agriculture, forestry and fisheries, and related services (except fisheries within the territorial sea, internal waters, exclusive economic zone and continental shelf provided for in the reservation No. 8 in the Schedule of Japan of Annex II) in Japan.
<table>
<thead>
<tr>
<th>Sector:</th>
<th>Security Guard Services</th>
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<tbody>
<tr>
<td>Sub-Sector:</td>
<td></td>
</tr>
<tr>
<td>Industry Classification:</td>
<td>JSIC 9231 Guard services</td>
</tr>
<tr>
<td>Type of Reservation:</td>
<td>National Treatment (Article 2)</td>
</tr>
<tr>
<td>Measures:</td>
<td>Foreign Exchange and Foreign Trade Law (Law No. 228 of 1949), Article 27</td>
</tr>
<tr>
<td></td>
<td>Cabinet Order on Foreign Direct Investment (Cabinet Order No. 261 of 1980), Article 3</td>
</tr>
<tr>
<td>Description:</td>
<td>The prior notification requirement under the Foreign Exchange and Foreign Trade Law applies to foreign investors who intend to make investments in security guard services in Japan.</td>
</tr>
</tbody>
</table>
12 Sector: Transport
Sub-Sector: Air Transport

Industry Classification:
JSIC 4600 Head offices primarily engaged in managerial operations
JSIC 4611 Air transport

Type of Reservation:
National Treatment (Article 2)
Most Favored Nation Treatment (Article 3)
Senior Management and Boards of Directors (Article 10)

Measures:
Foreign Exchange and Foreign Trade Law (Law No. 228 of 1949), Article 27
Cabinet Order on Foreign Direct Investment (Cabinet Order No. 261 of 1980), Article 3
Civil Aeronautics Law (Law No. 231 of 1952), Chapters 7 and 8

Description:
1. The prior notification requirement under the Foreign Exchange and Foreign Trade Law applies to foreign investors who intend to make investments in air transport business in Japan.

2. Permission of the Minister of Land, Infrastructure, Transport and Tourism for conducting air transport business as a Japanese air carrier is not granted to the following natural persons or entities applying for the permission:

(a) a natural person who does not have Japanese nationality;

(b) a foreign country, or a foreign public entity or its equivalent;
(c) a legal person or other entity constituted under the laws of any foreign country; and

(d) a legal person represented by the natural persons or entities referred to in subparagraph (a), (b) or (c); a legal person of which more than one-third of the members of the board of directors are composed of the natural persons or entities referred to in subparagraph (a), (b) or (c); or a legal person of which more than one-third of the voting rights are held by the natural persons or entities referred to in subparagraph (a), (b) or (c).

In the event an air carrier falls into a natural person or an entity referred to in subparagraphs (a) through (d), the permission will lose its effect. The conditions for the permission also apply to companies, such as holding companies, which have substantial control over the air carriers.

3. A Japanese air carrier or a company having substantial control over such air carrier, such as a holding company, may reject the request from a natural person or an entity set forth in subparagraphs 2(a) through (c), who owns equity investments in such air carrier or company, to enter its name and address in the register of shareholders, in the event such air carrier or company falls into a legal person referred to in subparagraph 2(d) by accepting such request.

4. Foreign air carriers are required to obtain permission of the Minister of Land, Infrastructure, Transport and Tourism to conduct international air transport business.
5. Permission of the Minister of Land, Infrastructure, Transport and Tourism is required for the use of foreign aircraft for air transport of passengers or cargoes to and from Japan for remuneration.

6. A foreign aircraft may not be used for a flight between points within Japan.
13 Sector: Transport
Sub-Sector: Air Transport
Industry Classification:
JSIC 4600 Head offices primarily engaged in managerial operations
JSIC 4621 Aircraft service, except air transport
Type of Reservation: National Treatment (Article 2)
Senior Management and Boards of Directors (Article 10)
Measures:
Foreign Exchange and Foreign Trade Law (Law No. 228 of 1949), Article 27
Cabinet Order on Foreign Direct Investment (Cabinet Order No. 261 of 1980), Article 3
Civil Aeronautics Law (Law No. 231 of 1952), Chapters 7 and 8
Description:
1. The prior notification requirement under the Foreign Exchange and Foreign Trade Law applies to foreign investors who intend to make investments in aerial work business in Japan.

2. Permission of the Minister of Land, Infrastructure, Transport and Tourism for conducting aerial work business is not granted to the following natural persons or entities applying for the permission:

(a) a natural person who does not have Japanese nationality;
(b) a foreign country, or a foreign public entity or its equivalent;
(c) a legal person or other entity constituted under the laws of any foreign country; and
(d) a legal person represented by
the natural persons or entities
referred to in subparagraph (a),
(b) or (c); a legal person of
which more than one-third of the
members of the board of
directors are composed of the
natural persons or entities
referred to in subparagraph (a),
(b) or (c); or a legal person of
which more than one-third of the
voting rights are held by the
natural persons or entities
referred to in subparagraph (a),
(b) or (c).

In the event a person conducting
aerial work business falls into a
natural person or an entity referred
to in subparagraphs (a) through (d),
the permission will lose its effect.
The conditions for the permission
also apply to companies, such as
holding companies, which have
substantial control over the person
conducting aerial work business.

3. A foreign aircraft may not be
used for a flight between points
within Japan.
14 Sector: Transport

Sub-Sector: Air Transport (Registration of Aircraft in the National Register)

Industry Classification:

Type of Reservation: National Treatment (Article 2)

Reservation: Senior Management and Boards of Directors (Article 10)

Measures: Civil Aeronautics Law (Law No. 231 of 1952), Chapter 2

Description: 1. An aircraft owned by any of the following natural persons or entities may not be registered in the national register:

   (a) a natural person who does not have Japanese nationality;

   (b) a foreign country, or a foreign public entity or its equivalent;

   (c) a legal person or other entity constituted under the laws of any foreign country; and

   (d) a legal person represented by the natural persons or entities referred to in subparagraph (a), (b) or (c); a legal person of which more than one-third of the members of the board of directors are composed of the natural persons or entities referred to in subparagraph (a), (b) or (c); or a legal person of which more than one-third of the voting rights are held by the natural persons or entities referred to in subparagraph (a), (b) or (c).

2. A foreign aircraft may not be registered in the national register.
15 Sector: Transport

Sub-Sector: Freight Forwarding Business (excluding freight forwarding business using air transportation)

Industry Classification:
- JSIC 4441 Collect-and-deliver freight transport
- JSIC 4821 Deliver freight transport, except collect-and-deliver freight transport

Type of Reservation: National Treatment (Article 2)

Most Favored Nation Treatment (Article 3)

Senior Management and Boards of Directors (Article 10)

Measures: Freight Forwarding Business Law (Law No. 82 of 1989), Chapters 2 through 4

Enforcement Regulation of Freight Forwarding Business Law (Ministerial Ordinance of the Ministry of Transport No. 20 of 1990)

Description: The following natural persons or entities are required to be registered with, or to obtain permission or approval of, the Minister of Land, Infrastructure, Transport and Tourism for conducting freight forwarding business using international shipping. Such registration shall be made, or such permission or approval shall be granted, on the basis of reciprocity:

(a) a natural person who does not have Japanese nationality;

(b) a foreign country, or a foreign public entity or its equivalent;

(c) a legal person or other entity constituted under the laws of any foreign country; and
(d) a legal person represented by the natural persons or entities referred to in subparagraph (a), (b) or (c); a legal person of which more than one-third of the members of the board of directors are composed of the natural persons or entities referred to in subparagraph (a), (b) or (c); or a legal person of which more than one-third of the voting rights are held by the natural persons or entities referred to in subparagraph (a), (b) or (c).
16 Sector: Transport

Sub-Sector: Freight Forwarding Business (only freight forwarding business using air transportation)

Industry Classification:

| JSIC 4441 | Collect-and-deliver freight transport |
| JSIC 4821 | Deliver freight transport, except collect-and-deliver freight transport |

Type of Reservation: National Treatment (Article 2)

Most Favored Nation Treatment (Article 3)

Senior Management and Boards of Directors (Article 10)

Measures: Freight Forwarding Business Law (Law No. 82 of 1989), Chapters 2 through 4

Enforcement Regulation of Freight Forwarding Business Law (Ministerial Ordinance of the Ministry of Transport No. 20 of 1990)

Description:

1. The following natural persons or entities may not conduct freight forwarding business using air transportation between points within Japan:

(a) a natural person who does not have Japanese nationality;

(b) a foreign country, or foreign public entity or its equivalent;

(c) a legal person or other entity constituted under the laws of any foreign country; and
(d) a legal person represented by the natural persons or entities referred to in subparagraph (a), (b) or (c); a legal person of which more than one-third of the members of the board of directors are composed of the natural persons or entities referred to in subparagraph (a), (b) or (c); or a legal person of which more than one-third of the voting rights are held by the natural persons or entities referred to in subparagraph (a), (b) or (c).

2. The natural persons or entities referred to in subparagraphs 1(a) through (d) are required to be registered with, or to obtain permission or approval of, the Minister of Land, Infrastructure, Transport and Tourism for conducting freight forwarding business using international air transportation. Such registration shall be made, or such permission or approval shall be granted, on the basis of reciprocity.
Sector: Transport
Sub-Sector: Railway Transport
Industry Classification: JSIC 421 Railway transport
JSIC 4851 Railway facilities services
Type of Reservation: National Treatment (Article 2)
Measures: Foreign Exchange and Foreign Trade Law (Law No. 228 of 1949), Article 27
Cabinet Order on Foreign Direct Investment (Cabinet Order No. 261 of 1980), Article 3
Description: The prior notification requirement under the Foreign Exchange and Foreign Trade Law applies to foreign investors who intend to make investments in railway transport industry in Japan. The manufacture of vehicles, parts and components for the railway transport industry is not included in railway transport industry. Therefore, prior notification under the Foreign Exchange and Foreign Trade Law is not required for the investments in the manufacture of these products.
Sector: Transport
Sub-Sector: Road Passenger Transport
Industry Classification: JSIC 4311 Common omnibus operators
Type of Reservation: National Treatment (Article 2)
Measures: Foreign Exchange and Foreign Trade Law (Law No. 228 of 1949), Article 27
Cabinet Order on Foreign Direct Investment (Cabinet Order No. 261 of 1980), Article 3
Description: The prior notification requirement under the Foreign Exchange and Foreign Trade Law applies to foreign investors who intend to make investments in omnibus industry in Japan. The manufacture of vehicles, parts and components for omnibus industry is not included in omnibus industry. Therefore, prior notification under the Foreign Exchange and Foreign Trade Law is not required for the investments in the manufacture of these products.
Sector: Transport
Sub-Sector: Water Transport

Industry Classification:
- JSIC 452 Coastwise transport
- JSIC 453 Inland water transport
- JSIC 4542 Coastwise ship leasing

Type of Reservation: National Treatment (Article 2)

Measures:
- Foreign Exchange and Foreign Trade Law (Law No. 228 of 1949), Article 27
- Cabinet Order on Foreign Direct Investment (Cabinet Order No. 261 of 1980), Article 3

Description: The prior notification requirement under the Foreign Exchange and Foreign Trade Law applies to foreign investors who intend to make investments in water transport industry in Japan. For greater certainty, "water transport industry" refers to oceangoing/seagoing transport, coastwise transport (i.e. maritime transport between ports within Japan), inland water transport and ship leasing industry. However, oceangoing/seagoing transport industry and ship leasing industry excluding coastwise ship leasing industry are exempted from the prior notification requirement.
Sector: Transport
Sub-Sector: Water Transport

Industry Classification:

Type of Reservation: National Treatment (Article 2)
Most Favored Nation Treatment (Article 3)

Measures: Ship Law (Law No. 46 of 1899), Article 3

Description: Unless otherwise specified in laws and regulations of Japan, or international agreements to which Japan is a party, ships not flying the Japanese flag are prohibited from entering Japanese ports which are not open to foreign commerce and from carrying cargoes or passengers between Japanese ports.
21 Sector: Water Supply and Waterworks

Sub-Sector:

Industry Classification: JSIC 3611 Water for end users, except industrial users

Type of Reservation: National Treatment (Article 2)

Measures: Foreign Exchange and Foreign Trade Law (Law No. 228 of 1949), Article 27

Cabinet Order on Foreign Direct Investment (Cabinet Order No. 261 of 1980), Article 3

Description: The prior notification requirement under the Foreign Exchange and Foreign Trade Law applies to foreign investors who intend to make investments in water supply and waterworks industry in Japan.
### Section 2
Schedule of Colombia

<table>
<thead>
<tr>
<th>1</th>
<th>Sector:</th>
<th>All Sectors</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Sub-Sector:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Industry Classification:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Type of Performance Requirements (Article 5)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Reservation:</td>
<td>Senior Management and Board of Directors (Article 10)</td>
</tr>
<tr>
<td></td>
<td>Measures:</td>
<td>Código Sustantivo del Trabajo, Art. 74 and 75</td>
</tr>
</tbody>
</table>
|   | Description: | Any employer that has more than 10 workers shall employ Colombians as part of its ordinary workforce in a proportion of no less than 90 per cent of its ordinary workers and of no less than 80 per cent of its skilled, specialized or managerial personnel or persons in a position of trust.

At the employer’s request, these proportions may be reduced when it involves essential and strictly technical workers and only for the time necessary to train Colombian workers.
Sector: All Sectors

Sub-Sector:

Industry Classification:

Type of Reservation: National Treatment (Article 2)

Measures: Decreto 2080 de 2000, Art. 26 and 27

Description: Foreign investors may make portfolio investments in securities in Colombia only through a foreign capital investment fund (fondo de inversión de capital extranjero).
3 Sector: All Sectors

Sub-Sector:

Industry Classification:

Type of Reservation: National Treatment (Article 2)

Reservation: Senior Management and Boards of Directors (Article 10)

Measures: As set out in the Description element, including Articles 3, 11 of Ley 226 de 1995.

Description: Colombia, when selling or disposing of its equity interests in, or the assets of, an existing state enterprise or an existing governmental entity, may prohibit or impose limitations on the ownership of such interests or assets, and on the ability of owners of such interests or assets to control any resulting enterprise, by investors of Japan or of a non-Contracting Party or their investments. With respect to such a sale or other disposition, Colombia may adopt or maintain any measure relating to the nationality of senior management or members of the board of directors.

Relevant existing legislation concerning this non-conforming measure includes Ley 226 de 1995. In this respect, if Colombia decides to sell all or part of its interest in an enterprise to a person other than a Colombian state enterprise or other Colombian government entity, it shall first offer such interest exclusively, and under the conditions established in article 11 of Ley 226 de 1995, to:
current, pensioned, and former employees (other than former employees terminated for just cause) of the enterprise and of other enterprises owned or controlled by the enterprise; associations of employees and former employees of the enterprise; employee unions; federations and confederations of trade unions; employee funds ("fondos de empleados"); pension and severance funds; and cooperative entities.

However, once such interest has been transferred or sold, Colombia does not reserve the right to control any subsequent transfer or other disposal of such interest.

For purposes of this reservation:

any measure maintained or adopted after the date of entry into force of this Agreement that, at the time of sale or other disposition, prohibits or imposes limitations on the ownership of equity interests or assets or imposes nationality requirements described in this reservation shall be deemed to be an existing measure; and "state enterprise" means an enterprise owned or controlled through ownership interests by Colombia and includes an enterprise established after the date of entry into force of this Agreement solely for the purposes of selling or disposing of equity interests in, or the assets of, an existing state enterprise or governmental entity.

Footnote:

1 For greater certainty, Ley 454 de 1998 establishes the type of cooperative entities existing in Colombia. There are "cooperativas de ahorro y crédito", "cooperativas financieras" and "cooperativas multiactivas o integrales".
4  Sector: Fishing and Services Related to Fishing

Sub-Sector: Other Business Services
Fishing, aquaculture and service activities incidental to fishing

Industry Classification: CPC 882 Services incidental to fishing
ISIC 0501 Fishing

Type of National Treatment (Article 2) Reservation:
Most Favored Nation Treatment (Article 3)

Measures: Decreto 2256 de 1991, Art. 27, 28 and 67
Acuerdo 005 de 2003, Sección II and VII

Description: A foreign flagged vessel may obtain a permit and engage in commercial fishing and related activities in Colombian territorial waters only in association with a Colombian enterprise that owns a permit. In this case, the costs of the permit and fishing license are higher for foreign-flagged vessels than for Colombian-flagged vessels.

If the flag of a foreign-flagged vessel is that of a country that is a party to another bilateral agreement with Colombia, the terms of that other bilateral agreement shall determine whether or not the requirement to associate with a Colombian enterprise that owns a permit applies.
5  Sector: Private Security and Surveillance Services
Sub-Sector: Other Business Services
Industry Classification: CPC 873 Investigation and security
Type of Reservation: National Treatment (Article 2)
Measures: Decreto 356 de 1994, Art. 8, 12, 23 and 25
Description: Partners or members of private security and surveillance services enterprises must be Colombian nationals.

Enterprises established prior to February 11, 1994 with foreign members or foreign capital may not increase the participation of foreign members. Cooperatives organized before that date may retain their juridical form.
Sector: Journalism
Sub-Sector: News agency services
Industry Classification: CPC 6921 news agency services to newspapers and periodicals
Type of Senior Management and Board of Reservation: Directors (Article 10)
Measures: Ley 29 de 1944, Art. 13
Description: The director or general manager of a newspaper published in Colombia that focuses on Colombian politics must be a Colombian national.
Sector: Domiciliary Public Services

Sub-Sector: 

Industry Classification: 

Type of Reservation: National Treatment (Article 2) 

Measures: Ley 142 de 1994, Artículos 1, 17, 18, 19 and 23
Código de comercio, Art. 471 and 472

Description: An enterprise in which a locally organized community holds a controlling interest shall be given a preference over enterprises with otherwise equivalent bids in the granting of a concession or license for the provision of domiciliary public services to that community.

For the purposes of this reservation entry, domiciliary public services include the provision of water, sewage, refuse disposal, electric power, combustible gas distribution, and basic public-switched telephone services (PSTN) and any activities supplemental thereto. Activities supplemental to basic public-switched telephone services means long-distance public telephone and fixed wireless local loop telephone services in rural areas, but does not include commercial mobile telephone services.
<table>
<thead>
<tr>
<th>Sector:</th>
<th>Cinematography</th>
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<td>Sub-Sector:</td>
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<td>Industry</td>
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<td>Classification:</td>
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<td>Type of Reservation:</td>
<td>Performance Requirements (Article 5)</td>
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<tr>
<td>Measures:</td>
<td>Ley 814 de 2003, Art. 5, 14, 15, 18 y 19</td>
</tr>
<tr>
<td>Description:</td>
<td>The exhibition and distribution of foreign films is subject to the Cinematographic Development Fee, which is set at 8.5 per cent of the monthly net income derived from such exhibition and distribution. The fee applied to an exhibitor is reduced to 2.25 percent, when a foreign movie is exhibited together with a Colombian short film. Until 2013, the fee applied to a distributor is reduced to 5.5 percent if, during the preceding year, the percentage of Colombian full-length films it distributed to cinemas and other exhibitors equaled or exceeded the target percentage set by the government.</td>
</tr>
</tbody>
</table>
Sector: Radio Broadcasting Services

Sub-Sector:

Industry Classification:

Type of Senior Management and Board of Reservation: Directors (Article 10)

Measures: Ley 80 de 1993, Art. 35

Decreto 1447 de 1995, Art. 7, 9 y 18

Description: The directors of informative or journalist programs must be a Colombian national.
10 Sector: Free-to-air Television
Audio-Visual Production Services

Sub-Sector: 

Industry Classification: 

Type of National Treatment (Article 2) 

Reservation: Performance Requirements (Article 5) 

Measures: Ley 014 de 1991, Art. 37
Ley 680 de 2001, Art. 1 y 4
Ley 335 de 1996, Art. 13 y 24
Ley 182 de 1995, Art. 37 numeral 3, Art. 47 y Art. 48
Acuerdo 002 de 1995, Art. 10 parágrafo
Acuerdo 023 de 1997, Art. 8 Parágrafo
Acuerdo 024 de 1997, Art. 6 y 9
Acuerdo 020 de 1997, Art. 3 y 4

Description: Foreign equity in any enterprise holding a free-to-air television concession is limited to 40 percent.

National Television Suppliers (operators and/or persons granted the right to use programming slots) of free-to-air national television services must broadcast nationally produced programming on each channel as follows:

(a) a minimum of 70 per cent between 19:00 hours and 22:30 hours,
(b) a minimum of 50 per cent between 22:30 hours and 24:00 hours,
(c) a minimum of 50 per cent between 10:00 hours and 19:00 hours,
(d) a minimum of 60 per cent for Saturdays, Sundays, and holidays between 19:00 hours and 22:30 hours
Regional and Local Television

Regional television may be supplied only by state-owned entities. Suppliers of regional and local free-to-air television services must broadcast a minimum of 50 percent nationally produced programming on each channel.
11 Sector: Subscription Television
Audio-visual Production Services

Sub-Sector:

Industry Classification:

Type of Performance Requirements (Article 5)

Reservation:

Measures:
- Ley 680 de 2001, Art. 4 y 11
- Ley 182 de 1995, Art. 42
- Acuerdo 014 de 1997, Art.14, 16 y 30
- Ley 335 de 1996, Art. 8
- Acuerdo 032 de 1998, Art. 7 y 9

Description: Enterprises that supply subscription television services must make available to subscribers, at no additional cost, those free-to-air Colombian national, regional, and municipal television channels available in the authorized area of coverage. The transmission of regional and municipal channels will be subject to the technical capacity of the subscription television operator.

Suppliers of satellite subscription television only have the obligation of including in their basic programming the transmission of the public interest channels of the Colombian State. When rebroadcasting free-to-air programming subject to a domestic content quota, a subscription television provider may not modify the content of the original signal.
Subscription television not including satellite
The concessionaire of subscription television that transmits commercials different from those of origin must comply with the minimum percentages of nationally produced programming required of suppliers of free-to-air national television services as described in the entry on free-to-air television and audio-visual production services of the schedule of Colombia of this Annex. Colombia interprets Article 16 of Acuerdo 014 de 1997 as not requiring subscription television suppliers to comply with minimum percentages of nationally produced programming when commercials are inserted into programming outside the territory of Colombia. Colombia will continue to apply this interpretation, subject to Article 6.1 (d).

Suppliers of cable television services must produce and broadcast in Colombia a minimum of one hour of programming each day between 18:00 hours and 24:00 hours.
12  Sector: Waste-Related Services

Sub-Sector:

Industry Classification:

Type of Reservation: National Treatment (Article 2)

Measures: Decreto 2080 de 2000, Art. 6

Description: Foreign investment is not permitted in activities related to the processing, disposition, and disposal of toxic, hazardous or radioactive waste not produced in Colombia.
Sector: Transport services

Sub-Sector: Maritime Transportation
          Fluvial Transportation

Industry Classification:

CPC 72 Water transport services

Type of Performance Requirements (Article 5)

Reservation: Senior Management and Board of Directors (Article 10)

Measures: Decreto 804 de 2001, Art. 2 and 4 numeral 4
           Código de Comercio, Art. 1455
           Decreto Ley 2324 de 1984, Art. 99, 101 and 124
           Ley 658 de 2001, Art. 11
           Decreto 1597 de 1998, Art. 23

Description: In Colombian flag vessels and foreign-flagged vessels (except those relating to fishing) that operate in Colombian jurisdictional waters for a period of time longer than six months, continuous or discontinuous, from the date of the issuing of the respective permit, the captain, officials and at least 80 per cent of the rest of the crew must be Colombians.
14 Sector: Transport
Sub-Sector: Specialty Air Services

Industry Classification:

Type of Reservation: National Treatment (Article 2)
Most Favored Nation Treatment (Article 3)
Performance Requirements (Article 5)

Measures: Código de Comercio, Artículos 1795 y 1864

Description: Only Colombian nationals or juridical persons organized under Colombian law may own and maintain real and effective control of an airplane registered to supply specialty air services in Colombia.

All specialty air services companies established in Colombia as an agency or branch shall employ Colombian workers in a proportion of no less than 90 per cent for its operation in Colombia. This percentage shall not apply to foreign workers from countries that accord reciprocity to Colombian workers. The aeronautic authority may allow, under justified reasons and for the necessary time, the no application of the workforce limitation mentioned.
Sector: Finance

Sub-Sector: Financial Services. Banking and other financial services (excluding insurance)

Industry Classification:

Type of Reservation: National Treatment (Article 2)


Description: The sums of money subject to court or police order, including cauciones\(^2\), and funds consigned under leases must be deposited in the Banco Agrario de Colombia. S.A., which may derive a competitive advantage with respect to its overall operations from all or some portion of that exclusive right.

\(^2\) A caución, under Colombian law, is a deposit of money made under court order – for example, by a civil defendant in return for the court lifting an injunction won by the plaintiff against certain assets of the defendant.
Sector: Finance
Sub-Sector: Financial Services. Banking and other financial services (excluding insurance)

Industry Classification:

Type of Reservation: National Treatment (Article 2)

Measures: Estatuto Orgánico del Sistema Financiero

Description: Colombia may grant advantages or exclusive rights to the following financial entities:

- Fondo para el Financiamiento del Sector Agropecuario (FINAGRO);
- Banco Agrario de Colombia;
- Fondo Nacional de Garantías;
- Financiera Eléctrica Nacional (FEN);
- Financiera de Desarrollo Territorial (FINDETER);
- Fiduciaria La Previsora;
- Instituto Colombiano de Crédito Educativo y Estudios Técnicos en el Exterior (ICETEX);
- Banco de Comercio Exterior (BANCOLDEX);
- Fondo Financiero de Proyectos de Desarrollo (FONADE).

The advantages or exclusive rights may include, but are not limited to, the following:

- exemption from certain taxation;
- exemption from registration and periodic reporting requirements for the issuance of securities; and
- purchase by the government of Colombia, through any public entity of Colombia, of obligations issued by the entities listed above.

For greater certainty, and notwithstanding the location of this non-conforming measure within Annex I, the Parties understand that the advantages or exclusive rights that a Party may grant to the specified entities are not limited only to the cited examples.