Annex I

Section 1
Schedule of Japan

1. The Schedule of Japan sets out, pursuant to paragraph 1 of Article 8, the reservations taken by Japan with respect to existing measures that do not conform with obligations imposed by:

   (a) Article 3 (National Treatment);

   (b) Article 4 (Most Favoured Nation Treatment);

   (c) Article 6 (Prohibition of Performance Requirements); or

   (d) Article 12 (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, 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) “Level of Government” indicates the level of government maintaining the measure for which the reservation is taken;

   (f) “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

(g) “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, and the “Measures” element shall prevail over all other elements.

4. For the purposes of this Section 1, the term “JSIC” means Japan Standard Industrial Classification set out by the Ministry of Internal Affairs and Communications, and revised on November 6, 2007.
Sector: Agriculture, Forestry and Fisheries
(Plant Breeder’s Right)

Sub-Sector:

Industry Classification:
- JSIC 0119 Miscellaneous crop farming
- JSIC 0243 Tree seed gathering and Forest nursery services
- JSIC 0413 Seaweed aquaculture
- JSIC 0415 Seed aquaculture

Type of National Treatment (Article 3)
Reservation:
Most Favoured Nation Treatment (Article 4)

Level of Government:
Central Government

Measures:
Seeds and Seedlings Law (Law No. 83 of 1998), Article 10

Description:
A foreign person who has neither a domicile nor residence (nor the place of business, in the case of a legal person) in Japan cannot enjoy a plant breeder’s right or related rights except in any of the following cases:

(a) where the country of which the person is a national or the country in which the person has a domicile or residence (or its place of business, in the case of a legal person) is a contracting party to the International Convention for the Protection of New Varieties of Plants of December 2, 1961, as Revised at Geneva on November 10, 1972, on October 23, 1978, and on March 19, 1991;
(b) where the country of which the person is a national or the country in which the person has a domicile or residence (or its place of business, in the case of a legal person) is a contracting party to the International Convention for the Protection of New Varieties of Plants of December 2, 1961, as Revised at Geneva on November 10, 1972 and on October 23, 1978 (hereinafter referred to in this Annex as “the 1978 UPOV Convention”), or a country in relation with which Japan shall apply the 1978 UPOV Convention in accordance with paragraph (2) of Article 34 of the 1978 UPOV Convention, and further provides the protection for plant genus and species to which the person’s applied variety belongs; or

(c) where the country of which the person is a national provides Japanese nationals with the protection of varieties under the same condition as its own nationals (including a country which provides such protection for Japanese nationals under the condition that Japan allows enjoyment of the plant breeder’s right or related rights for the nationals of that country), and further provides the protection for plant genus and species to which the person’s applied variety belongs.
Sector: Finance
Sub-Sector: Banking
Industry Classification: JSIC 622 Banks, except central bank
JSIC 631 Financial institutions for small-businesses
Type of Reservation: National Treatment (Article 3)
Level of Government: Central Government
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 3)

Level of Government: Central Government

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 investment in heat supply industry in Japan.
4  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 3) Reservation:  
   Senior Management and Boards of Directors (Article 12)  
Level of Central Government:  
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.
5 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 Reservation: National Treatment (Article 3)
Level of Government: Central Government
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 3)
Level of Government: Central Government
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 establishment which mainly produces vaccine, serum, toxoid, antitoxin and some preparations similar to the aforementioned products, or blood products.
Sector: Manufacturing

Sub-Sector: Leather and Leather Products Manufacturing

Industry Classification:

- JSIC 1189: Textile apparel and accessories, n.e.c.
- JSIC 1694: Gelatine and adhesives
- JSIC 192: Rubber and plastic footwear and its findings
- JSIC 2011: Leather tanning and finishing
- JSIC 2021: Mechanical leather products, except gloves and mittens
- JSIC 2031: Cut stock and findings for boots and shoes
- JSIC 2041: Leather footwear
- JSIC 2051: Leather gloves and mittens
- JSIC 2061: Baggage
- JSIC 207: Handbags and small leather cases
- JSIC 2081: Fur skins
- JSIC 2099: Miscellaneous leather products
- JSIC 3253: Sporting and athletic goods

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 3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level of Government:</td>
<td>Central Government</td>
</tr>
<tr>
<td>Measures:</td>
<td>Foreign Exchange and Foreign Trade Law (Law No. 228 of 1949), Article 27 and 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 investment in leather and leather products manufacturing industry in Japan.</td>
</tr>
<tr>
<td>Sector:</td>
<td>Matters Related to the Nationality of a Ship</td>
</tr>
<tr>
<td>---------</td>
<td>--------------------------------------------</td>
</tr>
<tr>
<td>Sub-Sector:</td>
<td>Industry Classification:</td>
</tr>
<tr>
<td>Type of Reservation:</td>
<td>National Treatment (Article 3)</td>
</tr>
<tr>
<td>Senior Management and Boards of Directors (Article 12)</td>
<td></td>
</tr>
<tr>
<td>Level of Government:</td>
<td>Central Government</td>
</tr>
<tr>
<td>Measures:</td>
<td>Ship Law (Law No. 46 of 1899), Article 1</td>
</tr>
<tr>
<td>Description:</td>
<td>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.</td>
</tr>
</tbody>
</table>
Sector: Mining

Sub-Sector:

Industry Classification: JSIC 05 Mining and quarrying of stone and gravel

Type of Reservation: National Treatment (Article 3)

Level of Government: Central Government

Measures: Mining Law (Law No. 289 of 1950), Chapters 2 and 3

Description: Only a Japanese national or a Japanese legal person may have mining rights or mining lease rights.
10 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 liquefied petroleum gas industry.

Type of Reservation: National Treatment (Article 3)
Level of Government: Central Government
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 investment 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.
11 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 List in Section 1 of 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 3)

Level of Government: Central Government

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 List in Section 1 of Annex II) in Japan.
<table>
<thead>
<tr>
<th>12</th>
<th>Sector: Security Guard Services</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Sub-Sector:</td>
</tr>
<tr>
<td></td>
<td>Industry Classification:</td>
</tr>
<tr>
<td></td>
<td>JSIC 9231 Guard services</td>
</tr>
<tr>
<td></td>
<td>Type of Reservation:</td>
</tr>
<tr>
<td></td>
<td>National Treatment (Article 3)</td>
</tr>
<tr>
<td></td>
<td>Level of Government:</td>
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<tr>
<td></td>
<td>Central Government</td>
</tr>
<tr>
<td></td>
<td>Measures:</td>
</tr>
<tr>
<td></td>
<td>Foreign Exchange and Foreign</td>
</tr>
<tr>
<td></td>
<td>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></td>
<td>Description:</td>
</tr>
<tr>
<td></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>
## Sector: Transport

### Sub-Sector: Air Transport

<table>
<thead>
<tr>
<th>Industry Classification</th>
<th>JSIC 4600</th>
<th>Head offices primarily engaged in managerial operations</th>
</tr>
</thead>
<tbody>
<tr>
<td>JSIC 4611</td>
<td>Air transport</td>
<td></td>
</tr>
</tbody>
</table>

### Type of Reservation:

- National Treatment (Article 3)
- Most Favoured Nation Treatment (Article 4)
- Senior Management and Boards of Directors (Article 12)

### Level of Government:

Central Government

### 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. Japanese air carriers or the companies having substantial control over the air carriers, such as holding companies, 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 carriers or companies, to enter its name and address in the register of shareholders, in the event such air carriers or companies fall into natural persons or entities 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.
14 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 3)
Senior Management and Boards of Directors (Article 12)

Level of Government:
Central Government

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.
Sector: Transport

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

Industry Classification:

Type of National Treatment (Article 3)

Reservation: Senior Management and Boards of Directors (Article 12)

Level of Government: Central Government

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.
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 National Treatment (Article 3) Reservation:
- Most Favoured Nation Treatment (Article 4)

Senior Management and Boards of Directors (Article 12)

Level of Government: Central Government

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).
17 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 3)

Most Favoured Nation Treatment (Article 4)

Senior Management and Boards of Directors (Article 12)

Level of Government: Central Government

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.
18  Sector: Transport
    Sub-Sector: Railway Transport
    Industry Classification: JSIC 421 Railway transport
                           JSIC 4851 Railway facilities services
    Type of Reservation: National Treatment (Article 3)
    Level of Government: Central Government
    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.
19 Sector: Transport
Sub-Sector: Road Passenger Transport
Industry Classification: JSIC 4311 Common omnibus operators
Type of Reservation: National Treatment (Article 3)
Level of Government: Central Government
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 3)

Level of Government: Central Government

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.
21 Sector: Transport
Sub-Sector: Water Transport

Industry Classification:

Type of Reservation: National Treatment (Article 3)
Most Favoured Nation Treatment (Article 4)

Level of Government: Central Government

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.
### 22 Sector: Water Supply and Waterworks

**Sub-Sector:**

**Industry Classification:**

| JSIC 3611 | Water for end users, except industrial users |

**Type of Reservation:**

National Treatment (Article 3)

**Level of Government:**

Central Government

**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.
Annex I  

Section 2  
Schedule of the Republic of Peru  

1. The Schedule of the Republic of Peru sets out, pursuant to paragraph 1 of Article 8, the reservations taken by the Republic of Peru with respect to existing measures that do not conform with obligations imposed by:  

(a) Article 3 (National Treatment);  
(b) Article 4 (Most Favoured Nation Treatment);  
(c) Article 6 (Prohibition of Performance Requirements); or  
(d) Article 12 (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, 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) “Level of Government” indicates the level of government maintaining the measure for which the reservation is taken;  
(f) “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

(g) “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 except for the Industry Classification element. A reservation shall be interpreted in the light of the relevant provisions of the Articles against which the reservation is taken, and the “Measures” element shall prevail over all other elements.

Sector: All Sectors

Sub-Sector:

Industry Classification:

Type of National Treatment (Article 3)

Reservation:

Level of Central Government

Government:


Description: No foreign national, enterprise constituted under foreign law or enterprise constituted under Peruvian law, and owned in whole or part, directly or indirectly, by foreign nationals may acquire or own, directly or indirectly, by any title, land or water (including mines, forest or energy sources), located within 50 kilometers of the Peruvian border. Exceptions may be authorised by Supreme Decree approved by the Council of Ministers in conformity with law in cases of expressly declared public necessity.

For each case of acquisition or possession within the referred area, the investor shall hand in the correspondent request to the relevant Ministry, pursuant to laws in force. For example, authorisations of this kind have been given in the mining sector.
Sector: All Sectors

Sub-Sector: 

Industry Classification:

Type of Reservation: Senior Management and Boards of Directors (Article 12)

Level of Government: Central Government


Description: All employers in the Republic of Peru, independently of their activity or nationality, shall give preferential treatment to nationals when hiring its employees.

Foreign natural persons who are service providers and who are employed by a service-providing enterprise may provide services in the Republic of Peru under a written and time-limited employment contract, which may not exceed three years. The contract may be subsequently extended for like periods of time. Service-providing enterprises must show proof of the company’s commitment to train national personnel in the same occupation.

Foreign natural persons may not represent more than 20 percent of the total number of employees of an enterprise, and their pay may not exceed 30 percent of the total payroll for wages and salaries. These percentages will not apply in the following cases:
(a) when the foreign national providing the service is the spouse, parent, child or sibling of a Peruvian national;

(b) when the personnel is working for a foreign enterprise providing international land, air and water transport services under a foreign flag and registration;

(c) when the foreign personnel works in a multinational bank or an enterprise that provides multinational services, subject to the laws governing specific cases;

(d) for a foreign investor, provided that its investment permanently maintains in the Republic of Peru at least five units "Unidad Impositiva Tributaria" ("UITs")¹ during the life of its contract;

(e) for artists, athletes or other service-providers engaged in public performances in Peruvian territory, for a maximum of three months a year;

(f) when a foreign national has an immigrant visa;

¹ The "Unidad Impositiva Tributaria (UIT)" is an amount used as a reference in taxation rules in order to maintain in constant values the tax basis, deductions, affectation limits and other aspects of the tax that the legislator considers convenient.
(g) for a foreign national whose country of origin has a labour reciprocity or dual nationality agreement with the Republic of Peru; and

(h) when foreign personnel provides services in the Republic of Peru under a bilateral or multilateral agreement concluded by the Peruvian Government.

Employers may request waivers for the percentages related to the number of foreign employees and their share of the company’s payroll in those cases involving:

(a) specialised professional or technical personnel;

(b) directors or management personnel for new business activity or reconverted business activity;

(c) teachers hired for post secondary education, or for foreign private elementary and high schools; or for language teaching in local private schools; or for specialised language centres;

(d) personnel working for public or private enterprises with contractual agreements with public organisations, institutions or enterprises; and

(e) in any other case determined by Supreme Decree pursuant to specialisation, qualification or experience criteria.
Sector: Professional Services
Sub-Sector: Notary services
Industry Classification: CPC 8613
CPC 8619
Type of Reservation: National Treatment (Article 3)
Level of Government: Central Government
Description: Only a Peruvian national by birth may supply notary services.
Sector: Professional Services
Sub-Sector: Architectural Services
Industry Classification: CPC 8671, CPC 8674
Type of National Treatment (Article 3) Reservation: Central Government
Ley N° 16053, Diario Oficial "El Peruano" del 14 de febrero de 1966, Ley del Ejercicio Profesional, Autoriza a los Colegios de Arquitectos e Ingenieros del Perú para supervisar a los profesionales de Ingeniería y Arquitectura de la República, Artículo 1.
Acuerdo del Consejo de Arquitectos, del 6 de octubre de 1987.
Description: To practice as an architect in the Republic of Peru, an individual must join the "Colegio de Arquitectos" and pay a fee in accordance with the following schedule:
(a) US$250 for a Peruvian national with a degree from a Peruvian university;
(b) US$400 for a Peruvian national with a degree from a foreign university; or
(c) US$3,000 for a foreign national with a degree from a foreign university.

Also, to obtain temporary registration, non-resident foreign architects must have a contract of association with a Peruvian architect residing in the Republic of Peru.
Sector: Professional Services
Sub-Sector: Auditing Services
Industry Classification: CPC 862
Type of Reservation: National Treatment (Article 3)
Level of Government: Central Government
Measures: Reglamento Interno del Colegio de Contadores Públicos de Lima, Artículos 145 y 146.
Description: Auditing societies shall be constituted only and exclusively by public accountants licensed and resident in the country and duly qualified by the "Colegio de Contadores Públicos de Lima". No partner may be a member of another auditory society in the Republic of Peru.
Sector: Security Services

Sub-Sector:

Industry Classification: CPC 873

Type of Reservation: Senior Management and Boards of Directors (Article 12)

Level of Government: Central Government


Description: Senior managers of enterprises that supply security services must be Peruvian by birth and residents of the Republic of Peru.
Sector: Transport
Sub-Sector: Air Transport

Industry Classification:

Type of Reservation: National Treatment (Article 3)
Senior Management and Boards of Directors (Article 12)

Level of Government: Central Government

Measures:
Ley N° 27261, Diario Oficial “El Peruano” del 10 de mayo de 2000, Ley de Aeronáutica Civil, Artículos 75 y 79.


Description: National Commercial Aviation is reserved to a Peruvian natural or juridical person.

For the purposes of this reservation, a Peruvian juridical person is an enterprise that fulfils the following requirements:

(a) is constituted under Peruvian law, specifies commercial aviation as its corporate purpose, is domiciled in the Republic of Peru, and has its principal activities and administration located in the Republic of Peru;
(b) at least half plus one of the directors, managers and persons who control and manage the enterprise are Peruvian nationals or have permanent domicile or are normally resident in the Republic of Peru; and

(c) at least 51 percent of the capital stock must be owned by Peruvian nationals and be under the real and effective control of Peruvian shareholders or partners permanently domiciled in the Republic of Peru (This limitation shall not apply to the enterprises constituted under Law Nº 24882, which may maintain the ownership percentages set in such law.). Six months after the date of authorisation of the enterprise to provide commercial air transportation services, foreign nationals may own up to 70 percent of the capital stock of the enterprise.

In those operations conducted by Peruvian service providers ("explotadores nacionales"), personnel performing aeronautical functions on board must be Peruvian nationals. The Directorate General of Civil Aviation may, for technical reasons, authorise foreign personnel to perform these functions for a period not to exceed six months from the date on which the authorisation was granted. This time period may be extended if there is proof of a shortage of trained personnel.
The General Directorate of Civil Aviation, upon providing proof of a shortage of Peruvian aviation personnel, may authorise non-resident foreign personnel to pilot airplanes and to train Peruvian aviation personnel for a period of up to six months, which may be extended if there is proof of a shortage of Peruvian personnel.
8 Sector: Transport
Sub-Sector: Aquatic Transport
Industry Classification: CPC 72
Type of Reservation: National Treatment (Article 3)
Reservation: Senior Management and Boards of Directors (Article 12)
Level of Central Government
Description: 1. A “National Shipowner” or “National Ship Enterprise” is understood as a natural person of Peruvian nationality or juridical person constituted in the Republic of Peru, with its principal domicile and real and effective headquarters in the Republic of Peru, whose business is to provide services in water transportation in national traffic or cabotage and/or international traffic and who is the owner or lessee under a financial lease or a bareboat charter, with an obligatory purchase option, of at least one Peruvian flag merchant vessel and that has obtained the relevant Operation Permit from the General Aquatic Transport Directorate.

For greater certainty, water transportation includes transport by lakes and rivers.
2. At least 51 percent of the subscribed and paid-in capital stock must be owned by Peruvian citizens.

3. The chairman of the board of directors, the majority of the directors, and the General Manager must be Peruvian nationals and residents in the Republic of Peru.

4. Peruvian-flagged vessels must have a Peruvian captain and the crew must have at least 80 percent of Peruvian nationals authorised by the “Dirección General de Capitanías y Guardacostas”. In exceptional cases and after ascertaining that there is no Peruvian qualified captain with experience in that type of vessel available, a foreign national may be authorised to serve as captain.

5. Only a Peruvian national may be a licensed harbour pilot.

6. Cabotage is exclusively reserved to Peruvian flagged merchant vessels owned by a National Shipowner or National Ship Enterprise or leased under a financial lease or a bareboat charter, with an obligatory purchase option, except that:

   (a) up to 25 percent of the transport of hydrocarbons in national waters is reserved for the ships of the Peruvian Navy; and
(b) foreign-flagged vessels may be operated exclusively by National Shipowners or National Ship Enterprises for a period of no more than six months for water transportation exclusively between Peruvian ports or cabotage when such an entity does not own its own vessels or lease vessels under the modalities previously mentioned.
9 Sector: Transport
Sub-Sector: Aquatic Transport
Industry Classification: CPC 72
Type of Reservation: National Treatment (Article 3)
Level of Government: Central Government


Description: The following water transport and related services supplied in bay and port areas must be supplied by natural persons domiciled in the Republic of Peru, and juridical persons constituted and domiciled in the Republic of Peru, properly authorised with Peruvian flag vessels and equipment:

- Fuel replenishment services;
- Mooring and unmooring services;
- Diving services;
- Victualing services;
- Dredging services;
- Harbour pilotage services;
- Waste collection services;
- Tug boat services; and
- Transport of persons
Sector: Radio and Television Broadcasting Services

Sub-Sector:

Industry Classification: CPC 7524
CPC 9613

Type of Reservation: National Treatment (Article 3)

Level of Government: Central Government


Description: Only Peruvian nationals or juridical persons organised under Peruvian law and domiciled in the Republic of Peru may be authorised or licensed to offer radio or television broadcast services.

No foreign national may hold an authorisation or a license directly or through a sole proprietorship.
Sector: Audio-Visual Services

Sub-Sector:

Industry Classification: CPC 7524
Classification: CPC 9613

Type of Reservation: Prohibition of Performance Requirements (Article 6)
Level of Government: Central Government


Description: At least 30 percent, on average, of the total weekly programs by free-to-air television broadcasters must be produced in the Republic of Peru and broadcasted between the hours of 05:00 and 24:00.
12 Sector: Radio-broadcasting Services

Sub-Sector:

Industry Classification: CPC 7524

CPC 9613

Type of Reservation: National Treatment (Article 3)

Most Favoured Nation Treatment (Article 4)

Level of Government: Central Government


Description: If a foreign national is, directly or indirectly, a shareholder, partner, or associate in a juridical person, that juridical person may not hold a broadcasting authorisation in a zone bordering that foreign national's country of origin, except in a case of public necessity authorised by the Council of Ministers.

This restriction does not apply to juridical persons with foreign equity which have two or more current authorisations, as long as they are of the same frequency band.
Sector: Radio-broadcasting Services

Sub-Sector:

Industry Classification: CPC 7524
Classification: CPC 9613

Type of Reservation: Prohibition of Performance
Requirements (Article 6)

Level of Government: Central Government


Description: Free over-the-air radio and television broadcast companies must dedicate at least 10 percent of their daily programming to folklore and national music and to series or programs produced in the Republic of Peru on the Peruvian history, literature, culture or current issues with artists hired in the following percentages:

- A minimum of 80 percent of national artists;

- National artists shall receive no less than 60 percent of the total payroll for wages and salaries paid to artists; and

- The same percentages established in the preceding paragraphs shall govern the work of technical personnel involved in artistic activities.
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Description: The Republic of Peru may grant advantages or exclusive rights, without limitation, to one or more of the following financial entities, so long as they are partially or fully owned by the State: Corporación Financiera de Desarrollo (COFIDE), Banco de la Nación, Banco Agropecuario, Fondo Mi Vivienda, Cajas Municipales de Ahorro y Crédito, and the Caja Municipal de Crédito Popular.

Examples of such advantages are the following:

- The Banco de la Nación and Banco Agropecuario are not required to diversify their risk; and

- The Cajas Municipales de Ahorro y Crédito may directly sell collateral they repossess in cases of loan default, in accordance with pre-established procedures.

3 For greater certainty, the Parties understand that the advantages or exclusive right that the Republic of Peru may grant to the specified entities are not limited only to the cited examples.